

1960  
VICTORIA

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# SUPPLEMENTARY REPORT

OF THE

# AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1960

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*Ordered by the Legislative Assembly to be printed, 2nd November, 1960.*

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*By Authority:*

A. C. BROOKS, GOVERNMENT PRINTER, MELBOURNE.

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# REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT PRESENTED ON 26<sup>TH</sup> OCTOBER, 1960 IN  
RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 1960.

As authorized by paragraph (b) of sub-section (1) of Section 47 of the *Audit Act* 1958, I have the honour to present to the Legislative Assembly my Report on the accounts of certain of the statutory bodies which I am required by law to audit. With respect to the accounts of several of these public authorities, the figures furnished herein are subject to audit, but, except where indicated, sufficient progress has been made in the audits to establish that the figures published are substantially correct.

## CANCER INSTITUTE.

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

Maintenance expenditure of the Institute is met substantially from moneys appropriated by Parliament under a Health Department vote. Payments from the vote for the year ended 30th June, 1960, totalled £560,000.

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

1958-59.		1959-60.
£		£
311,985	Medical Departments .. .. .	395,781
35,227	Catering .. .. .	42,002
36,872	Housekeeping .. .. .	42,301
29,272	Engineer's Department .. .. .	36,237
17,138	Tasmanian Services .. .. .	16,752
18,979	Transport .. .. .	21,099
16,432	Laundry .. .. .	21,214
24,942	Depreciation .. .. .	..
73,380	Administration .. .. .	75,220
489	Miscellaneous .. .. .	245
<hr/>		<hr/>
564,716		650,851

The revenue for the past two years was :—

480,000	Government Grant .. .. .	560,000
943	Donations .. .. .	1,258
17,106	Recoup by Tasmanian Government .. .. .	16,772
7,764	Charges for Treatment of Doctors' Private Patients .. .. .	7,884
4,696	Pharmaceutical Benefits .. .. .	13,132
8,361	Hospital Benefits .. .. .	11,321
26,894	Patients' Fees .. .. .	37,219
1,735	Miscellaneous .. .. .	3,725
<hr/>		<hr/>
547,499		651,311

The Act provides that, in preparing estimates for any financial year, the Board may allot funds in respect of depreciation of equipment and for such other purposes as are prescribed by the regulations, and such funds shall be regarded as an expenditure of the Board for that year.

The item of depreciation was deleted from the estimates of the Institute for the year 1959-60. It is understood that the Treasury advised that no funds would be made available for this item.

An agreement made in 1952 makes provision for the recoup by the Tasmanian Government of expenditure incurred in the treatment of Tasmanian residents.

The following abridged balance-sheets set out the financial position of the Institute at 30th June, 1959 and 1960.

The Liabilities and Funds of the Board were :—

30.6.1959.		30.6.1960.
£		£            £
	Current Liabilities—	
29,731	Creditors .. .. .	34,354
	Funds—	
14,023	Maintenance Fund .. .. .	14,483
112,168	Depreciation Fund .. .. .	82,842
48,075	Other Funds (including various bequests) .. .. .	58,873
		<hr/> 156,198
	Capital—	
1,267,614	Loan Fund Acts Nos. 6213, &c. .. .. .	1,326,936
34,165	Queen Victoria Hospital, donors, &c. .. .. .	36,764
		<hr/> 1,363,700
<hr/>		<hr/>
1,505,776		1,554,252
		<hr/>

The Assets were :—

30.6.1959.		30.6.1960.
£		£            £
	Current Assets—	
12,346	Cash at Bank .. .. .	15,317
9,931	Debtors and Prepayments .. .. .	15,754
31,555	Stores and Materials on Hand .. .. .	31,015
		<hr/> 62,086
	Investments—	
112,167	Depreciation Fund .. .. .	82,842
46,967	Other Funds .. .. .	57,385
		<hr/> 140,227
	Fixed Assets at cost—	
899,508	Buildings and Improvements .. .. .	932,984
17,552	Motor Cars .. .. .	17,196
27,655	Furniture and Furnishings .. .. .	28,465
348,095	Equipment .. .. .	372,915
		<hr/> 1,351,560
..	Loss on disposal of assets .. .. .	379
<hr/>		<hr/>
1,505,776		1,554,252
		<hr/>

## COAL MINE WORKERS PENSIONS TRIBUNAL.

The Tribunal was constituted in 1943. Contributions, estimated actuarially, are collected from mine owners, mine workers and the State in specified proportions, and are paid into the Coal Mine Workers' Pensions Fund.

Actuarial investigation disclosed a deficiency of £54,557 in the Fund as at 31st December, 1958. It was estimated that, with an annual contribution of £88,500 as from and inclusive of 1959-60, the deficiency would be overcome by 31st December, 1961, provided that there was no increase in the rates of pension.

Actually, the contributions for 1959-60 were not assessed on the basis of the Actuary's new estimate (£88,500) until 1st June, 1960. As from that date, the *Coal Mines (Pensions Contributions) Act 1960*, No. 6622, came into operation and altered the specified proportions of contributions due from the parties concerned. Therefore, the contributions for 1959-60 were, as to eleven months of that year, assessed on the previous actuarial estimate of £85,000 and, as to one month, on the basis of the new estimate of £88,500. Further, the pension rates were increased by 7s. 6d. per week as from the 9th October, 1959. It will be realized that, because of the increase in pension rates and, as the new basis of contributions was not adopted until 1st June, 1960, the deficiency in the Fund will not be eliminated by the estimated date, namely, 31st December, 1961.

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

INCOME.		1958-59.	1959-60.
£		£	£
	Contributions—Acts Nos. 6221/6622—		
36,429	Government .. .. .	36,708	
25,815	Mine Owners .. .. .	23,580	
8,624	Mine Workers .. .. .	7,575	
70,868			67,863
	Contributions—Act No. 6475 (Early Retirement)—		
9,773	Government .. .. .	12,004	
18,978	Interest on Investments .. .. .	20,085	
99,619			99,952
	EXPENDITURE.		
75,599	Pensions .. .. .	84,583	
4,604	Refunds of Contributions .. .. .	391	
3,436	Loss on Realization of Investments .. .. .	..	
3,447	Administration .. .. .	3,665	
87,086			88,639
12,533	Surplus for year .. .. .		11,313

At the dates shown, the accumulated funds of the Tribunal were:—

30.6.1959.		30.6.1960.
£		£
423,449	Accumulated Funds .. .. .	434,762
	Represented by—	£
3,170	Current Assets less Liabilities .. .. .	9,483
279	Fixed Assets .. .. .	279
420,000	Investments at cost .. .. .	425,000
423,449		434,762

## COUNTRY FIRE AUTHORITY.

Finance to enable this Authority to carry out its functions is provided, as to one-third, by the State through the Municipalities Assistance Fund and, as to two-thirds, rateably by Fire Insurance Companies in proportion to relevant risks underwritten.

To determine the total contributions from these sources an estimate of expenditure, which is subject to the approval of the Governor in Council, has to be prepared annually by the Authority. The amount approved for the year ended 30th June, 1960, was £547,035 of which £12 was not received. The expenditure for the year was in excess of the estimate by £33,555, but miscellaneous receipts £28,597, including refunds, partly offset the excess. The remainder of the excess was met from the surplus brought forward from the previous year.

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

	1956-57.	1957-58.	1958-59.	1959-60.
<i>Receipts.</i>	£	£	£	£
Surplus from previous year .. .. .	..	..	..	5,121
Statutory contributions .. .. .	426,820	498,876	525,737	547,023
Other receipts .. .. .	28,004	33,306	30,086	28,597
Deficit carried forward to next year .. .. .	15,549	256	..	..
	470,373	532,438	555,823	580,741
<i>Payments.</i>				
Deficit from previous year .. .. .	5,511	15,549	256	..
Salaries, wages, and maintenance .. .. .	291,680	315,344	328,394	350,331
Loan repayments .. .. .	30,808	34,924	37,729	40,564
Loan interest .. .. .	28,759	29,766	31,645	33,724
Land, buildings, rolling-stock, and equipment .. .. .	25,161	36,138	45,858	40,906
Motor replacement fund .. .. .	35,727	40,068	44,441	49,275
Compensation fund .. .. .	7,500	7,500	10,000	10,000
Other payments .. .. .	45,227	53,149	52,379	55,790
Surplus carried forward to next year .. .. .	..	..	5,121	151
	470,373	532,438	555,823	580,741

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

30.6.1959.		£	30.6.1960.	£	£
	<i>Source of Funds—</i>				
	<i>External—</i>				
686,346	Loan Liability .. .. .		690,782		
87,367	Less unexpended .. .. .		6,852		
<u>598,979</u>			<u>683,930</u>		
	<i>Internal—</i>				
138,136	Excess of assets over liabilities transferred from Country Fire Brigades Board .. .. .		138,136		
274,164	Income and Expenditure Account—accumulated balance		318,430		
568,606	Reserves .. .. .		622,056		
	Funds .. .. .	321,929			
	Less invested on account of Compensation, Superannuation and other Trust purposes ..	215,644			
107,162			<u>106,285</u>		
<u>1,088,068</u>					<u>1,184,907</u>
<u>1,687,047</u>					<u>1,868,837</u>
	Represented by —				
	<i>Current Assets—</i>				
5,121	Cash .. .. .		151		
2,653	Sundry Debtors .. .. .		1,624		
51,723	Stocks—including uniforms issued .. .. .		48,125		
<u>59,497</u>			<u>49,900</u>		
	<i>Less</i>				
	<i>Current Liabilities—</i>				
26,885	Sundry Creditors .. .. .		25,538		
<u>32,612</u>			<u>24,362</u>		
	<i>Investments—</i>				
107,161	Motor Replacement and Sale of Property Funds .. .. .			106,285	
	<i>Works in Progress—</i>				
36	Loan .. .. .				
<u>1,547,238</u>					
	<i>Fixed Assets—</i>				
61,076	Land .. .. .		68,114		
490,959	Buildings .. .. .		586,372		
792,913	Rolling-stock .. .. .		873,887		
192,902	Plant and Machinery .. .. .		199,827		
9,388	Other .. .. .		9,990		
<u>1,687,047</u>			<u>1,738,190</u>		
					<u>1,868,837</u>

## EGG AND EGG PULP MARKETING BOARD.

This Board administers the marketing of eggs in Victoria. Some of the "floors" through which eggs are received are owned by the Board and others are operated on its behalf by agents. The Board carries on pulping operations in its own factories.

The audit has been completed to the close of the pool period ended 2nd July, 1960. The period ended with a net excess of proceeds over advances to producers of £39,366.

The operations of the pools during the accounting periods for 1958-59 and 1959-60 are set out in the summary hereunder:—

1958-59.		1959-60.
£		£      £      £
5,240,598	Advances to Producers (Current production) .. .. .	6,017,645
<hr/>		
	<i>Less</i> Producers' Contributions on Account of—	
321,731	Pool Expenses .. .. .	577,055
335,419	Grading and Selling Expenses .. .. .	441,844
73,341	Dockage .. .. .	82,024
		<hr/>
730,491		1,100,923
		<hr/>
4,510,107	Net Advances to Producers .. .. .	4,916,722
13,477	<i>Add</i> —Value of eggs from stock for disposal .. .. .	..
		<hr/>
4,523,584		4,916,722
		<hr/>
	Disposal of Eggs:—	
4,527,128	Sold in Shell on Local Market .. .. .	4,826,696
68,696	Sold in Shell on Overseas Market .. .. .	15,331
90,874	Sold in Shell on Interstate Market .. .. .	65,974
528,822	Converted to Pulp and Sold .. .. .	734,626
	Increase in Stock in Hand .. .. .	110,096
		<hr/>
5,215,520	Total Value of Disposals .. .. .	5,752,723
		<hr/>
	<i>Less</i> Expenses—	
337,305	Grading and Selling .. .. .	410,649
130,145	Packing, Storage, and Transport .. .. .	150,879
54,603	Pulp Manufacturing .. .. .	88,579
72,592	General .. .. .	85,363
		<hr/>
594,645		735,470
		<hr/>
4,620,875		5,017,253
		<hr/>
	Deduct—	
72,240	Cost of Administration of Board .. .. .	72,799
10,309	<i>Less</i> Administration Charged to Producer/Agents .. .. .	11,634
		<hr/>
61,931		61,165
		<hr/>
4,558,944	Net Proceeds of Pool .. .. .	4,956,088
		<hr/>
35,360	Excess of Proceeds over Advances to Producers .. .. .	39,366
		<hr/>



The following is a statement of the Board's balances at 2nd July, 1960. Comparative figures at the end of the preceding pool period are also given :—

The Board's Funds were :—

4.7.1959.		2.7.1960.
£		£
166,402	Reserve Fund .. .. .	164,794
234,065	Surplus Distribution 1947-48 ( <i>ex</i> Commonwealth) .. .. .	234,065
	Undistributed Pool Balances—	
12,401	1957-58 .. .. .	12,930
35,360	1958-59 .. .. .	35,808
	1959-60 .. .. .	39,366
448,228		486,963
Represented by—		
<i>Current Assets—</i>		
137,995	Cash on Hand and at Bank.. .. .	61,671
Stocks on Hand—		
56,709	Eggs and Egg Products at valuation .. .. .	166,805
44,267	Packing materials at valuation .. .. .	42,222
2,470	Supplies at cost or valuation .. .. .	2,530
241,441		211,557
94,288	Debtors .. .. .	99,096
1,500	<i>Less</i> Provision for Doubtful Debts .. .. .	1,500
92,788		97,596
334,229		370,824
<i>Less Current Liabilities—</i>		
77,654	Creditors .. .. .	110,523
1,505	Provision for Long Service Leave .. .. .	1,815
79,159		112,338
255,070	Working Capital .. .. .	258,486
<i>Fixed Assets—</i>		
72,644	Freehold Properties .. .. .	71,391
85,018	Leasehold Properties .. .. .	124,556
24,018	Plant and Equipment .. .. .	20,925
27	Display Equipment .. .. .	..
6,182	Motor Vehicles .. .. .	6,955
5,269	Office Machinery and Equipment .. .. .	4,650
193,158		228,477
448,228		486,963

## ELECTRICITY COMMISSION.

The profit for the year, as shown in the Commission's Profit and Loss Account, was £460,432. This was the result after charging the year's income with £2,250,000 in reduction of expenditure capitalized in previous years on account of interest and other expenses in respect of works under construction.

Further reference to the "special write-off" of £2,250,000 is made in this section of the report under the head of "Interest and other Expenditure on Works under Construction". Other significant factors which influenced the year's result, including provision for depreciation of £1,000,000, additional to that normally provided, are also mentioned in some detail herein.

The financial operations and results for the past two years are summarized hereunder :—

1958-59.		1959-60.	
£		£	£
45,387,070	Operating Income .. .. .		50,426,165
30,229,065	Operating Expenditure .. .. .		35,055,304
<hr/>			<hr/>
15,158,005	Excess of Operating Income over Operating Expenditure .. .. .		15,370,861
25,529	Add—Miscellaneous Income .. .. .		28,024
<hr/>			<hr/>
15,183,534			15,398,885
	Deduct—		
10,769,163	Interest .. .. .	11,853,702	
365,000	Loan Flotation Expenses .. .. .	400,000	
426,052	Miscellaneous Expenditure .. .. .	434,751	
<hr/>		<hr/>	12,688,453
11,560,215			
<hr/>			<hr/>
3,623,319	<i>Profit for year before Special Write-off</i> .. .. .		2,710,432
3,200,000	Deduct—Deferred Interest and Other Expenditure on Works under Construction Written Off .. .. .		2,250,000
<hr/>			<hr/>
423,319	<i>Profit for year after Special Write-off</i> .. .. .		460,432
228,750	Add—Transfer from Rural Development Reserve to meet year's loss on Marginal Rural Extensions .. .. .		253,000
<hr/>			<hr/>
652,069			713,432
	Appropriations—		
250,000	Rural Development Reserve .. .. .	250,000	
402,069	Contingency and General Reserve .. .. .	463,432	
<hr/>		<hr/>	
652,069			713,432
<hr/>			<hr/>

*Interest and Other Expenditure on Works under Construction.*—In my previous report, I referred to the balance of the Account—Deferred Interest and other Expenses on Works under Construction—£6,672,948 as at 30th June, 1958, and I indicated that it was the Commission's intention to write off this sum over a period of five years from and

inclusive of 1958–59. However, substantial sums amounting to £1,405,827 in respect of other items were transferred to the Account in 1959–60. Notwithstanding these additional debits, the balance of the Account was reduced in the year by £844,173. Details are:—

	£	£
Balance as at 30th June, 1958 .. .. .	6,672,948	
Less Written off to Profit and Loss Account 1958–59 .. .. .	3,200,000	
Balance as at 30th June, 1959 .. .. .	—————	3,472,948
1959–60.		
Add Unused Briquetting Plant in course of sale—adjustment of book cost to current value .. .. .	1,150,000	
„ Loss on Kiewa Cableway and Raceline less minor adjustment .. .. .	255,827	
	—————	1,405,827
Amount to be amortized over four years .. .. .		4,878,775
Less Written off to Profit and Loss Account 1959–60 .. .. .		2,250,000
Balance as at 30th June, 1960, as shown in the Commission's balance-sheet		————— 2,628,775

*Depreciation.*—The accumulated credit at 30th June, 1960, was £43,852,614, the provision for the year being £8,391,623 as compared with £6,544,505 in 1958–59. Provision for the year under review included £1,000,000 for accelerated depreciation on peak load steam power stations, i.e., at locations other than in the Latrobe Valley. The book values of these assets, in accordance with Commission policy, decided recently, are to be written off over five years, the annual write-off to be commensurate with the progressive decline of the assets as functional units.

I have accepted this sum as a proper charge to the year's income on the Commission's assurance that its policy in this regard is based on anticipations which it has strong reason to believe will be substantiated. Further, it is understood that this policy centres in the Commission's intention to concentrate substantially the future thermal generation of electricity at the more economical plants in the Latrobe Valley.

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

	1958–59. £	1959–60. £
On Capital Liabilities .. .. .	10,825,472	12,073,054
On Consumers' Advances for Construction .. .. .	382,548	490,266
On Current Liabilities .. .. .	11,986	9,632
	—————	—————
	11,220,006	12,572,952
Deduct Interest earned on Sinking Fund and Temporary Investments	137,203	321,414
	—————	—————
	11,082,803	12,251,538

These totals were allocated in the accounts as under:—

	£	£
<i>Profit and Loss Account—</i>		
Interest on Assets in operation .. .. .	8,009,368	9,386,400
Interest during construction .. .. .	2,759,795	2,467,302
	—————	—————
	10,769,163	11,853,702
<i>Fixed Assets—</i>		
Indirect Interest included in charges for services .. .. .	313,640	397,836
	—————	—————
	11,082,803	12,251,538

*Electricity Supply.*—An increase in the number of consumers together with an increase in the average consumption and the benefit of a full year's operation of the amended tariff rates introduced during 1958–59, are reflected in the improvement in the revenue from electricity sales in 1959–60. However, when compared with the previous year, profit was down, due mainly to the accelerated depreciation on peak load steam power stations and the increased interest charges, already mentioned herein. Operational statements of this branch for the past three years show:—

				1957–58.	1958–59.	1959–60.
				£	£	£
Sales—						
Domestic	..	..	..	11,386,723	13,303,092	14,586,520
Commercial	..	..	..	5,183,867	5,984,526	6,535,517
Industrial	..	..	..	9,312,387	10,717,035	11,893,196
Traction	..	..	..	1,997,310	2,052,480	1,979,805
Bulk Supplies	..	..	..	8,847,657	9,846,581	11,057,986
Public Lighting and Miscellaneous	..	..	..	427,573	492,803	550,601
				<u>37,155,517</u>	<u>42,396,517</u>	<u>46,603,625</u>
Operating Charges—						
Power Generation	..	..	..	20,530,942	20,813,647	23,672,173
Purchased Electricity	..	..	..	1,849,242	1,866,394	2,455,482
Transmission, Transformation, and Distribution				11,597,108	13,001,084	14,762,859
				<u>33,977,292</u>	<u>35,681,125</u>	<u>40,890,514</u>
Profit	..	..	..	<u>3,178,225</u>	<u>6,715,392</u>	<u>5,713,111</u>

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

Branch.	Income.		Expenditure.		Loss —, Profit +	
	1958–59.	1959–60.	1958–59.	1959–60.	1958–59.	1959–60.
	£	£	£	£	£	£
Metropolitan	17,452,345	18,794,219	14,424,465	16,246,484	+3,027,880	+2,547,735
Ballarat	955,788	1,023,173	744,687	844,013	+ 211,101	+ 179,160
North-Western Region	1,556,491	1,731,601	1,763,521	1,970,309	— 207,030	— 238,708
Eastern Metropolitan	4,235,852	4,875,069	3,620,025	4,391,820	+ 615,827	+ 483,249
Geelong	1,739,095	2,023,058	1,391,852	1,630,258	+ 347,243	+ 392,800
Gippsland	2,418,042	2,606,729	2,320,565	2,606,748	+ 97,477	— 19
Midland	542,443	588,862	554,571	601,366	— 12,128	— 12,504
North-Eastern	2,489,129	2,644,765	2,188,176	2,406,969	+ 300,953	+ 237,796
South-Western	1,336,981	1,466,358	1,286,151	1,544,041	+ 50,830	— 77,683
Yallourn and Yallourn North	65,662	72,398	72,359	75,696	— 6,697	— 3,298
Metropolitan Bulk Supplies	9,583,483	10,756,339	7,284,405	8,536,790	+2,299,078	+2,219,549
Kiewa	21,206	21,054	30,348	36,020	— 9,142	— 14,966
	<u>42,396,517</u>	<u>46,603,625</u>	<u>35,681,125</u>	<u>40,890,514</u>	<u>+6,715,392</u>	<u>+5,713,111</u>

The comparative statement above does not take into account charges for interest during construction, special writings-off and miscellaneous expenses.

*Brown Coal Production and Sales.*—The tonnage of coal won for the year exceeded production in each of the two previous years. The following figures show the annual tonnage output from the various open cuts over the past three years; costs per ton to nearer penny being shown in parenthesis:—

		1957–58.	1958–59.	1959–60.
		Tons.	Tons.	Tons.
Morwell	..	*607,726	†296,064 (16s. 1d.)	1,013,756 (15s. 2d.)
Yallourn	..	7,714,688 (8s.)	9,710,662 (7s. 6d.)	10,911,827 (7s. 4d.)
Yallourn North	..	1,273,663 (12s.)	996,118 (14s. 1d.)	955,940 (13s. 9d.)
Yallourn North Extension		373,890 (17s. 10d.)	461,016 (16s. 2d.)	367,973 (14s. 11d.)
		<u>9,969,967</u>	<u>11,463,860</u>	<u>13,249,496</u>

\* Developmental.

† Operations commenced 1st January, 1959.

Distribution of the output was as follows:—

	1957-58.	1958-59.	1959-60.
	Tons.	Tons.	Tons.
Power Production .. .. .	6,779,790	8,281,358	9,183,549
Briquette Manufacture .. .. .	2,429,096	2,458,048	3,385,189
Sales to Public .. .. .	759,199	725,656	680,551
Stock—Adjustment .. .. .	1,882	— 1,202	207
	<u>9,969,967</u>	<u>11,463,860</u>	<u>13,249,496</u>

Comparative figures in relation to trading operations from the Yallourn North open cuts were:—

	1957-58.	1958-59.	1959-60.
	£	£	£
Sales to Public .. .. .	782,524	720,952	747,469
Coal Winning and Distribution Costs .. .. .	539,302	563,042	599,063
Profit .. .. .	<u>243,222</u>	<u>157,910</u>	<u>148,406</u>

Although sales tonnage is down when compared with figures for the previous year, both turnover and costs have increased due to the prepayment of all rail freight on sales as from March, 1960.

*Briquetting.*—Operations of this branch resulted in a loss of £107,474 compared with a profit of £62,100 in the preceding year—a retrogression of £169,574.

Using coal from Yallourn, briquette manufacture for commercial purposes commenced at Morwell in December, 1959. From that month to the close of the year under review, the new Morwell factory produced 318,882 tons. In this developmental period, the factory was being gradually brought towards its maximum annual rate of production of 1.3 million tons, and this maximum rate was attained recently. Because of the comparatively small volume of production in 1959-60, unit costs were much higher than would have been the case if production had been at factory capacity.

Additional selling expenditure, partly offset by the increased price of domestic sales as from March, 1960, also contributed to the loss of £107,474.

Turnover and production tonnage for the past three years are shown hereunder:—

	1957-58.	1958-59.	1959-60.
	Tons.	Tons.	Tons.
Sales .. .. .	478,913	517,167	641,108
Transferred to Works .. .. .	166,341	107,766	290,712
Stock Variation .. .. .	— 19,081	+ 17,657	+ 42,850
Production .. .. .	<u>626,173</u>	<u>642,590</u>	<u>974,670</u>

Trading results for the past three years, excluding internal transfers to Works, are shown in the following summarized statement:—

	1957-58.		1958-59.		1959-60.	
Sales—	£	£	£	£	£	£
Domestic .. .. .	667,777		800,409		1,435,970	
Industrial .. .. .	1,329,873		1,368,144		1,539,235	
		<u>1,997,650</u>		<u>2,168,553</u>		<u>2,975,205</u>
Manufacturing Costs .. .. .	1,397,758		1,511,613		2,249,848	
Distribution and Selling .. .. .	458,739		663,150		1,062,575	
Stock Variation .. .. .	116,833		— 68,310		— 229,744	
		<u>1,973,330</u>		<u>2,106,453</u>		<u>3,082,679</u>
Profit .. .. .		<u>24,320</u>	Profit ..	<u>62,100</u>	Loss ..	<u>107,474</u>

*Tramways.*—Both in Ballarat and Bendigo, operations for the year resulted in a loss, the total being £169,582 which was £17,817 more than the previous year.

Tram mileages totalled 848,485 as compared with 846,286 in the previous year, while the total number of passengers carried was 6,200,929 as against 6,171,130 in 1958–59.

Accumulated losses on operations, including those of the Geelong system which was discontinued in March, 1956, now amount to £2,725,094 to which may be added capital written off totalling £175,763.

There was no increase in fares during the year.

A comparison of the results of operations for the past two years is as follows :—

1958–59.		Ballarat.	1959–60.	Total.
£		£	£	£
252,813	Operating charges .. .. .	153,361	116,087	269,448
101,048	Traffic Receipts, Advertising, &c. .. .. .	60,739	39,127	99,866
<u>151,765</u>	Loss .. .. .	<u>92,622</u>	<u>76,960</u>	<u>169,582</u>

The Commission's balances as at 30th June, 1959, and 30th June, 1960, are summarized hereunder :—

30.6.1959.		30.6.1960.	
£		£	£
283,101,770	Fixed Assets at cost .. .. .	308,172,515	
36,651,436	Deduct Provision for Depreciation .. .. .	43,852,614	
<u>246,450,334</u>		<u>264,319,901</u>	
790,679	Deduct Consumers' Contributions .. .. .	1,002,011	
<u>245,659,655</u>			263,317,890
	Deferred Charges—		
3,472,948	Interest and other Expenditure on Works under Construction .. .. .	2,628,775	
112,903	Other Deferred Charges .. .. .	322,798	
<u>3,585,851</u>			2,951,573
	Unamortized Charges—		
7,642,406	Overburden Removal and Disposal—balance at cost .. .. .	7,946,327	
1,065,944	Loan Flotation Expense .. .. .	911,865	
<u>8,708,350</u>			8,858,192
<u>3,154,580</u>	Investments at cost .. .. .		5,983,202
	Current Assets—		
334,061	Balances at Bank and Cash in hand .. .. .	288,357	
4,337,457	Consumers' and other Accounts Receivable .. .. .	5,341,713	
2,816,083	Unread Meters—Estimated Income .. .. .	3,102,789	
4,788,456	Materials and Fuel at cost .. .. .	4,632,522	
<u>12,276,057</u>			13,365,381
<u>273,384,493</u>	Carried forward		<u>294,476,238</u>

30.6.59.		30.6.60.	
£		£	£
273,384,493	Brought forward		294,476,238
	<i>Less Current Liabilities—</i>		
2,874,471	Bank Overdraft .. .. .	288,507	
4,085,448	Accounts Payable and Accruals (Other than Interest) .. .. .	5,432,271	
2,635,086	Interest Accrued .. .. .	2,878,793	
431,890	Consumers' Deposits and Service Charges in advance .. .. .	448,690	
<hr/>		<hr/>	
10,026,895			9,048,261
<hr/>			<hr/>
263,357,598			285,427,977
<hr/>			<hr/>
	The Funds from which these balances were financed are :—		
49,679,684	State Treasury Loans (net) .. .. .	54,217,050	
195,103,472	Commission Loans (net) .. .. .	209,859,217	
702,413	Loans of Acquired Undertakings .. .. .	924,947	
<hr/>		<hr/>	
245,485,569			265,001,214
<hr/>			<hr/>
8,554,000	Consumers' Advances for Construction .. .. .		10,711,351
<hr/>			<hr/>
	Reserves—		
1,987,051	Obsolescence .. .. .	1,809,217	
888,886	Rural Development .. .. .	885,886	
6,442,092	Contingency and General .. .. .	7,020,309	
<hr/>		<hr/>	
9,318,029			9,715,412
<hr/>			<hr/>
263,357,598			285,427,977
<hr/>			<hr/>

NOTE.—State Treasury Loans include the under-mentioned amounts raised in London and repayable in sterling :—  
At 30th June, 1959, £3,553,913—at 30th June, 1960, £3,690,458.

*Fixed Assets.*—The following statement shows the details of fixed assets as at the close of each of the past three years.

<i>Fixed Assets.</i>	As at	As at	As at
	30.6.1958.	30.6.1959.	30.6.1960.
	£	£	£
Coal Production .. .. .	17,366,398	19,222,510	20,861,302
Briquette Production .. .. .	16,915,859	19,129,114	20,341,176
Power Production—			
Thermal Stations .. .. .	69,130,890	75,063,107	83,679,066
Hydro Stations .. .. .	36,255,382	38,163,030	39,322,103
Transmission System .. .. .	19,270,273	22,890,372	25,507,551
Terminal Transformation System .. .. .	15,005,183	16,516,947	18,813,904
Distribution System .. .. .	52,270,102	54,721,633	61,500,368
General Service Assets .. .. .	32,873,381	37,395,057	38,147,045
	<hr/>	<hr/>	<hr/>
	259,087,468	283,101,770	308,172,515
Deduct Provision for Depreciation .. .. .	31,239,071	36,651,436	43,852,614
	<hr/>	<hr/>	<hr/>
	227,848,397	246,450,334	264,319,901
Deduct Extensions payable by Consumers .. .. .	534,706	790,679	1,002,011
	<hr/>	<hr/>	<hr/>
	227,313,691	245,659,655	263,317,890
	<hr/>	<hr/>	<hr/>

*Loans.*—Indebtedness for loans increased during the year by £19,515,645.

The increase is explained below :—

						£
Total Indebtedness as at 30th June, 1959	..	..	..	..	..	245,485,569
Net increase in Treasury Loans	..	..	..	..	..	4,537,367
Net increase in Municipal Loans	..	..	..	..	..	222,534
Net increase in Commission Loans	..	..	..	..	..	14,755,744
						<hr/>
Total Indebtedness at 30th June, 1960	..	..	..	..	..	265,001,214
						<hr/>

The above liability does not include £3,500,000 advanced by the Treasury on 30th June, 1960. This amount was received by the Commission on the first day of the new financial year.

The net amount of £54,217,050 due to the Treasury as previously stated herein, has been arrived at after deduction of £6,136,504 being the Commission's equity in the National Debt Sinking Fund.

The increase in this equity during 1959–60 was £505,015, in respect of which a credit of £114,785 was made to the Contingency and General Reserve on account of Commonwealth contributions to the Fund.



## GAS AND FUEL CORPORATION OF VICTORIA.

By statutory direction, the accounts of the Gas and Fuel Corporation of Victoria have been audited jointly by the Auditor-General and auditors appointed by the preference shareholders.

It should be noted that the financial statements for the year have been prepared by the Corporation on a slightly different basis to that adopted previously. Accordingly, it has been necessary, for comparative purposes, to present herein the previous year's figures in a similar form.

1958-59. £		1959-60. £	£
	Income—		
	Sales—		
9,361,106	Gas .. .. .	10,064,864	
3,775,738	Residual Products and Appliances .. .. .	4,138,769	
<u>13,136,844</u>			<u>14,203,633</u>
	Expenditure—		
	Gas—		
6,534,303	Manufacture .. .. .	6,443,563	
163,080	Transmission .. .. .	206,673	
2,792,416	Distribution .. .. .	3,147,756	
2,609,577	Residual Products and Appliances .. .. .	3,148,980	
306,846	Management .. .. .	340,354	
4,080	Audit Fees .. .. .	3,984	
5,500	Directors' Fees .. .. .	5,500	
180,544	Planning, Research, and Development .. .. .	243,454	
128,529	Superannuation and Retiring Allowances .. .. .	183,791	
78,145	Long Service Leave .. .. .	47,805	
49,923	Other Costs .. .. .	52,976	
<u>12,852,893</u>			<u>13,824,836</u>
283,951	Profit on Trading .. .. .		378,797
1,031	Income from General Investments .. .. .		75
<u>284,982</u>			<u>378,872</u>
25,000	Contingency Reserve .. .. .	25,000	
39,974	Provision for Special Repairs to Generators, Morwell .. .. .	17,491	
<u>64,974</u>			<u>42,491</u>
<u>220,008</u>	Net Profit for year carried to Profit and Loss Appropriation Account..		<u>336,381</u>

The quantity of gas sold for the year was 12,618 million cubic feet returning 15s. 11·43d. per thousand cubic feet compared with 15s. 9·16d. in 1958-59.

A significant reduction in the cost of manufacturing gas and increased sales of the product were the prime factors contributing to the substantial profit rise.

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

A further provision of £17,491 for "Special Repairs to Generators, Morwell," has been made because it is anticipated that the cost of these repairs will be greater than was originally estimated.

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

	£	£
Balance carried forward 30th June, 1959 .. .. .	673	
Net Profit for year from Profit and Loss Account .. .. .	336,381	
	<hr/>	
Available for Distribution .. .. .		337,054
Appropriations—		
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1959 .. .. .	78,822	
Amount returned to State of Victoria (Dividend Guarantee Account) .. .. .	673	
	<hr/>	
		79,495
Preference Dividend to be paid—		
4 per cent. per annum for half year ended 30th June, 1960 .. .. .	78,820	
$\frac{1}{2}$ per cent. per annum (part arrears) .. .. .	19,705	
	<hr/>	
		178,020
Balance carried forward—from which it has been resolved to pay to the State of Victoria, £146,751, the amount outstanding on account of Dividend Guarantee .. .. .		<hr/> 159,034

## BALANCE-SHEET

30.6.1959.		£	£
£	Shareholders' Funds—		
	Subscribed Capital—		
3,940,976	3,940,976 4 per cent. Cumulative Preference Shares of £1 each ..	3,940,976	
4,000,000	4,000,000 Ordinary Shares of £1 each subscribed by the State of Victoria .. .. .	4,000,000	
		<hr/>	
7,940,976	Subscribed Capital (Fully Paid) .. .. .		7,940,976
	Reserves—		
69,276	National Debt Sinking Fund (Treasury allocation of Commonwealth contribution) .. .. .	87,331	
45,668	Contingencies .. .. .	70,668	
		<hr/>	
673	Profit and Loss Appropriation Account .. .. .		157,999
			<hr/> 159,034
8,056,593			8,258,009
	Deferred Liabilities—		
5,018,446	Advances from State of Victoria .. .. .	5,018,446	
128,223	Less securities purchased and cancelled by the National Debt Commission .. .. .	158,825	
		<hr/>	
4,890,223			4,859,621
22,569,455	Debentures and Debenture Stock (Secured) .. .. .	25,132,148	
99,960	Provision for Exchange on Debentures maturing in London .. .. .	99,960	
234,747	Balances owing on Fixed Assets acquired .. .. .	116,413	
		<hr/>	
22,904,162			25,348,521
	Contingent Liabilities—		
147,424	(1) To State of Victoria under Dividend Guarantee .. .. .	146,751	
68,967	(2) Arrears of Preference Dividend for period 1st July, 1951 to 31st December, 1958 .. .. .	49,262	
		<hr/>	
35,850,978	749 (3) Uncalled amount on Shares held in another Company .. .. .	749	<hr/> 38,466,151

30.6.1959		30.6.1960.
£		£            £
	<b>Fixed Assets—</b>	
4,280,113	Freeholds and Leaseholds .. .. .	4,732,184
30,162,309	Machinery, Plant, and Equipment .. .. .	33,293,976
<u>34,442,422</u>		<u>38,026,160</u>
4,293,204	Less Provision for Depreciation and Amortization .. .. .	5,387,202
30,149,218		32,638,958
1,388,301	Capital Work in Progress (at cost) .. .. .	507,257
<u>31,537,519</u>		<u>33,146,215</u>
	<b>Current Assets—</b>	
		£
100,523	Cash in hand and at Banks .. .. .	112,841
150,000	Short Term Deposits .. .. .	850,000
2,387,603	Trade and Other Debtors (less provision for Bad and Doubtful Debts and Consumers' Deposits) .. .. .	2,717,041
1,701,751	Stocks (at or under Cost or Valuation) .. .. .	1,747,413
50,442	Prepayments .. .. .	47,062
<u>4,390,319</u>		<u>5,474,357</u>
	<b>Less Current Liabilities and Provisions—</b>	
1,345,784	Trade and Other Creditors .. .. .	1,542,296
140,743	Bank Overdraft .. .. .	7
3,705	State of Victoria (Balance of advances for purchase of preference shares) .. .. .	3,141
	<b>Provisions—</b>	
42,663	Long Service Leave .. .. .	26,777
21,977	Retiring Allowances .. .. .	14,453
22,500	Deferred Repairs .. .. .	37,500
39,974	Special Repairs to Generators, Morwell .. .. .	25,383
78,820	Preference Dividend .. .. .	98,526
<u>1,696,166</u>		<u>1,748,083</u>
2,694,153		3,726,274
	<b>Investment—</b>	
750	Company Shares (at cost) .. .. .	750
	<b>Intangibles—</b>	
213,674	Loss in Subsidiaries prior to Amalgamation .. .. .	213,674
290,133	Excess of Cost over Book Value of Net Assets taken over from Subsidiaries .. .. .	290,133
678,552	Unrecovered Cost of Replaced Plant .. .. .	651,484
277,915	Interest Temporarily Capitalized .. .. .	277,915
158,282	Unamortized Debenture Issue Expenses .. .. .	159,706
<u>35,850,978</u>		<u>1,592,912</u>
		<u>38,466,151</u>

When compared with the previous year, there was movement in two only of the intangible items listed above. Details are :—

Unrecovered Cost of Replaced Plant—	£
Balance—30th June, 1959 .. .. .	678,552
Less Profit derived from sale of land during 1959-60 .. .. .	27,068
Balance—30th June, 1960 .. .. .	<u>651,484</u>
<b>Unamortized Debenture Issue and Loan Expenses—</b>	
Balance—30th June, 1959 .. .. .	158,282
Less Proportion of expenses written off during 1959-60.. .. .	38,742
	<u>119,540</u>
Add Debenture issue expenditure incurred during 1959-60 .. .. .	40,166
Balance—30th June, 1960 .. .. .	<u>159,706</u>

As pointed out in the previous year's report, the question as to the methods to be adopted for the amortization of the intangibles listed should not be considered without due regard to the effect on State finances.

A summary of expenditure arising from the acquisition by the State of shares in the Corporation, and for advances made to the Corporation is:—

	To 30th June, 1959.	1959-60.	Total.	Charged in State's Accounts.
	£	£	£	
<b>Acquisition of Shares—</b>				
Subscription for 4,000,000 Ordinary Shares of £1 ..	4,000,000	..	4,000,000	Loan Fund
Purchase of Preference Shares .. .. .	3,149,447	90,000	3,239,447	
	<b>7,149,447</b>	<b>90,000</b>	<b>7,239,447</b>	
<b>Advances—</b>				
Advance for Capital Works .. .. .	5,000,000	..	5,000,000	Loan Fund
Loan Flotation Expenses .. .. .	18,446	..	18,446	
	<b>5,018,446</b>	<b>..</b>	<b>5,018,446</b>	
<b>Preference Share Dividend Guarantee—</b>				
Advanced to the Corporation .. .. .	177,347	..	177,347	Consolidated Revenue
Less Repayments .. .. .	29,923	673	30,596	
	<b>147,424</b>	<b>Cr. 673</b>	<b>146,751</b>	
<b>Total Investments and Advances by the State ..</b>	<b>12,315,317</b>	<b>89,327</b>	<b>12,404,644</b>	
<b>Costs to the State on account of the above—</b>				
Interest on Loans .. .. .	2,673,553	471,890	3,145,443	Consolidated Revenue
Sinking Fund Contribution .. .. .	193,463	30,482	223,945	
	<b>2,867,016</b>	<b>502,372</b>	<b>3,369,388</b>	
<b>Less Recoups, &amp;c., from Corporation—</b>				
Interest on Advances .. .. .	1,093,465	229,072	1,322,537	
Sinking Fund Contribution .. .. .	58,947	12,546	71,493	
Dividends on Preference Shares .. .. .	707,994	127,004	834,998	
	<b>1,860,406</b>	<b>368,622</b>	<b>2,229,028</b>	
<b>Net Cost to the State ..</b>	<b>1,006,610</b>	<b>133,750</b>	<b>1,140,360</b>	

The transfer of preference shares by sale is restricted to sale at par to the State. At 30th June, 1960, the State was the registered owner of 3,232,877 shares. The transfer of a further 3,429 shares was in course and £3,141 was held by the Corporation for future purchases.

No dividend has been paid on the ordinary shares, since any such dividend can be declared only from profits remaining after preference shareholders have been paid dividends in full. In this regard, it should be noted that "Arrears of Preference Dividend", as at 30th June, 1960, amounted to £49,262.

## GEELONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1959, was £388,942, a decrease of £31,951 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, and Long Service Leave Provision accounted for £51,316, leaving a net surplus of £337,626.

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

### REVENUE ACCOUNT.

	1958.	1959.
<i>Revenue.</i>	£	£
<b>Operating Revenue—</b>		
Harbor Revenue .. .. .	764,030	770,082
Shipping Services .. .. .	185,780	183,487
<b>Miscellaneous—</b>		
General .. .. .	14,768	15,825
Corio Freezing Works .. .. .	24,887	16,225
<b>Non-operating Revenue—</b>		
Interest .. .. .	6,187	5,786
Sale of Scrap Materials .. .. .	942	1,409
<b>Total Revenue .. .. .</b>	<b>996,594</b>	<b>992,814</b>
<b>Expenditure.</b>		
<b>Operating Expenses—</b>		
Administration, &c. .. .. .	74,956	82,858
Shipping Services .. .. .	137,899	152,814
<b>Maintenance—</b>		
General .. .. .	49,855	61,208
Corio Freezing Works .. .. .	9,125	..
Depreciation and Amortization .. .. .	127,615	145,823
<b>Non-operating Expenses—</b>		
Superannuation .. .. .	10,973	11,250
Interest .. .. .	164,288	148,802
Miscellaneous .. .. .	990	1,117
<b>Total Expenditure .. .. .</b>	<b>575,701</b>	<b>603,872</b>
<b>Net Revenue .. .. .</b>	<b>420,893</b>	<b>388,942</b>
<b>Appropriations—</b>		
Sinking Fund .. .. .	28,778	29,341
Insurance Fund .. .. .	20,000	20,000
Long Service Leave .. .. .	3,705	1,975
<b>Total Appropriations .. .. .</b>	<b>52,483</b>	<b>51,316</b>
<b>Net Surplus .. .. .</b>	<b>368,410</b>	<b>337,626</b>

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

31.12.1958.							31.12.1959.	
£	Assets—					£	£	£
331,050	Current	..	..	..	..	..	777,504	
6,701	Deferred	..	..	..	..	..	5,862	
7,434,017	Fixed, <i>less</i> depreciation and amortization	..	..	..	..	..	7,679,486	
283,370	Investments	..	..	..	..	..	353,630	
<u>8,055,138</u>	<b>Total</b>	..	..	..	..	..	<u>8,816,482</u>	
	<b>Liabilities—</b>							
500,583	Current	..	..	..	..	..	461,761	
	Deferred—							
2,886,248	Loans (including liability to State, £164,004)	..	..	..	..	..	2,939,004	
9,689	Other	..	..	..	..	..	11,809	
							<u>2,950,813</u>	
							<u>3,412,574</u>	
	<b>Funds—</b>							
2,288,260	Endowments	..	..	..	..	..	2,623,445	
303,496	General Reserve	..	..	..	..	..	305,715	
148,210	Sinking Fund	..	..	..	..	..	184,626	
135,160	Insurance Reserve	..	..	..	..	..	169,004	
	<b>Net Revenue Account—</b>							
1,783,492	Accumulated Surplus	..	..	..	..	..	2,121,118	
							<u>5,403,908</u>	
<u>8,055,138</u>	<b>Total</b>	..	..	..	..	..	<u>8,816,482</u>	

## GRAIN ELEVATORS BOARD.

The extension of the Board's system of bulk receipt facilities was continued in the year under review, and the completion of the construction of fourteen steel elevators brought the total number constructed as at 31st October, 1959, to 45. Receipts for the 1958-59 season (to 31st October, 1959) totalled 40,131,882 bushels, as compared with 28,811,750 bushels in 1957-58, and 32,292,626 bushels in 1956-57.

Financial arrangements with the Australian Wheat Board for the handling of wheat through the Grain Elevators Board, provide for operational and maintenance expenditure being recouped by the Australian Wheat Board and also for the payment of an allowance based on the cost of the capital facilities of the Grain Elevators Board.

The figures herein for 1958-59 are submitted subject to the completion of the audit of the Board's books and accounts for that year.

The statement of Revenue and Expenditure given below shows a net revenue for the 1958-59 accounting period of £188,192. Appropriations therefrom, including £75,000 taken to the General Reserve Fund, leave a surplus from the year's operations of £58,045.

<i>Revenue.</i>		1958-59.	
1957-58.		£	£
£			
480,133	Australian Wheat Board—Recoupable expenditure for operating and maintenance .. .. .		477,818
311,974	Capital Facilities Allowance .. .. .		342,386
23,920	Depreciation Reserve Fund Investment Interest .. .. .		34,162
14,248	Interest on General Investments .. .. .		6,956
13,944	"    "    Reserve Fund Investments .. .. .		20,468
581	"    "    Insurance Reserve Fund Investments .. .. .		994
	"    "    Renewals Reserve Fund Investments .. .. .	Dr.	13
<hr/> 844,800			<hr/> 882,771
	<i>Expenditure.</i>		
	Operating and Maintenance—	£	
124,464	Geelong Terminal .. .. .		117,254
113,922	Country Elevators .. .. .		141,243
29,860	Emergency Bulk Wheat Storages .. .. .		22,449
118,740	Administration Expenses .. .. .		100,729
93,147	*Depreciation and Renewals .. .. .		96,143
480,133	Expenditure recoupable from the Australian Wheat Board .. .. .		477,818
177,104	Interest on Loans .. .. .		178,160
99	Williamstown Foundation Expenses .. .. .		..
6,744	Amortization—Preliminary Expenses and Loan Flotation Expenses .. .. .		6,744
	Sinking Fund Charges—		
2,656	National Debt Sinking Fund (Act No. 6266) .. .. .		2,656
28,452	Debentures and Inscribed Stock Sinking Fund (Act No. 6266) .. .. .		29,201
<hr/> 695,188			<hr/> 694,579
149,612	Net Revenue .. .. .		188,192
1,242	Add Profit on realization of investments .. .. .		776
<hr/> 150,854			<hr/> 188,968
	Less Appropriations—		
23,920	*Depreciation Reserve Fund—Interest on Investments .. .. .		34,162
13,944	*General Reserve Fund—Interest on Investments .. .. .		20,468
581	*Insurance Reserve Fund—Interest on Investments .. .. .		994
75,000	*General Reserve Fund .. .. .		75,000
..	Loss on Realization of Investments .. .. .		299
<hr/> 113,445			<hr/> 130,923
37,409	Surplus for year ended 31st October, 1959 .. .. .		58,045
132,477	Add Net Accumulation at 31st October, 1958 .. .. .		169,886
<hr/> 169,886	Net Accumulation at 31st October, 1959 .. .. .		<hr/> 227,931

\* Subject to Treasurer's approval.

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

31.10.1958.		31.10.1959.	
£		£	£
	Current Assets—		
13,924	Stores, &c. .. .. .	2,842	
64,980	Sundry Debtors, Accrued Interest, and Advances .. .. .	92,061	
119,672	Cash .. .. .	56,840	
		<hr/>	151,743
198,576			
1,485,735	Investments .. .. .		1,761,677
	Fixed Assets—at Cost—		
	Construction—	£	
2,648,042	Country Elevators .. .. .	2,822,689	
336,773	Geelong Terminal .. .. .	367,015	
		<hr/>	3,189,704
	Equipment and Plant—		
252,383	Country Elevators .. .. .	266,512	
332,230	Geelong Terminal .. .. .	349,800	
		<hr/>	616,312
101,661*	Designs, Plans, Survey, &c. .. .. .		
266,859	Transport Facilities .. .. .	289,348	
		<hr/>	4,095,364
	Fixed Assets—less depreciation—		
65,210	Equipment and Plant—Mobile .. .. .	61,157	
2,420	Marmalake No. 1 Emergency Store .. .. .	2,420	
28,967	Motor Vehicles, Office Furniture and Equipment .. .. .	28,417	
29,353	Freehold Land and Buildings .. .. .	41,872	
		<hr/>	133,866
	Other Debit Balances—		
39,693	Preliminary and Loan Flotation Expenses .. .. .	32,868	
125	National Debt Sinking Fund—Cash in Fund .. .. .	264	
46	Obsolete Asset—Disposal Suspense .. .. .	46	
		<hr/>	33,178
<hr/>			
5,788,073			<hr/>
	Current Liabilities—		
63,831	Sundry Creditors .. .. .		63,573
	Loans—		
955,597	Government of Victoria .. .. .	945,712	
2,773,806	Public .. .. .	2,837,736	
		<hr/>	3,783,448
	Reserves and Sinking Funds—		
	Cancelled Securities Reserves—		
111,283	National Debt Sinking Fund .. .. .	121,225	
71,264	Debentures and Inscribed Stock .. .. .	82,334	
236,190	Matured Public Loans .. .. .	236,190	
714,867	Depreciation Reserve Fund .. .. .	827,135	
2,420	Marmalake No. 1 Emergency Storage Reserve .. .. .	2,420	
5,012	Country Bulkhead Equipment Suspense .. .. .	5,012	
28,283	Insurance Reserve .. .. .	37,038	
504,632	General Reserve Fund .. .. .	600,100	
53,292	Debentures and Inscribed Stock Sinking Fund .. .. .	74,626	
3,694	Renewals Reserve Fund .. .. .	7,438	
23,316	Provision for Long Service Leave .. .. .	25,788	
		<hr/>	2,019,306
	Suspense Accounts—		
..	Rebagging Wheat .. .. .		1,761
73	Geelong Pier .. .. .		73
67,856	Superannuation .. .. .		76,989
2,689	Motor Vehicle Disposal .. .. .		2,665
82	Unclaimed Interest .. .. .		82
169,886	Revenue Account—Net Accumulation .. .. .		227,931
<hr/>			<hr/>
5,788,073			6,175,828

\* As at 31st October, 1959, this amount was apportioned as between the various assets set out above under the broad heads of "Construction" and "Equipment".

Incomplete contracts totalling £733,691 have not been included in the balances shown.



## HOME FINANCE TRUST.

The Home Finance Trust, constituted on the 13th June, 1956, has the power, in accordance with the provisions of Act No. 6271 as amended to raise money from lending institutions by way of deposit or bank overdraft for the purpose of making housing loans on the security of first mortgage.

The year 1959–60 saw a further increase in the amounts which the under-mentioned institutions agreed to lend to the Trust, the total rising from £3,500,000 as at the 30th June, 1959, to £4,150,000 as at the 30th June, 1960. Details are:—

	£	£
The Commissioners of the State Savings Bank of Victoria .. .. .	..	1,350,000
Private Savings Banks .. .. .	1,350,000	
„ Trading Banks .. .. .	900,000	
	<hr/>	2,250,000
Insurance Companies .. .. .	..	550,000
		<hr/>
		4,150,000

The liability of the Trust on account of deposits and overdrafts, as shown in the summary of assets and liabilities herein, is reconciled below with the total of agreed loans:—

	£	£
Agreed Loans as above .. .. .	..	4,150,000
Less—Amount not yet drawn by Trust .. .. .	607,407	
Amount repaid to lending institution .. .. .	4,000	
Sundry bank credits .. .. .	16	
	<hr/>	611,423
		<hr/>
Total liability of Trust to lending institutions.. .. .	..	3,538,577

Loans approved by the Trust to borrowers totalled £4,104,745, of which £3,548,212 (net) has been advanced and secured. Repayments by borrowers are being maintained at a very satisfactory level.

Legislative approval was obtained during the year to enable the Trust to invest moneys for housing loans for terms not exceeding three years. These investments may be made only from moneys accumulated from borrowers' loan repayments.

Set out hereunder are particulars of the Trust's assets and liabilities as at 30th June, 1959, and 1960. The figures as at 30th June, 1960, are subject to audit.

30.6.59		30.6.1960
£	Assets.	£
2,902,851	Current ordinary loans secured by mortgage .. .. .	3,651,272
..	Current loans (3 year maximum) secured by mortgage.. .. .	6,200
2,383	Arrears—Mortgagors .. .. .	1,059
12,398	Sundry debtors (interest accrued but not yet payable, &c.) .. .. .	15,371
<hr/>		<hr/>
2,917,632		3,673,902
		<hr/>
£	Liabilities.	£
2,800,000	Deposits—Repayment of which is guaranteed by the Treasurer of Victoria	3,356,000
47,382	Bank overdraft—Repayment also guaranteed by the Treasurer ..	182,577
		<hr/>
		3,538,577
2,972	Prepayments by mortgagors .. .. .	6,810
57,873	Loans Redemption Account .. .. .	109,260
934	Sundry creditors .. .. .	631
8,471	Home Finance Fund—Surplus .. .. .	18,624
<hr/>		<hr/>
2,917,632		3,673,902

### HOUSING COMMISSION.

The summary of the accounts for 1958-59 which was given in my previous report was published subject to audit. The subsequent audit disclosed several instances in which the accounts were considered to be in error, and my acceptance thereof was conditional upon necessary adjustments being effected in the 1959-60 accounts. Accordingly, I indicated in my certificate on the statements of accounts for 1958-59 that—

- (i) the balance of the “ Land Realization Suspense Account ” was incorrect due to the application of inaccurate costs to a particular sale of land on terms ;
- (ii) the figure for “ Sundry Debtors for House Purchasers ” was the aggregate of the balances of the relevant control accounts in the General Ledger which sum had not been reconciled with the total of the balances of the individual accounts in the subsidiary House Sales ledger ;
- (iii) the amount shown for “ Sundry Debtors ” did not include certain arrears mainly in respect of consideration for leases of land ; and
- (iv) interest receivable on loans to House Purchasers had been calculated before completion of postings to the subsidiary ledger resulting in errors requiring subsequent adjustment.

To 30th June, 1960, interest free loans amounting to £520,000 had been made to the Melbourne and Metropolitan Board of Works to provide the necessary finance for sewerage and drainage works to serve certain housing estates. In addition, the Commission had paid to the Board the sum of £55,000 representing a contribution of £100 per sewered allotment in respect of the Commission's Laverton estate.

I raised with the Commission the question as to its authority to make—

- (i) loans in the manner stated ; and
- (ii) payments of the nature described.

I also sought the advice of the Crown Solicitor in the matter. He has furnished me with an opinion in which he states, *inter alia*—

“(1) . . . . in my opinion, money lent free of interest is not money ‘ invested ’ for the purposes of the sub-section ” (Sub-section 3 of Section 89 of the *Housing Act* 1958).

(2) In my opinion, nothing contained in either Section 107 of the Housing Act or in Section 38 of the Board's Act would authorize the making of an agreement under which the Commission would assume a liability in relation to the provision of sewerage for an estate which is not imposed by the Board's Act or authorized by the Housing Act. If the contribution of £100 per sewered block by the Commission to the Board was in respect of the provision of sewers the cost of the provision of which is laid by its Act upon the Board, as at present advised, I see nothing in the Housing Act which would authorize the making of the payments by the Commission.”

For the purpose of clarification, the Commission has re-submitted the second matter to the Crown Solicitor and furnished him with additional relevant facts.

It should be noted that, in relation to the interest free loans, notional interest is being added to the capital cost of land to be served by the particular works. In 1959-60, the sum of £17,800 was so charged to the estates concerned, and a like sum was credited to the Commission's Miscellaneous Revenue.

The financial statements of the Commission for the year ended 30th June, 1960, are in the final stage of preparation and, for the purpose of the publication of the figures in this report, the draft copies of the Balance-sheet and General Revenue Account were made available to me on 14th October, 1960. Although these figures have yet to be audited, they are furnished herein for information in comparison with the relevant figures for 1958-59.

On the basis explained above, the Commission's revenue and expenditure for 1958-59 and 1959-60 together with a statement of its financial position as at the close of each of those years are summarized hereunder with related comments:—

### GENERAL REVENUE ACCOUNT.

1958-59.	REVENUE.	1959-60.
£		£      £
5,567,806	Rentals .. .. .	5,562,110
1,027,540	Gross Surplus—House Sales .. .. .	1,029,469
110,967	Loan Redemption written back <i>less</i> allowances to house purchasers ..	130,359
312,593	Interest—House Sales (net) .. .. .	453,170
9,015	„ Sundry .. .. .	42,075
12,340	Miscellaneous .. .. .	24,001
7,040,261		7,241,184

### EXPENDITURE.

2,544,298	Interest—less amounts capitalized and applied to House Sales .. .. .	2,579,081
796,364	Loan Redemption—Commonwealth and State Agreement.. .. .	778,499
2,988	Contribution to National Debt Sinking Fund .. .. .	2,378
500	„ Debenture Loan Sinking Fund .. .. .	500
15,544	Redemption of Debentures .. .. .	5,186
344,515	Administration—general .. .. .	360,359
150,345	Administration—house sales .. .. .	166,362
46,661	Cost of rent collection in country areas, &c. .. .. .	47,519
812,282	Rates— <i>less</i> amount capitalized .. .. .	843,282
5,622	Insurable Risks .. .. .	32,941
20	Loan Conversion Expenses .. .. .	22
1,003,545	Provision for accrued maintenance .. .. .	999,470
28,501	„ „ irrecoverable rents .. .. .	6,180
..	Cost of Communal Services—flats and Garden Maintenance .. .. .	61,273
..	Reserve—Holmsglen Housing Factory .. .. .	2,213
118,964	Appropriation to House Purchasers' Death Benefit Fund.. .. .	170,596
831,440	Transfer to House Sales Reserve Suspense Account .. .. .	940,152
6,701,589		6,996,013
338,672	Surplus for the year .. .. .	245,171

The sources from which the surplus for 1958-59 and for 1959-60 were derived may be more readily seen from the following summary:—

	1958-59.	1959-60.
	£	£
Surplus—Miscellaneous Funds .. .. .	..	22,717
Net Income—Rental Operations .. .. .	3,945	..
Realized Profit—House Sales .. .. .	353,144	345,859
	<u>357,089</u>	<u>368,576</u>
<i>Less—</i>		
Cost of Statutory Functions—non Revenue Producing .. .. .	18,417	29,477
Loss—Rental Operations .. .. .	..	93,928
	<u>338,672</u>	<u>245,171</u>

It will be seen that there has been a substantial retrogression in rental operations which would appear to warrant a review of existing rental charges. In many instances, such rentals are not based upon the latest known capital costs.

Mention has been made earlier herein of the notional interest included in the Commission's revenue on account of its interest free loans to the Melbourne and Metropolitan Board of Works. This credit amounting to £17,800, forms part of the Surplus—Miscellaneous Funds, £22,717, shown above.

The gross rental charges for the past two years are compared hereunder and reconciled with the figures given in the General Revenue Account:—

	1958-59		1959-60	
	£	£	£	£
Gross rental charges .. .. .	..	5,829,616	..	5,833,068
<i>Deduct—</i>				
Rental rebates allowed .. .. .	232,272	..	240,351	..
Losses from vacancies .. .. .	29,573	..	30,607	..
	<u>261,845</u>	..	<u>270,958</u>	..
	5,567,771	..	5,562,110	..
<i>Add—</i>				
Rebates recovered from tenant purchasers .. .. .	..	35	..	..
Credit for Rentals—General Revenue Account	5,567,806	..	5,562,110	..

*Sales of Houses.*—For the year 2,717 units were sold for a total sum of £9,944,331. Details are:—

	No.	Cost.	Selling Price.	Surplus.
		£	£	£
Cash Sales—State .. .. .	1	1,137	2,791	1,654
Commonwealth—State Housing Agreement 1945	6	9,398	17,885	8,487
Commonwealth—State Housing Agreement 1956	..	..	..	..
Sales per War Service Homes Commission—C.S.H.A. 1945	11	22,817	31,171	8,354
Sales per War Service Homes Commission—C.S.H.A. 1956	..	..	..	..
Terms Sales—State .. .. .	42	39,218	108,190	68,972
Commonwealth—State Housing Agreement 1945.. .. .	966	2,564,902	3,221,143	656,241
Commonwealth—State Housing Agreement 1956.. .. .	1,690	6,274,090	6,559,701	285,611
Miscellaneous Sales .. .. .	1	3,300	3,450	150
	<u>2,717</u>	<u>8,914,862</u>	<u>9,944,331</u>	<u>1,029,469</u>
Comparable figures—1958-59 .. .. .	2,576	7,790,384	8,817,924	1,027,540

The average profit on the sale of units erected under the 1956 Agreement is, as indicated in my previous year's report, lower than that on units erected under the 1945 Agreement. With few exceptions, the selling prices of the former are based on estimated costs. However, it is anticipated that, having regard to the care exercised in arriving at the estimates, there will be little difference as between the estimated and the actual costs as finally determined.

In respect of the sale of 80 homes erected under the 1945 Agreement, the Commission allowed each of the purchasers concerned to pay a deposit less than that stipulated in the Agreement; further, in each instance, the Commission made up from its own funds the difference between the actual and the prescribed deposit for the purpose of discharging its obligation to the Commonwealth.

The procedure outlined above appeared to me to be in contravention of the State's agreement with the Commonwealth, as well as involving an apparent incorrect application of Commission funds. Accordingly, I have brought the matter to the notice of the Honorable the Treasurer with a view to appropriate action.

The sale of 55 dwellings to the Department of the Interior for occupation by Royal Australian Air Force personnel was also made the subject of Audit query on the grounds that such sale was not in accordance with the terms of the 1956 Agreement.

The full amount of the surplus, arising from sales, was credited to the General Revenue Account, and there was for 1959-60, transferred therefrom to the House Sales Reserve Suspense Account the amount required to increase the balance of that account to a figure considered to represent, as at 30th June, 1960, the profit still to be realized on all terms sales to that date. The net credit to general revenue in 1959-60 on account of house sales may be explained as follows:—

Gross Surplus on Sales—	£	£
Cash Sales .. .. .	10,141	
Sales per War Service Homes Commission .. .. .	8,354	
	£	
Terms Sales .. .. .	1,010,974	
Less Transfer to Reserve .. .. .	940,152	
	<u>70,822</u>	
Loan Redemption—Surplus after allowances to purchasers &c. .. .. .	..	130,359
Interest receivable on terms sales .. .. .	1,171,137	
Less Interest payable on houses sold .. .. .	717,967	
Appropriation to House Purchasers' Death Benefit Fund .. .. .	170,596	
	<u>888,563</u>	
Other House Sales revenue .. .. .	..	<u>9,971</u>
		512,221
Administration and other expenses .. .. .	..	<u>166,362</u>
Net Credit to General Revenue Account .. .. .	..	<u>345,859</u>

*Death Benefits Fund.*—House purchasers, unless disqualified for health reasons or by age, may be admitted to participation in the House Purchasers' Death Benefit Scheme, for the purpose of which an appropriation is made from interest receivable under contracts for the sale of houses on terms. Operations during the year and the position of the Fund as at 30th June, 1960, are summarized below:—

	£	£
Balance as at 30th June, 1959 .. .. .	274,900	
<i>Add</i> Appropriation for year .. .. .	170,596	
Income from Investments .. .. .	17,486	
Premiums .. .. .	4,278	
	<hr/>	192,360
		467,260
<i>Deduct</i> Payments on Account of Deceased Purchasers .. .. .		2,089
		<hr/>
Balance as at 30th June, 1960 .. .. .		465,171
		<hr/>

The sum of the investments of the Fund, £408,630, includes £70,000 invested in a debenture issued by the Housing Commission itself, with a currency of two years and bearing interest at the rate of 5½ per cent. per annum. The proceeds of this debenture have been used by the Commission for slum reclamation works.

In the light of a Crown Solicitor's opinion given recently on a related matter, the right of the Commission to invest the moneys of the Fund by way of loan to itself is not free from doubt.

*Items Capitalized.*—Expenditure on administration, rates, and interest deemed to be applicable to, or incurred during, construction has been capitalized. The amounts capitalized and the proportions thereof to the totals of the respective items for 1958–59 and 1959–60 are:—

	1958–59.		1959–60.	
	£	%	£	%
Rates .. .. .	71,926	8·13	58,189	6·44
Interest .. .. .	233,313	7·28	187,378	5·39
Administration .. .. .	263,483	32·89	254,965	28·97
	<hr/>		<hr/>	
	568,722	..	500,532	..
	<hr/>		<hr/>	

“Rates” are based on actual figures. “Administration” is primarily determined on the basis of an estimated allocation of salaries. Regard has also been had to administrative items which are clearly ascertainable as direct charges to either capital or revenue.

*Provision for Maintenance.*—The amount provided in the 1958–59 Revenue Account was £1,003,545 and, in 1959–60, £999,470. Actual expenditure on maintenance is met from an “Accruing Maintenance Provision Account” and, in the respective years, totalled £866,863 and £930,070. The balance in the Provision Account at 30th June, 1960, was £1,597,901.

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

*Depreciation.*—No provision has been made out of revenue for depreciation of houses. The expenditure from revenue on account of debt redemption has so far been regarded by the Commission as a reasonable substitute for depreciation, as it provides for amortization over a period of 53 years.

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

30.6.1959.		30.6.1960.	
£		£	£
<i>Current Assets—</i>			
30,052	.. Works in Process .. .. .	1,510	
636,699	.. Sundry Debtors .. .. .	849,818	
77,010	.. Cash in Transit .. .. .	71,957	
652,564	.. <i>Investments</i> .. .. .		923,285
			973,998
<i>Deferred Assets—</i>			
19,131,672	.. House Purchase Debtors .. .. .		27,928,181
<i>Fixed Assets—</i>			
16,158,187	.. Estates—Cost of land, developmental and incidental expenses ..	16,833,856	
89,177,103	.. Dwellings and Shops .. .. .	94,355,171	
..	.. Holmsglen Housing Factory—Land and Buildings .. .. .	280,473	
		111,469,500	
11,826,658	.. <i>Less</i> Suspense Account for estimated capital costs of houses sold ..	17,268,029	
93,508,632		94,201,471	
1,484,054	.. Cost of properties acquired for Slum Reclamation .. .. .	2,076,133	
61,173	.. Store rooms, offices, &c. .. .. .	59,172	
138,440	.. Plant, vehicles, office furniture, and equipment .. .. .	167,683	
1,147	.. Precutting depots and constructional buildings .. .. .	4,819	
621,156	.. Concrete House Project .. .. .	21,815	
			96,531,093
135,621	.. <i>Deposit and Trust Account—</i> Cash at Bank and securities .. .. .		158,337
<i>Intangibles—</i>			
16,162	.. Loan Flotation Expenses—Less amount written off .. .. .	17,851	
25,835	.. Plans and Designs, &c. .. .. .	26,134	
33,783	.. Slum Reclamation .. .. .	34,273	
5,198	.. Overseas Delegation Expenses .. .. .	11,482	
			89,740
288,693	.. Accumulated Deficit .. .. .		15,956
116,847,891	.. <b>Total</b> .. .. .		<b>126,620,590</b>
<i>Current Liabilities—</i>			
715,950	.. Sundry Creditors .. .. .		1,450,104
<i>Loans—</i>			
103,889,175	.. Government advances .. .. .	110,569,096	
441,514	.. Debenture issues .. .. .	509,829	
			111,078,925
<i>Advances and Subsidies—</i>			
1,176,600	.. Subsidy from Loan for Slum Reclamation .. .. .		1,349,366
<i>Reserves and Sinking Funds—</i>			
78,486	.. Debenture Loans Redemption .. .. .	80,171	
123,566	.. Cancelled Securities—National Debt Sinking Fund .. .. .	128,457	
12,374	.. Debenture Loan Sinking Fund .. .. .	17,486	
4,362,436	.. Loan Redemption—Commonwealth and State Agreement .. .. .	4,918,576	
1,495,561	.. Accruing Maintenance Provision .. .. .	1,597,901	
70,000	.. Irrecoverable Rents Provision .. .. .	40,000	
3,218,365	.. House Sales Reserve Suspense Account .. .. .	4,161,824	
284,872	.. House Sales—Death Benefit Scheme and Insurance .. .. .	478,364	
843,371	.. Land Realization Reserve .. .. .	1,158,866	
..	.. Holmsglen Housing Factory Reserve .. .. .	2,213	
			12,583,858
<i>Deposit and Trust Account—</i>			
135,621	.. Contractors' deposits and other trust moneys .. .. .		158,337
116,847,891	.. <b>Total</b> .. .. .		<b>126,620,590</b>

The comments immediately hereunder are furnished in explanation of certain items in the preceding financial summary.

“Sundry Debtors” include amounts due by tenants and former tenants on account of recoverable maintenance expenditure. To establish an effective “follow up” system, the Commission now proposes to adopt procedures similar to those employed for the recovery of rental arrears.

Considered to be irrecoverable, rental arrears amounting to £36,180 (net) were, with the approval of the Treasurer, written off during the year. As at 30th June, 1960, the provision for irrecoverable debts stood at £40,000 compared with £70,000 as at the close of the previous year. The arrears written off represented the remainder of an accumulation over many years. Due to a more active policy of collection in recent times, it is considered that the provision as at 30th June, 1960, is adequate to cover doubtful debts.

On the 1st March, 1960, the Commission purchased from the Commonwealth of Australia the freehold of the Holmesglen Factory site on which the Commission’s “Concrete House Project” is located. The consideration was £161,588, payable by annual instalments over a period of six years with interest at 4½ per cent. per annum. This amount, £161,588, together with a transfer, as at the date of purchase, of £106,128 from the item “Concrete House Project” representing the cost of improvements effected by the Commission before such date, is included in the item “Holmesglen Housing Factory—Land and Buildings”, £280,473.

The amounts, £621,156, as at the 30th June, 1959, and £21,815, as at the 30th June, 1960, against the item “Concrete House Project” are net figures. They are, in effect, the notional liabilities, as at the respective dates, of the Concrete House Project to the Commission. The reduction from £621,156 to £21,815 is explained as follows:—

	£	£
Liability of Concrete House Project to Commission on account of advances for improvements and for working capital as at 30th June, 1959 .. ..	..	621,156
<i>Add—</i>		
Increase in Materials on hand .. .. .	41,238	
Minus Decrease in other current assets .. .. .	23,407	
	<u>17,831</u>	
		638,987
<i>Deduct—</i>		
Transfer to Item—“Holmesglen Housing Factory site—Land and Buildings” .. .. .	106,128	
Increase in Sundry Creditors and Accrued Wages .. .. .	467,620	
	<u>573,748</u>	
Decrease in book value of Roads and Services (transferred as above), Plant, Tools, &c. .. .. .	43,424	
	<u>617,172</u>	
Item—“Concrete House Project” as at the 30th June, 1960 .. .. .	..	<u>21,815</u>

The above reconciliation discloses, *inter alia*, that, as at balancing date, there was a substantial amount due to the Project’s Sundry Creditors.

The Commission’s accumulated deficit was reduced during the year as follows:—

	£	£
Accumulated Deficit as at the 30th June, 1959 .. .. .	..	288,693
<i>Deduct—</i>		
<i>Transfers from—</i>		
Cancelled Securities Reserve .. .. .	892	
Loan Redemption Reserve .. .. .	26,674	
	<u>27,566</u>	
Surplus—1959–60 .. .. .	245,171	
	<u>272,737</u>	
Accumulated Deficit as at the 30th June, 1960 .. .. .	..	<u>15,956</u>



The transfer from Reserves, £27,566, was the sum provided from the revenues of previous years for loan redemption purposes in respect of certain dwellings sold. The construction of these homes had been financed either from Commonwealth advances under the 1956 Agreement or from loan moneys made available by the State.

Included in the item, "Sundry Creditors," is an amount of £66,822 which represents deposits received from purchasers of homes erected under the 1945 Agreement. In accordance with the terms thereof, this sum is payable to the Commonwealth Government in reduction of loan liability and, in anticipation of the remittance of such amount, the Commission has adjusted the loan liability accordingly. However, in this report the loan liability under the Housing Acts is shown inclusive of this sum.

Also included in the item "Sundry Creditors", is a sum of £692,099, overdraft at the Australia and New Zealand Bank Ltd. No statutory authority exists for the Commission to obtain temporary advances of this nature.

The Reserve, "Holmesglen Housing Factory Reserve" £2,213, has been provided from the Commission's Revenue Account from certain credits therein amounting to £6,563. This sum was provided in turn from components of the capital cost of each dwelling produced at Holmesglen in the period from the date of purchase of the Factory to the close of the year. These components are calculated on the basis of the Commission's funds invested in the undertaking and are designed to recover over a period of twenty years, from dwellings produced at Holmesglen, the full amount of such investment.

*Loan Liability.*—During the year an additional £7,560,000 was made available to the Commission under the terms of the 1956 Commonwealth and State Housing Agreement, increasing total loans to £119,781,782. At 30th June, 1960, the liability in respect of all loans was £111,078,925. Details are:—

<i>State Housing.</i>				£
From the Government of Victoria—Housing	..	..	..	1,133,548
" " " " Slum Reclamation	..	..	..	327,234
" Debenture issues of the Commission	..	..	..	590,000
				2,050,782
Government Loan transferred to the Commission	..	..	..	30,000
				2,080,782
				£
<i>Less Securities purchased out of National Debt Sinking Fund and cancelled</i>				174,562
<i>Debentures redeemed under Housing Act</i>	..	..		80,171
				254,733
				1,826,049
 <i>Commonwealth and State Housing Agreements.</i> 				
Loan Advances received from the Commonwealth of Australia	..	..	117,701,000	
<i>Less Repayments</i>	..	..	8,381,302	
			109,319,698	
Aggregate Liability as at 30th June, 1960	..	..	..	111,145,747
<i>Less Deposits on account of Sales due to Commonwealth Government</i>	..	..	..	66,822
				111,078,925

It should be stated that the Commission is required to meet the debt charges on the liability to the Government of Victoria for housing. On the other hand, debt charges on the amount advanced for slum reclamation is being met from the general revenues of the State.

## LATROBE VALLEY WATER AND SEWERAGE BOARD.

Functions of the Latrobe Valley Water and Sewerage Board, which commenced operations on 1st July, 1954, include the maintenance of adequate supplies of water and the disposal of industrial and domestic waste.

Prior to the appointment of the Board, a considerable amount of preliminary work was carried out within the Latrobe Valley area by the State Rivers and Water Supply Commission, which had been empowered to exercise all the powers of the Board.

Expenditure on capital works has been met from the Loan Fund—by direct charge in the case of the Commission, and as a result of payments by the Treasurer to recoup the Board for expenditure met from an overdraft authorized by the Governor in Council pursuant to *Latrobe Valley Act* 1958 as amended. Charges to the Loan Fund are :—

Year.	Expended by.	Water.	Sewerage.	Total.
		£	£	£
1951-52 to 1954-55	State Rivers and Water Supply Commission	278,746	31,837	310,583
1954-55 to 1958-59	Latrobe Valley Water and Sewerage Board	1,276,960	1,963,517	3,240,477
1959-60 .. ..	Latrobe Valley Water and Sewerage Board	768,745	364,189	1,132,934
		2,324,451	2,359,543	4,683,994

All such charges, whether associated with expenditure by the Commission or arising from payments to the Board, are considered to be advances made by the Treasurer to the Board. Liability for interest at 3 per centum per annum and for repayment rests upon the Board.

During the year, the Latrobe Valley Act was amended to enable the Board to capitalize interest charges on moneys borrowed and expended in connexion with major construction works before such works are substantially completed and producing revenue, provided that the works are declared by the Minister to be major construction works. Accordingly, interest amounting to £93,377 (Water £39,000, Sewerage £54,377), the greater part of which had been charged against the Board's revenues in previous years, has now been capitalized.

Loan allocations from the Treasury in 1959-60, equivalent to the sum of the two amounts mentioned, converted what would have been a revenue deficit of £38,787 for the year to a surplus of £54,590.

*Moondarra Reservoir.*—Expenditure from Treasury loan moneys in connexion with the construction of this reservoir included interest free loans amounting to £90,000 made to a private contractor on the security of certain items of plant and construction equipment. In addition, an advance of £20,000 was made to the Country Roads Board.

*Construction of Sewerage Pipeline.*—During the year, legal expenses of £3,515 were paid in connexion with arbitration proceedings which were completed in 1958. The proceedings concerned a claim against the Board by a contractor for extensive damages arising out of the non-delivery of pipes. At the time, the contractor was awarded the sum of £38,964 and costs, but under the terms of its contract with the firm responsible for the delivery of the pipes the Board was able to recover £2,800 only by way of liquidated damages.

*Farm Account.*—Farm operations for the year resulted in a loss of £39,714. For the first time, all expenditure specifically related to the land disposal area was debited to the farm.

The accounts of the Board to 30th June, 1960, have been audited. For purposes of comparison, figures for the previous year are given in the abridged statements below.

FARM REVENUE ACCOUNT.		1959-60.	
1958-59.*		£	£
	<i>Income—</i>		
..	Rental Board Properties .. .. .	511	
..	Ensilage Produced .. .. .	250	
		<hr/>	
..			761
	<i>Expenditure—</i>		
4,728	Farm Operation and Maintenance .. .. .	22,023	
729	Interest on Loans .. .. .	11,620	
..	Interest on Overdraft .. .. .	1,083	
..	Depreciation Provision .. .. .	2,055	
..	Administrative Expenses .. .. .	1,407	
736	Loss—Sheep Trading Account .. .. .	2,287	
		<hr/>	
6,193			40,475
6,193	Deficit on Farm Account transferred to General Revenue .. .. .	..	39,714

\* Period covering December, 1958 to June, 1959.

GENERAL REVENUE ACCOUNT.			
<i>Income—</i>			
68,674	Sales of Water .. .. .	96,748	
86,135	Treatment Charges .. .. .	88,847	
18,303	Maintenance Outfall Sewer (Tar Removal Costs) .. .. .	12,090	
1,724	Rent of Staff Residences .. .. .	3,738	
785	Other .. .. .	2,999	
..	Interest Capitalized .. .. .	93,377	
		<hr/>	
175,621			297,799
	<i>Expenditure—</i>		
88,908	Interest on Loans .. .. .	102,620	
3,171	Interest on Overdraft .. .. .	3,386	
25,815	Depreciation .. .. .	25,277	
39,269	Maintenance of Works .. .. .	50,931	
1,279	Maintenance of Staff Residences .. .. .	1,550	
23,808	Other Expenses .. .. .	19,731	
		<hr/>	
182,250			203,495
6,629	Deficit for year .. .. .	..	..
..	Surplus for year .. .. .	..	94,304
6,193	Deficit on Farm Revenue Account .. .. .	..	39,714
		<hr/>	
12,822	Net Deficit for year .. .. .	..	..
..	Net Surplus for year .. .. .	..	†54,590

† Surplus on Water Fund £36,381; on Sewerage Fund £18,250.

## BALANCE-SHEET.

30.6.1959.							30.6.1960.	
£							£	£
3,210,212	Works (including Works in Progress)	..	..	..	..	..	4,066,371	
92,791	Plant and Equipment	..	..	..	..	..	131,933	
127,803	Land, Buildings, Residences	..	..	..	..	..	137,058	
20,951	Office and Laboratory Equipment	..	..	..	..	..	25,747	
52,613	Stores, Tools, &c.	..	..	..	..	..	54,262	
4,845	Sheep and Ensilage on hand	..	..	..	..	..	8,597	
..	Loan to Contractor	..	..	..	..	..	90,000	
..	Advance to Country Roads Board	..	..	..	..	..	20,000	
4,379	Debtors and Prepayments	..	..	..	..	..	13,178	
41,937	Investment—Depreciation	..	..	..	..	..	70,602	
1,689	Cash at Bank	..	..	..	..	..	3,767	
..	Interest on Works during Construction	..	..	..	..	..	93,377	
2,302	Asset Realization Account	..	..	..	..	..	5,201	
56,105	Accumulated Deficit	..	..	..	..	..	1,514	
<hr/>								
3,615,627								4,721,607
<hr/>								
3,456,324	Treasurer of Victoria—Loans	..	..	..	..	..	4,570,518	
54,515	Treasurer of Victoria—Interest	..	..	..	..	..	509	
910	Interest on Overdraft Accrued	..	..	..	..	..	1,228	
1,689	Contractors' Deposits	..	..	..	..	..	3,767	
67,752	Depreciation Reserve	..	..	..	..	..	97,934	
34,437	Bank Overdraft	..	..	..	..	..	47,651	
<hr/>								
3,615,627								4,721,607
<hr/>								

## LOCAL AUTHORITIES SUPERANNUATION BOARD.

This Board which operates under the provisions of the Local Authorities Superannuation Act, No. 6298, is responsible for the administration of two separate schemes to provide retiring allowances for permanent employees of local governing bodies, viz. :—

*Insurance*, under which an employee is required to effect, with an approved company, a policy of endowment insurance, the amount of the policy being that obtainable for an annual premium equivalent to seven per cent. of the salary of the employee; and

*Provident Fund*, under which there is contributed to a Provident Fund established by the Board an annual sum equivalent to seven per cent. of the salary of the employee.

Premiums and contributions are payable annually in advance by the employing authority, which is then entitled to recover from each employee, by instalments over the ensuing year, half the amount paid on his behalf or such lesser proportion as agreed upon between him and the authority.

Administrative costs of the Board are met from the Management Account into which is paid the commission received from the underwriting insurance company on both new business and collections, together with interest received from investment of surplus funds in the account.

The audit of the accounts to 30th June, 1960, has been completed. The following statements summarize transactions on the Board's accounts in the past three years.

### INSURANCE ACCOUNT.

	1957-58.	1958-59.	1959-60.
<i>Receipts.</i>	£	£	£
Balance at Bank .. .. .	12,298	8,420	42,463
Premiums .. .. .	529,099	560,054	647,603
Surrender Values .. .. .	57,855	66,009	93,782
Death Claims .. .. .	32,176	70,360	77,404
Matured Policies .. .. .	29,659	38,397	43,646
Taken-over Policies .. .. .	1,439	1,178	2,132
Other .. .. .	481	1,560	2,194
	663,007	745,978	909,224
<i>Payments.</i>			
Insurance Companies .. .. .	502,233	531,398	614,012
Management Account—Commission, &c. .. .. .	27,335	27,900	32,253
Authorities and Employees .. .. .	125,019	144,217	222,739
Balance at Bank .. .. .	8,420	42,463	40,220
	663,007	745,978	909,224

### PROVIDENT FUND.

	1957-58.	1958-59.	1959-60.
<i>Receipts.</i>	£	£	£
Balance at Bank .. .. .	64,682	75,525	65,065
Contributions .. .. .	154,294	154,745	183,130
Interest on Investments .. .. .	20,563	24,553	28,469
Other .. .. .	..	102	2,800
	239,539	254,925	279,464
<i>Payments.</i>			
Employees .. .. .	93,174	101,824	103,869
Refunds to Authorities .. .. .	11,242	12,167	12,410
Investments (Net) .. .. .	58,950	75,000	85,000
Other .. .. .	648	869	1,523
Balance at Bank .. .. .	75,525	65,065	76,662
	239,539	254,925	279,464

Interest earned to 28th February in each year is distributed over the contributors' accounts, and was sufficient to allow an addition to contributors' credits of  $4\frac{1}{4}$  per cent. in 1960.

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

	1957-58.	1958-59.	1959-60.
	£	£	£
Contributors' credits .. .. .	575,964	637,435	728,316
Unallotted Interest .. .. .	12,601	15,670	18,586
	<u>588,565</u>	<u>653,105</u>	<u>746,902</u>
Represented by—			
Cash at Bank .. .. .	75,525	65,065	76,662
Investments .. .. .	513,040	588,040	670,240
	<u>588,565</u>	<u>653,105</u>	<u>746,902</u>

#### MANAGEMENT ACCOUNT.

	<i>Income.</i>		
	£	£	£
Commission—			
New Business .. .. .	27,720	24,639	35,974
Collection .. .. .	26,350	27,878	32,233
Interest on Investments .. .. .	9,808	8,883	12,670
Other .. .. .	..	668	1,251
	<u>63,878</u>	<u>62,068</u>	<u>82,128</u>
	<i>Expenditure.</i>		
	£	£	£
Board Members' Fees .. .. .	547	484	496
Salaries .. .. .	8,455	9,106	10,187
Other Administration Charges .. .. .	2,057	2,415	2,648
Reinstatement of Insurance Policy .. .. .	187	..	..
*Investigation Fee—Insurance .. .. .	411	..	..
Rates, &c. .. .. .	618	446	744
Depreciation .. .. .	154	214	618
	<u>12,429</u>	<u>12,665</u>	<u>14,693</u>
Surplus .. .. .	51,449	49,403	67,435

\* The legality of this expenditure having been questioned, the Board sought the advice of its solicitors who were of the opinion that it was not administration expense as contemplated by the Act. Nevertheless the solicitors considered that the expenditure was justified.

The Board may invest surplus funds of the Management Account or may appropriate therefrom to a Contingent Account such amounts as it thinks desirable in order to provide sickness benefits, funeral donations, or other gratuitous payments to or on behalf of permanent employees. Amounts so applied were :—

	1957-58.	1958-59.	1959-60.
	£	£	£
Invested .. .. .	11,050	..	43,097
Contingent Account.. .. .	7,000	8,000	7,000

As at 30th June in each of the years given, accumulated funds of the Management Account, including the unexpended balances of the Contingent Account, were :—

	1957-58.	1958-59.	1959-60.
	£	£	£
Accumulated Funds .. .. .	299,147	340,617	400,979
Represented by—			
Current assets <i>less</i> liabilities .. .. .	69,601	40,192	53,805
Investments .. .. .	182,680	178,400	220,800
Freehold property .. .. .	45,181	114,616	118,634
Furniture and equipment .. .. .	1,387	6,353	6,571
Motor Car .. .. .	..	865	735
Prepayments .. .. .	298	191	434
	<u>299,147</u>	<u>340,617</u>	<u>400,979</u>

### MAIZE MARKETING BOARD.

The following summary of the financial operations of the Board for the accounting period 31st May, 1959, to 31st March, 1960, is submitted subject to audit :—

Total number of bushels marketed .. .. .	151,798
	£
Gross proceeds of sales .. .. .	110,583
Freight, Commission, &c. .. .. .	13,022
Administration expenses .. .. .	1,855
Amount paid to growers .. .. .	95,482
Taken to Reserve .. .. .	224
	<u>110,583</u>

## MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1960, has been completed. However, I have, through my representative at the Board, raised doubts as to the legality of the Board's action in 1959-60 in making charges, for water supplied, in the terms of paragraph (c) of clause 2 of By-law No. 77 which was not promulgated until the 29th June, 1960.

The practical effect of the provisions of the paragraph referred to above, when read in conjunction with sections 76 and 99 of the Principal Act as amended by sections 6 and 9 of the *Melbourne and Metropolitan Board of Works (Amendment) Act 1959*, No. 6536, is to reduce the quantity of water to be supplied in consideration of the payment of the minimum charge. Actually, through the application of the above-mentioned provisions, the quantity of water allowed on the basis of the minimum charge was reduced by one-third. Therefore, in 1959-60, a greater number of consumers was involved in the payment of additional charges for water supplied. The Board has credited its Revenue Account with these additional charges and, before certifying to its statements of accounts for the year, it is necessary for me to be satisfied that its action in this regard is beyond challenge on legal grounds.

I have also questioned the basis of the calculation of the appropriation to the Sinking Fund.

The following summary of the Board's Revenue Account is submitted subject to any amendments thereto which may be necessary in the light of the above observations:—

### REVENUE ACCOUNT.

1958-59.		REVENUE ACCOUNT.		1959-60.	
£	Rates and Charges—	£	£	£	
3,273,417	Water Supply .. .. .	..	3,756,648		
3,540,575	Sewerage .. .. .	..	3,815,118		
564,312	Drainage and Rivers .. .. .	..	618,115		
<u>7,378,304</u>					8,189,881
	Metropolitan Farm—				
134,683	Gross profit on cattle .. .. .	..	187,036		
33,754	Gross profit on sheep .. .. .	..	71,543		
5,611	Rent .. .. .	..	5,722		
12,527	Sundry Trading Operations .. .. .	..	9,661		
					<u>273,962</u>
<u>7,564,879</u>	Gross Revenue .. .. .	..	..	..	8,463,843
	Working Expenses—				
1,022,267	Management .. .. .	..	1,115,075		
1,748,110	Maintenance .. .. .	..	1,903,281		
3,607,658	Interest (including overseas exchange) .. .. .	..	4,221,253		
<u>6,378,035</u>					<u>7,239,609</u>
<u>1,186,844</u>	Gross Surplus .. .. .	..	..	..	<u>1,224,234</u>
	General Expenditure—				
68,133	Loan Flotation Expenses .. .. .	..	154,627		
42,552	Staff Gratuities .. .. .	..	48,326		
61,043	Contributions to Superannuation Fund .. .. .	..	69,819		
20,090	Depreciation—Furniture and Fittings, &c. .. .. .	..	22,002		
32,556	Pensions (cost of living allowance in superannuation payments)	..	30,516		
277,168	Main Drainage Works .. .. .	..	303,862		
					<u>629,152</u>
	Statutory Expenditure—				
16,998	Contributions to Municipalities .. .. .	..	16,992		
142,999	Contributions to Renewals Fund .. .. .	..	180,637		
					<u>197,629</u>
					<u>826,781</u>
<u>661,539</u>	Carried forward .. .. .	..	..	..	<u>1,224,234</u>



1958-59.		1959-60.		
£		£	£	£
661,539	Brought forward .. .. .		826,781	1,224,234
Appropriations—				
Statutory—				
402,969	Contributions to Sinking Fund .. .. .	526,802		
Other—				
73,500	Contributions to Exchange Reserve .. .. .			
40,000	Contributions to Rates Equalization Reserve .. .. .			
<hr/>				
1,178,008			526,802	1,353,583
<hr/>				
..	Net Deficit .. .. .			129,349
8,836	Net Surplus .. .. .			..
57,717	Add Accumulated Surplus brought forward 1st July .. .. .		66,553	
..	Add Amount transferred from Rates Equalization Reserve .. .. .		63,447	
<hr/>				130,000
66,553	Accumulated Surplus at 30th June carried forward .. .. .			651
<hr/>				<hr/>

It will be seen that the operations during 1959-60 resulted in a deficit of £129,349 as compared with a surplus of £8,836 in the preceding year. The deficit for the year was financed by an allocation of £63,447 from the Rates Equalization Reserve and £65,902 from the Accumulated Surplus.

The following summary shows the variations in the valuations of properties rateable to the Board, the rates levied and the total collectable revenue in each of the past six years :—

Financial Year.	Water Rate.		Metropolitan General Rate.		Drainage and Rivers Rate.		Assessment Valuations. (Net Annual Values.)
	Rate.	Revenue from Rates and Other Charges.	Rate.	Revenue from Rates and Other Charges.	Rate.	Revenue from Rates and Other Charges.	
	d.	£	s. d.	£	d.	£	
1954-55 ..	8	2,434,199	1 1	2,353,376	1	196,658	43,638,629
1955-56 ..	8	2,554,114	1 1	2,511,974	2	415,093	46,629,229
1956-57 ..	8	2,729,133	1 2	2,899,819	2	452,217	51,701,800
1957-58 ..	8	3,037,578	1 2	3,232,405	2	514,419	59,286,395
1958-59 ..	8	3,273,417	1 2	3,540,575	2	564,312	65,270,634
1959-60 ..	8	3,756,648	1 2	3,815,118	2	618,115	73,967,436

The aggregate of Net Annual Values on which the rates were assessed continued to rise ; each municipality with one exception, returned a higher valuation. The rates levied were unchanged from the preceding year although, pursuant to the provisions of Act No. 6536 which came into operation on 12th August, 1959, the maximum rates which may be levied were raised as follows—Water Rate from 8d. to 9d. ; Metropolitan General Rate from 1s. 2d. to 1s. 4d. ; and Drainage and Rivers Rate from 2d. to 3d.

Act No. 6536 also altered the basis of charges for water supplied by measure to properties which would otherwise be rateable if not supplied by measure. Provision was made also for charges for water supplied by measure and sewerage services provided to land and tenements which are not rateable property (except those specifically exempted by Act No. 6310). By-laws setting out charges and conditions relating thereto were made on 31st May, 1960, and notified in the *Government Gazette* of 29th June, 1960.

Interest charges continued to be a heavy burden on the Board's revenue, the proportion of interest and exchange to gross revenue from rates and charges being 51·54 per centum as compared with 48·89 per centum in 1958-59 and 46·23 per centum in 1957-58.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund £120,911, Sinking Fund £403,507, and Superannuation Fund £67,430. Exchange on interest remitted overseas amounted to £28,626.

A section of the Drainage and River Improvement capital works was financed from revenue to the extent of £303,862, in continuation of the Board's policy in respect of these works.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1960, are shown hereunder:—

	Contribution from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1960.
	£	£	£	£
Sinking Fund .. .. .	526,802	403,507	930,309	8,581,684*
Renewals Fund .. .. .	180,637	120,911	301,548	6,646,081
Superannuation Fund .. .. .	69,819	67,430	137,249	1,463,363
Insurance Account .. .. .	..	..	..	497,810
	777,258	591,848	1,369,106	17,188,938

\* Of this provision, a sum of £183,804 has already been applied to loan redemption.

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of £6,704,098 as at 30th June, 1960. As against all these Funds and Reserves the Board held, as at that date, securities and investments amounting to £8,405,739. The remainder, £15,487,297, has been utilized in the Board's undertaking.

*Town Planning, Metropolitan Highways, &c.*—The Metropolitan Improvement Rate remained unchanged at 3d. Revenue from this rate, assessed on a net annual value of £76,238,645, and other charges totalled £978,130 and was allocated—Town Planning management £160,143, Foreshore Maintenance £3,247, and the unexpended balance, £814,740, to Planning and the Highways Reserve.

At 30th June, 1960, the balance of the Planning and Highways Reserve was represented by the following assets:—

Metropolitan Improvement Fund—	£	£
Cash at Bank .. .. .	57,038	
Less Cash held temporarily on account of Metropolitan General Fund (estimate)	8,870	
		48,168
Fixed Deposits .. .. .		125,000
Short Term Investments .. .. .		650,000
Reserved Land—held temporarily under Section 35 (3) (e), Act No. 6396 .. .. .		1,060,350
Arrears—Rates and Charges (estimate) .. .. .		23,905
Expenditure on Foreshore and Highway Improvements .. .. .		670,885
		2,578,308

## The statement hereunder shows the Assets and Liabilities of the Board :—

30.6.1959.		30.6.1960.
£	Current Assets—	£      £
1,229,128	Cash in hand and at bank .. .. .	508,417
3,705,000	Securities—Short term .. .. .	3,925,000
529,821	Arrears of Rates and Sundry Debts .. .. .	537,903
220,269	Livestock on hand .. .. .	191,005
986,502	Stores and Materials on hand .. .. .	1,021,415
740,854	Reserved Land—Planning and Highways .. .. .	1,060,350
<hr/>		
7,411,574		7,244,090
	 Deferred Charges—	
97,075	Plant Depreciation Variance Account .. .. .	48,137
27,729	Distributable Expense Variance Account .. .. .	..
<hr/>		
124,804		48,137
	 Fixed Assets—	
278,651	Planning and Highways Works .. .. .	670,885
45,437,194	Water Supply Works .. .. .	48,732,894
31,159,768	Sewerage Works .. .. .	36,431,994
396,909	Sewerage House Connections .. .. .	396,909
7,771,960	Main Drainage and River Improvement Works .. .. .	8,453,638
3,700,684	Buildings, Water Meters, and other items .. .. .	4,082,887
<hr/>		
88,745,166		98,769,207
6,368,797	Less Renewals Fund .. .. .	6,646,081
<hr/>		
82,376,369		92,123,126
1,149,028	Plant and Tools .. .. .	931,917
263,985	Motor Vehicles .. .. .	275,721
161,296	Furniture and Fittings .. .. .	181,083
	 Investments—	
1,053,500	External—Commonwealth Stock .. .. .	3,203,500
1,289,787	Internal—Melbourne and Metropolitan Board of Works Stock .. .. .	1,281,839
<hr/>		
93,830,343	Total Assets .. .. .	105,289,413
	 Current Liabilities—	
592,232	Loan Interest, Matured Debentures and Inscribed Stock .. .. .	860,720
937,260	Sundry Creditors and Deposits .. .. .	1,116,462
<hr/>		
		1,977,182
	 Deferred Liabilities—	
1,328,135	Superannuation Fund .. .. .	1,463,363
239,925	Provision for Furlough .. .. .	250,312
<hr/>		
77,192,081	Loan Liability .. .. .	1,713,675
		86,065,276
	 Excess of Assets over Liabilities, represented by—	
2,311,781	General Reserve .. .. .	2,657,304
7,651,375	Sinking Fund .. .. .	8,581,684
500,328	Insurance Account .. .. .	497,810
455,000	Rates Equalization Reserve .. .. .	391,553
688,500	Exchange Reserve .. .. .	688,500
103,605	Deferred Maintenance Reserve .. .. .	103,605
..	Distributable Expense Variance Account .. .. .	33,865
1,763,568	Planning and Highways Reserve .. .. .	2,578,308
66,553	Accumulated Surplus .. .. .	651
<hr/>		
93,830,343	Total Liabilities and Funds .. .. .	105,289,413

The item, Plant Depreciation Variance Account, £48,137, represents the balance of the amount, £146,812, estimated in 1957-58 to be the net figure by which the Board's plant and equipment were under-depreciated. A further reduction of £48,938 in 1959-60 was effected by means of revised hire charges. It is anticipated that the balance of the account will be written off during 1960-61.

The increase of £345,523 in the General Reserve was accounted for by:—

	£
Expenditure from Revenue on account of Drainage and River Improvements .. ..	303,862
State's contribution in respect of supply of water to Mountain areas .. ..	27,000
Profits from realization of plant, motor vehicles, &c. .. ..	14,661
	<hr/>
	345,523
	<hr/>

The Board's loan authority for its normal functions was further increased by Act No. 6635 from £90,000,000 to £115,000,000 against which the actual loan liability at 30th June, 1960, was £86,065,276.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by £10,024,041. Major increases were:—

	£
Reservoir and Conduit Construction, &c. .. ..	333,058
Water Supply—extension large mains .. ..	1,926,558
,,    ,,    reticulation, water meters, &c. .. ..	1,250,786
Construction and Amplification—sewage disposal, &c.—Metropolitan Farm .. ..	194,508
Sewerage—extension mains, treatment works, &c. .. ..	3,512,689
,,    Brooklyn Pumping Station .. ..	1,564,951
Main Drains and River Improvements—extensions, &c. .. ..	681,678
Buildings—new erections and reconstruction works .. ..	151,056
Metropolitan Main Highways .. ..	372,882
Foreshore Improvement .. ..	19,351

In further reference to the Board's accounts for the year, attention is invited to comments under the heading of the Housing Commission in this report in relation to certain loans and payments made by that Commission to the Board.

## MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1960, by my officers is in course. A continuous audit of the accounts, within specified limits, is carried out for the Board by a firm of chartered accountants. This audit and that conducted by my officers are, by arrangement, complementary in character.

The figures herein, relating to 1959–60, are subject to the completion of the audit by my officers.

Several of the provisions of the *Melbourne and Metropolitan Tramways Act* 1958 pertaining to accounting and financial matters were repealed or amended by the *Melbourne and Metropolitan Tramways (Amendment) Act* 1959, No. 6555. This Act was passed on 4th November, 1959, with effect, as from 1st July, 1958, in respect of the matters mentioned.

Prior to the passing of the Amendment Act, the Board, under the Principal Act, was required to provide annually for certain Reserve and Sinking Funds and was authorized to set aside, also annually, moneys to meet specified commitments. If, after making these provisions, there were a revenue surplus in excess of £10,000, the Board was required to distribute such excess among certain municipalities. On the other hand, if there were a deficit, the Board was empowered to strike a rate to raise a sum sufficient to meet such deficit.

The statutory procedures outlined above undoubtedly restricted the Board's actions in financial and accounting matters. However, as a consequence of the legislative amendments of 1959, these restrictions no longer exist. Apart from the requirement, in certain circumstances, to provide for the amortization of its debt, the Board may now exercise a discretion as to setting aside and carrying sums annually to reserves, provisions, funds and accounts. The amending Act also repeals those sections of the Principal Act referring to the distribution of surpluses and the financing of deficits. It also provides that the due repayment of all moneys borrowed by the Board and the payment of interest thereon are guaranteed by the Government of Victoria.

It will be realized that the legislative amendments indicated had the effect of eliminating from the Board's charter in financial and accounting matters the rigidity of action dictated by the previous statutory directions. This is reflected, as from 1958–59, in the changed form of presentation of the Board's annual accounts. Formerly, it was difficult, without an analysis of the figures contained in each of the annual statements, to ascertain the actual operating result for the year and the Board's financial position as at the close of the year.

The several summaries and statements furnished in this section of the report have been prepared from the figures presented in the new form.

The Board's statements of operations for the past two years disclose the following results :—

					Year ended 30.6.1959. £	Year ended 30.6.1960. £
Operations—						
Tramways and Omnibuses	..	..	..	..	Loss 281,131	Loss 178,594
Properties and Miscellaneous	..	..	..	..	Profit 79,540	Profit 33,934
					Loss 201,591	Loss 144,660
Interest on Investments	..	..	..	..	65,237	94,959
Deficit for year	..	..	..	..	136,354	49,701

The decrease in the deficit was due in part to a rise in fares introduced on 6th March, 1960. Revenue for the year 1959–60 was greater by £386,755, which more than offset the increase of £300,102 in expenditure.

The results for the two years were arrived at after making provision for depreciation and, in addition, provisions as shown hereunder :—

					Year ended 30.6.1959. £	Year ended 30.6.1960. £
Provision for—						
Fire Damage	..	..	..	..	19,433	..
Long Service Leave	..	..	..	..	111,581	120,188
Retiring Gratuities	..	..	..	..	231,451	216,215
Accrued Sick Leave	..	..	..	..	25,599	11,528
Public Liability Claims	..	..	..	..	80,705	73,441
					468,769	421,372

In 1958-59, the actual net expenditure for the purposes detailed in the preceding summary was less than the total appropriated by £97,281. On the other hand, the total appropriated in 1959-60 was equivalent to the amount expended in that year. It will be appreciated that an actuarial investigation would be necessary to establish a reliable estimate of the Board's costs accruing from year to year under these heads.

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

30.6.1959.		30.6.1960.	
£		£	£
	Current Assets—		
8,276	Cash at Bank .. .. .	15,383	
31,402	Cash in Hand .. .. .	34,360	
222,011	Sundry Debtors .. .. .	200,583	
705,415	Stores on Hand and Work in Progress .. .. .	580,381	
<hr/>		<hr/>	
967,104			830,707
	Fixed Assets—		
6,422,653	Permanent Way, Overhead Construction, Transmission Lines	6,614,513	
4,869,609	Rolling Stock .. .. .	4,867,572	
1,947,598	Land and Buildings .. .. .	2,034,954	
1,387,314	Plant, Furniture, and Fittings, &c. .. .. .	1,402,506	
<hr/>		<hr/>	
14,627,174		14,919,545	
6,569,966	Less Provision for Depreciation .. .. .	7,063,135	
8,057,208			7,856,410
<hr/>		<hr/>	
970,155	Intangible Assets .. .. .	963,385	
493,177	Less Provision for Amortization .. .. .	512,579	
<hr/>		<hr/>	
476,978			450,806
<hr/>		<hr/>	
2,013,574	Investments .. .. .	2,319,169	
8,234	Trust Account—Contractors' Deposits, &c. .. .. .	7,593	
<hr/>		<hr/>	
2,021,808			2,326,762
<hr/>		<hr/>	
11,523,098	Total Assets .. .. .		11,464,685
	Current Liabilities—		
367,856	Sundry Creditors .. .. .	291,786	
35,588	Contractors' and other Deposits .. .. .	34,088	
<hr/>		<hr/>	
403,444			325,874
	Accrued Liabilities—		
138,660	Interest on Loans .. .. .	146,685	
62,279	Other .. .. .	32,347	
<hr/>		<hr/>	
200,939			179,032
<hr/>		<hr/>	
9,775,848	Loans .. .. .		9,866,613
	Specific Provisions—		
100,000	Provision for Fire Damage .. .. .	100,000	
160,000	„ „ Public Liability Claims .. .. .	160,000	
250,000	„ „ Accrued Sick Leave .. .. .	250,000	
762,660	„ „ Retiring Gratuities .. .. .	762,660	
250,000	„ „ Long Service Leave .. .. .	250,000	
15,000	„ „ Stores Obsolescence .. .. .	15,000	
50,000	„ „ Future Bus Services, &c. .. .. .	50,000	
<hr/>		<hr/>	
1,587,660			1,587,660
<hr/>		<hr/>	
11,967,891	Total Liabilities .. .. .		11,959,179
	The excess of Liabilities over Assets is represented by—		
523,579	The Accumulated Deficit .. .. .	573,280	
78,786	Less Commonwealth Grants for Tramlines constructed at its request	78,786	
<hr/>		<hr/>	
444,793			494,494

With respect to the provisions for depreciation and amortization shown in the summary of balances, it should be stated that depreciation is calculated annually in accordance with accepted commercial practice. Prior to 1958-59, provision was also made each year to meet the Board's commitments in respect of sinking fund and, in certain circumstances, individual loan repayments. As from 1958-59, the latter practice has been discontinued and the charge to operations for depreciation and amortization, calculated on the same basis as formerly, has since been regarded as including provision for the other commitments mentioned.

However, supplementary records are kept by the Board to substantiate the Sinking Fund component of the provision for depreciation. Comparative details are :

				30.6.1959.	30.6.1960.
				£	£
Provision for depreciation and amortization	..	..	..	6,169,280	6,903,923
Sinking Fund	..	..	..	814,173	671,791*
Loan Repayment	..	..	..	79,690	..
Total Provision	..	..	..	<u>7,063,143</u>	<u>7,575,714</u>

\* NOTE.—Of the investments of the Board amounting to £2,319,169, as at 30th June, 1960, investments to the sum of £671,791 were accepted as being held on behalf of the Sinking Fund.

## MELBOURNE HARBOR TRUST.

Pursuant to the provisions of the Melbourne Harbor Trust Act, the responsibility for the annual audit of the receipts and disbursements of the Trust rests with me. In accordance with my direction, the officer on my staff who actually conducts the audit accepts, for the purpose of his audit, the results of the work of continuous vouching of disbursements and checking receipts performed by the Trust's auditors—a firm of Public Accountants. A summarized classification of the receipts and disbursements for the years ended 31st December, 1958, and 1959, is given hereunder:—

1958.		1959.
£		£            £
	Operational Receipts—	
1,736,348	Wharfage Rates .. .. .	1,789,748
294,571	Tonnage Rates .. .. .	314,953
176,455	Rent, &c., from Lands .. .. .	192,322
85,612	Rents of Sheds .. .. .	95,964
103,307	Special Berth and Appropriation Fees, &c. .. .. .	158,077
40,797	Storage, Receiving and Delivery Fees .. .. .	41,950
403,389	Crane Hire .. .. .	520,332
252	Plant Hire .. .. .	3,150
10,220	Towage .. .. .	11,474
25,433	Cargo Lights .. .. .	27,183
24,601	Sale, Electric Energy .. .. .	30,112
89,066	Miscellaneous .. .. .	94,218
<u>2,990,051</u>		<u>3,279,483</u>
	Operational Disbursements—	
569,131	Management and General Expenses .. .. .	652,683
503,891	Port Operating Expenses .. .. .	591,682
341,661	Maintenance—Dredging and Properties .. .. .	439,185
541,781	Interest .. .. .	591,775
1,000	Loan Flotation Expenses .. .. .	981
5,643	Damage to Trust Plant .. .. .	2,553
4,888	Refunds of Revenue .. .. .	7,146
<u>1,967,995</u>		<u>2,286,005</u>
<u>1,022,056</u>		<u>993,478</u>
	Appropriations—	
404,062	Consolidated Revenue .. .. .	417,400
129,664	Sinking Fund .. .. .	232,259
<u>533,726</u>		<u>649,659</u>
<u>488,330</u>		<u>343,819</u>
	Other Disbursements (net)—	
		£
18,041	Investments .. .. .	304,779
2,647	Employees' Housing .. .. .	..
5,323	Miscellaneous .. .. .	431
<u>26,011</u>		<u>305,210</u>
	Other Receipts (net)—	
8,369	Sales Property, Plant, &c. .. .. .	8,385
23,098	Sundry Debtors .. .. .	29,968
33,298	Superannuation .. .. .	37,619
23,590	Stocks of Materials .. .. .	17,544
..	Employees' Housing .. .. .	1,129
..	Suspense Account .. .. .	6,473
<u>88,355</u>		<u>101,118</u>
<u>62,344</u>		<u>204,092</u>
<u>550,674</u>	Carried forward .. .. .	<u>139,727</u>



1958.								1959.
£								£
550,674	Brought forward	..	..	..	..	..	..	139,727
800,000	Loan Moneys received	..	..	..	..	..	..	1,009,880
1,350,674								1,149,607
2,534	Balance, 1st January	..	..	..	..	..	..	..
..	Cash Overdrawn, 1st January	..	..	..	..	..	..	71,862
1,353,208	Available for New Works	..	..	..	..	..	..	1,077,745
1,425,070	New Works	..	..	..	..	..	..	1,227,345
71,862	Cash Overdrawn, 31st December	..	..	..	..	..	..	149,600

The loan liability increased by £925,732 to £13,833,011 at 31st December, 1959.

## METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to 1959-60 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1959-60, the funds so provided were—Fire Insurance Companies, £971,795, and Municipalities, £485,981.

	1956-57.	1957-58.	1958-59.	1959-60.
<i>Revenue.</i>	£	£	£	£
Surplus from previous year .. .. .	19,012	149,092	16,529	75,974
Statutory contributions .. .. .	1,181,358	1,033,956	1,340,197	1,457,776
Other .. .. .	21,309	14,684	21,470	36,478
	1,221,679	1,197,732	1,378,196	1,570,228
<i>Expenditure.</i>				
Salaries, Wages, and Maintenance, &c. .. .. .	1,001,550	1,104,843	1,217,329	1,378,738
Loan Repayments .. .. .	9,091	8,447	8,116	9,716
Transfers to Funds and Interest on Loans .. .. .	61,946	67,913	76,777	126,576
	1,072,587	1,181,203	1,302,222	1,515,030
Surplus carried forward to next year .. .. .	149,092	16,529	75,974	55,198

The financial position of the Board as at 30th June, 1959, and 30th June, 1960, is summarized hereunder:—

30.6.1959.		30.6.1960.
£		£
	Source of Funds—	
	External—	
191,073	Loan liability .. .. .	271,357
13,546	Less unexpended .. .. .	21,104
177,527		250,253
	Internal—	
752,000	Excess of assets over liabilities .. .. .	833,142
	Funds .. .. .	1,013,573
	Less invested on account of Superannuation and other Trust purposes .. .. .	865,248
155,996		148,325
907,996		981,467
1,085,523		1,231,720
	Represented by—	
	Current Assets—	
41,489	Sundry Debtors and Advances .. .. .	48,045
76,025	Stock on Hand .. .. .	75,506
261	Work in progress .. .. .	1,057
117,775		124,608
	Less—	
	Current Liabilities—	
584	Sundry Creditors .. .. .	9
68,701	Cash Deficit .. .. .	100,694
69,285		100,703
48,490		23,905
235,282	Investments .. .. .	234,741
	Fixed Assets—	
598,204	Land and Buildings .. .. .	704,395
70,117	Plant, machinery, and equipment .. .. .	79,157
133,430	Rolling Stock .. .. .	189,522
801,751		973,074
1,085,523		1,231,720

## ONION MARKETING BOARD.

The audits of the Board's books in respect of the pool periods ended 15th November, 1958, and 15th November, 1959, have been completed. However, until the matters raised hereunder are satisfactorily settled and any adjustments arising therefrom made in the Board's accounts, I am withholding my certification of the accounts of both the 1958 and 1959 pools.

From its Reserve Fund, the Board, late in 1958, placed with the Perpetual Executors and Trustees Association of Australia Ltd. a sum of £3,500 to be held and invested by that Company in terms of a trust deed until the retirement or death of the then occupant of the dual position of Chairman and Manager of the Board, or the liquidation of the Board, whichever happened first. On either one of these happenings, the accumulated amount less the trustee's charges was to be paid to the person concerned or his estate as the case may be.

The allocation of the sum of £3,500 as aforesaid first came to my notice in August, 1960, per medium of an audit report and, in response to a request made by me, the Honorable the Acting Minister of Agriculture sought the Crown Solicitor's advice whether the Board was within its powers in making the arrangement outlined above.

In a comprehensive opinion, the Crown Solicitor referred not only to the specific question raised but also to the incompatibility of the occupancy of the two offices at the one time by the one person, that is, membership of the Board and at the same time Manager (or Supervising Officer) of the Board; further in this connexion as to the entitlement of the person concerned to receive the remuneration and expenses fixed by the Governor in Council as those to be paid from the Board's funds to members of the Board and at the same time to receive a salary as Manager of the Board. In respect of the specific question raised, the Crown Solicitor stated, *inter alia* :—

“ If . . . . . were validly employed as manager of the Board it would have been within the powers of the Board to have provided a retiring allowance for him as it has done. (See *Henderson v. Bank of Australasia* 40 Ch. D. 170, *Wimbledon Conservators v. Tully* (1931) 1 Ch. 190). This does not mean that it would have been proper for it to have done so. The provision of a retiring allowance seems to be on a different footing to the payment of his salary, in that he presumably performed the work to earn the salary and he was induced by the salary to perform the work.

The retiring allowance was not provided until November, 1958, and, of course, cannot have played any part in inducing him to carry on his work prior to that date. He was then, I understand, sixty-eight years of age and the Board could not have had any great expectation of him continuing in his position as manager for any considerable period. In these circumstances the retiring allowance appears to me to be of an inordinate amount, but that is not a matter for me to determine.

. . . . .

I think that the Board has paid the money to the trustee for a purpose for which it was not entitled to use the money and that therefore a constructive trust of the money arises in favour of the Board. . . . .”

The Board subsequently obtained Counsel's opinion on the various aspects covered by the Crown Solicitor. Only in one aspect did Counsel's opinion differ from that expressed by the Crown Solicitor and, in respect of the question of the retiring allowance in particular, Counsel stated that the Board was not empowered to set aside the sum of £3,500.

I should add that the person concerned has since retired from both positions but the amount of the retiring allowance still remains in the hands of the trustee company mentioned.

Subject to any alterations necessary to be made in the accounts in consequence of the legal opinions outlined herein, the operations of the Board in respect of the 1958 and 1959 pools are summarized hereunder :—

	Pool.	
	1958.	1959.
	tons.	tons.
Total Onions acquired .. .. .	26,713	16,919
	£	£
Proceeds from sales .. .. .	443,335	660,542
Administration and marketing expenses .. .. .	42,328	28,163
Payments to growers .. .. .	405,818	621,235
Amount distributed in excess of proceeds from sales .. .. .	4,811	..
Amount undistributed .. .. .	..	11,143

The average return per ton to the growers was £15 4s. in 1958 and £36 14s. in 1959.

Due to the lower acreage planted and to adverse climatic conditions, the tonnage of onions handled by the Board in 1959 was less than that in the previous year. However, favorable marketing conditions, associated with a reduction in competition from other States, resulted in the return to growers being substantially higher than in 1958.

## PORTLAND HARBOR TRUST.

The audit of the accounts of the Trust to 30th June, 1960, has been completed. After taking into consideration a State contribution of £192,800 and the provisions for sinking fund and accruing long service leave there was a deficit of £11,084 on the year's operations. This compares with a surplus of £7,550 in 1957-58. The principal factor contributing to the deficit in 1959-60 was the higher debt charges resulting from the increase of £799,300 in the loans raised by the Trust from non-governmental sources.

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

1958-59.		1959-60.	
£		£	£
	Operating Revenue—		
28,937	Wharfage Rates .. .. .	36,338	
3,764	Tonnage Rates .. .. .	4,698	
1,176	Haulage .. .. .	1,655	
212	Slipway Charges .. .. .	165	
2,992	Shipping Services .. .. .	3,751	
1,247	Rent .. .. .	2,081	
<hr/>		<hr/>	
38,328			48,688
	Operating Expenditure—		
12,091	Administrative .. .. .	11,992	
19,965	Maintenance .. .. .	15,337	
3,007	Shipping Services .. .. .	3,434	
633	Depreciation .. .. .	648	
<hr/>		<hr/>	
35,696			31,411
<hr/>			
2,632	Net Operating Revenue .. .. .		17,277
<hr/>			
	Non-operating Revenue—		
7,824	Interest .. .. .	5,482	
297	Licences .. .. .	325	
26	Other .. .. .	26	
<hr/>		<hr/>	
8,147			5,833
<hr/>			
10,779			23,110
<hr/>			
	Non-operating Expenditure—		
157,763	Loan Interest .. .. .	201,838	
4,706	Loan Flotation Expenses .. .. .	2,984	
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162,469			204,822
<hr/>			
151,690	Excess of Expenditure over Revenue .. .. .		181,712
<hr/>			
	Appropriations—		
769	Long Service Leave .. .. .	696	
17,358	Sinking Fund .. .. .	21,476	
<hr/>		<hr/>	
18,127			22,172
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169,817			203,884
<hr/>			
144,000	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes .. .. .		192,800
<hr/>			
25,817	(Deficit) Net Surplus or Deficit for year .. .. .	(Deficit)	11,084
<hr/>			
13,467	(Deficit) Accumulated Surplus or Deficit at 30th June .. .. .	(Deficit)	24,551

Loan interest shown in the above statement relates only to the interest payable in respect of inscribed stock and debentures issued by the Trust. Section 30 of the *Portland Harbor Trust Act 1958*, requires the Trust to meet interest charges and National Debt Sinking Fund contributions in respect of advances made available by the Treasurer, but so far the Treasurer has approved of payment of these amounts being deferred. At 30th June, the amounts so deferred were interest, £261,083 and National Debt Sinking Fund contributions, £13,109.

## BALANCE-SHEET.

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

30.6.1959.		30.6.1960.
£		£      £
52,096	Current Liabilities .. .. .	55,779
	Deferred Liabilities—	
5,000	Treasury Advance .. .. .	5,000
4,750,112	Loan Funds .. .. .	5,800,560
11,304	Other .. .. .	9,956
<hr/>		<hr/>
4,766,416		5,815,516
	Funds of the Trust—	
100,905	Endowments .. .. .	90,097
52,811	Sinking Fund .. .. .	74,747
<hr/>		<hr/>
153,716		166,844
13,467	Less Net Deficit .. .. .	24,551
<hr/>		<hr/>
140,249		142,293
<hr/>		<hr/>
4,958,761		6,013,588
	Current Assets—	
26,276	Cash .. .. .	136,305
72,160	Stores .. .. .	75,673
7,456	Other .. .. .	13,849
		<hr/>
		225,827
293,758	Investments .. .. .	182,747
	Fixed Assets—	
97,973	Property Vested ( <i>less</i> written off) .. .. .	86,745
1,836	Other ( <i>less</i> depreciation) .. .. .	1,672
4,459,302	Construction Works .. .. .	5,516,597
		<hr/>
		5,605,014
<hr/>		<hr/>
4,958,761		6,013,588

Loan Funds at 30th June, 1960, comprised Advances from the Treasurer, £1,599,710 (including £8,710 discount and expenses on loans) and £4,200,850 raised by the issue of Inscribed Stock and Debentures.

Deferred Liabilities do not include interest accrued on advances from the Treasurer. At 30th June, the amount involved was £261,083.

The Endowment Fund, which is chiefly represented by the property initially vested in the Trust, is being reduced over the period of construction parallel with the writing down of certain vested property. This item is being written down progressively as the components, e.g., piers, wharves, &c., are absorbed into new works or dismantled during the course of construction of the harbor.

Stores consist of conventional goods to a value of £66,279, and subsidiary stores £9,394. Conventional stores have been checked selectively by the audit and are supported by a certificate of the Chief Storekeeper. Subsidiary stores cover the stockpiles of rock and aggregate at crushers.

Investments, £182,747, include funds not immediately required by the Trust and lodged with the Trust's bankers either for a fixed period or at call and specific investments on account of funds and provisions.

## PUBLIC TRUSTEE.

The powers and duties of the Public Trustee are prescribed by Act No. 6350. Funds of the estates administered by him are outside the ambit of the Public Account, all receipts being paid into a "Common Fund" under his direct control as authorized by the Act. The comparative statement below shows the composition of the Common Fund at the close of each of the past three years, and indicates investment trends over the period.

	30.6.1958.		30.6.1959.		30.6.1960.	
	£	%	£	%	£	%
Inscribed Stock .. .. .	2,046,550	49	1,946,450	41	1,691,450	35
Mortgages .. .. .	669,209	17	1,110,174	24	1,755,424	36
Loan to Co-operative Housing Society..	179,969	4	179,969	4	167,969	3
Municipal Debentures .. .. .	1,037,280	25	946,363	20	852,067	18
Cash at Bank, in Hand and at Call ..	205,171	5	501,700	11	385,898	8
	<u>4,138,179</u>	<u>100</u>	<u>4,684,656</u>	<u>100</u>	<u>4,852,808</u>	<u>100</u>

In addition to funds held in the Common Fund, the Public Trustee controls investments and property with a recorded value of £8,416,630 at 30th June, 1960.

The Act requires that interest received from the investment of moneys forming part of the Common Fund be paid into an account called the "Interest Suspense Account." From this account interest at a rate fixed from time to time by the Public Trustee—with a provision for different rates according to various factors—is payable to the credit of each estate represented in the Common Fund.

A further sum—"such amount as the Public Trustee deems necessary"—is credited to the "Estates Guarantee and Reserve Account," the purpose of which is to meet any losses on investments made from the Common Fund and other costs as prescribed in the Act. The balance in the Interest Suspense Account at the close of the year is payable to Consolidated Revenue towards the costs of administration of the Act.

Operations through the Suspense and Reserve Accounts for the financial years 1958-59 and 1959-60 were:—

## INTEREST SUSPENSE ACCOUNT.

1958-59.				1959-60.
£				£
203,285	Income from investments .. .. .			241,978
	Appropriations—			
93,138	Interest allocated to estates .. .. .		110,832	
7,500	Provision for interest payable to estates .. .. .		9,000	
50,000	Estates Guarantee and Reserve Account .. .. .		40,000	
52,647	Consolidated Revenue .. .. .		82,146	
<u>203,285</u>			<u>241,978</u>	

## ESTATES GUARANTEE AND RESERVE ACCOUNT.

1958-59.				1959-60.
£				£
117,493	Balance at 1st July .. .. .			162,589
50,000	Transfer from Interest Suspense Account .. .. .			40,000
1,102	Interest credited on balance .. .. .			7,959
2,565	Capital profit from investments .. .. .			2,466
<u>171,160</u>			<u>213,014</u>	
229	Less costs paid .. .. .			66
8,342	„ loss on realization of investments .. .. .			
<u>162,589</u>	Balance at 30th June .. .. .			<u>212,948</u>

Moneys standing to the credit of the Reserve Account are invested as part of the Common Fund, and the account is credited with a share of the earnings of the Fund. Formerly, this share was calculated at the rate of 1 per cent. per annum on the lowest monthly balance, but as from 1st June, 1959, the rate was raised to 5 per cent. per annum.

Receipts from the management of estates by way of fees and commission, as well as the interest contribution already mentioned, are paid into Consolidated Revenue from which operating expenses are met. On this basis the net result of operations for the year was a surplus of £6,619 compared with a surplus of £7,690 in the preceding year. Particulars are:—

1958-59. £	Receipts.	1959-60. £	1958-59. £	Payments.	1959-60. £
108,249	Fees and Commission ..	97,276	130,084	Salaries and Payroll Tax ..	140,753
52,647	Surplus—Interest Suspense Account ..	82,146	2,032	Advertising ..	1,384
			15,000	Rent ..	15,000
			6,090	Other expenses (net) ..	15,666
			7,690	Surplus for the year ..	6,619
<u>160,896</u>		<u>179,422</u>	<u>160,896</u>		<u>179,422</u>

The Public Trustee is the medium for the collection of amounts from various sources on account of Consolidated Revenue. Probate duty on estates which he administers is assessed and collected by him. Amounts are also appropriated from estates of certain patients in public mental hospitals on account of maintenance due for periods prior to 30th June, 1949. From that date until 31st July, 1954, the State, under the terms of the Mental Hospitals Benefits Agreement with the Commonwealth, refrained from making a charge for the maintenance of civilian patients, and this position has been continued since the termination of the Agreement. Amounts paid by the Public Trustee to Consolidated Revenue and to Treasury Trust Fund from all sources during the last three years were—

	1957-58.	1958-59.	1959-60.
	£	£	£
Consolidated Revenue—			
Fees and Commission .. .. .	95,435	108,249	97,276
Probate Duty .. .. .	96,468	102,713	103,797
Surplus from Interest Suspense Account .. .. .	63,384	52,647	82,146
Maintenance—Patients in Mental Hospitals .. .. .	166,827	243,738	43,168
Stationery, Postages recouped .. .. .	3,670	3,473	4,238
Sundry Receipts .. .. .	606	822	..
	<u>426,390</u>	<u>511,642</u>	<u>330,625</u>
Transfer to Treasury Trust Fund—			
Unclaimed Moneys—after 6 years .. .. .	16,757	19,308	10,135
Unpresented cheques, &c. .. .. .	277	526	485
	<u>17,034</u>	<u>19,834</u>	<u>10,620</u>



## RURAL FINANCE CORPORATION.

The Corporation was established in April, 1950, and its objects, which are set out in Section 5 of the *Rural Finance Corporation Act 1958*, include the making of advances by way of loan at the lowest possible rates of interest, to existing or proposed country industries, both primary and secondary. Under the provisions of Section 35 of the Act, the Treasurer is empowered to direct the Corporation to take charge of the administration of any money provided from the Public Account for any special purpose. The Corporation is required to establish an agency department to give effect to any such direction.

In accordance with the Act, a profit and loss account for the financial year ended 30th June, 1960, and a balance-sheet as at that date were prepared. The operating profit was £86,588 as compared with £81,728 in the preceding year.

*Advances under Part IV.*—Under Part IV. of the Act the Corporation is empowered to advance moneys to or for the benefit of any farmer for the purpose of carrying into effect a composition or scheme of arrangement between him and his creditors. Any such advance is made out of the Rural Rehabilitation Fund established pursuant to the provisions of Section 48 of the Act.

All repayments of advances are credited to the Fund. Where interest is payable by a farmer in respect of an advance, such interest forms part of the Corporation's income. Interest receivable by the Corporation under this heading and included in the year's revenue totalled £11,089.

The position of the Rural Rehabilitation Fund is summarized hereunder:—

	£	£
Grants from Commonwealth Government .. .. .	..	2,392,000*
<i>Add</i> Amounts received from farmers (repayments of advances and interest) to 30th June, 1959 .. .. .	..	2,679,207
Repayments of advances, 1st July, 1959, to 30th June, 1960 ..	..	79,484
	—————	2,758,691†
		—————
		5,150,691
 <i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1959 .. .. .	..	3,594,981
Payments <i>re</i> debt adjustment 1st July, 1959, to 30th June, 1960 ..	..	18,960
	—————	3,613,941
		—————
Unexpended balance 30th June, 1960 .. .. .	..	1,536,750
		—————

\* Of the advances from this amount £50,361 (Net) has been written off as bad debts.

† Includes mortgage interest £9,702 received prior to 26th April, 1950.

This fund is held in the Treasury ; no interest is payable thereon to the Corporation.

*Loans under Part III.*—During the year loans made totalled £1,217,390. At the close of the year, £7,898,404 was held by borrowers of which £5,958,631 was held in respect of primary industries and £1,939,773 on account of secondary industries.

The Profit and Loss Accounts for the financial years ended 30th June, 1959 and 1960, are summarized as follows:—

30.6.1959.		INCOME.						30.6.1960.	
£								£	£
380,894	Interest .. .. .	..	..	..	..	..	..	..	404,772
5,280	Application and Legal Fees .. .. .	..	..	..	..	..	..	..	5,049
386,174								409,821	
		<i>Less</i> EXPENDITURE.							
49,231	Administration .. .. .	..	..	..	..	..	..	..	54,104
242,401	Interest on Loan Indebtedness .. .. .	..	..	..	..	..	..	..	251,777
7,368	Interest on Redeemed Securities .. .. .	..	..	..	..	..	..	..	9,361
772	Depreciation .. .. .	..	..	..	..	..	..	..	663
2,724	Long Service Leave Provision .. .. .	..	..	..	..	..	..	..	3,535
1,950	Provision for Superannuation .. .. .	..	..	..	..	..	..	..	3,793
304,446								323,233	
81,728	Operating Profit for Year .. .. .	..	..	..	..	..	..	..	86,588
1,918	Add Interest on General Reserve Investment Fund .. .. .	..	..	..	..	..	..	..	4,963
83,646								91,551	
		<i>Less—</i>							
18,792	National Debt Sinking Fund—Contribution .. .. .	..	..	..	..	..	..	..	19,854
5,005	Discounts and Expenses of Loans .. .. .	..	..	..	..	..	..	..	689
87	Bad Debts .. .. .	..	..	..	..	..	..	..	137
23,884								20,680	
59,762								70,871	
10,050	Provision for Superannuation (on account of former years) .. .. .	..	..	..	..	..	..	..	..
49,712								70,871	

Pursuant to his authority under the Act, the Treasurer determined for 1959–60, as was the case in 1958–59, the annual rate of interest payable on loans from the State to the Corporation at 1 per centum less than the rate payable on loans raised by the Commonwealth on behalf of the State.

At 30th June, 1959, and 30th June, 1960, funds available to the Corporation were:—

30.6.1959.								30.6.1960.	
£								£	£
		Loan Funds—							
7,733,736	Loan Liability—Treasurer of Victoria (net) .. .. .	..	..	..	..	..	..	..	7,836,035
		Other Funds—							
21,123	Advances <i>Farmers Debts Adjustment Act 1943</i> —Treasurer of Victoria .. .. .							17,680	
2,341,629*	Funds provided by Grant under <i>Commonwealth Loan (Farmers Debts Adjustment) Act 1935</i> .. .. .	..	..	..	..	..	..	2,341,639†	
9,702	Interest on Mortgages prior to 26th April, 1950 .. .. .	..	..	..	..	..	..	9,702	
2,621								2,369,021	
1,301	Trust Account—Amounts in suspense .. .. .	..	..	..	..	..	..	..	2,612
208,451	Sundry Creditors .. .. .	..	..	..	..	..	..	..	1,177
11,591	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	..	..	..	..	..	..	..	257,113
12,000	Provision for Long Service Leave .. .. .	..	..	..	..	..	..	..	15,626
245,691	Provision for Superannuation .. .. .	..	..	..	..	..	..	..	16,255
245,691	Reserve Fund .. .. .	..	..	..	..	..	..	..	316,562
10,587,845								10,814,401	

\* Excludes £50,371, Bad Debts written off.

† Excludes £50,361 (Net), Bad Debts written off.

## The funds were applied as follows:—

30.6.1959.		30.6.1960.
£		£      £
	Loans and Advances—	
7,714,694	Loans under Part III.— <i>Rural Finance Corporation Act 1958</i> ..	7,898,404
	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.—	
875,105	<i>Rural Finance Corporation Act 1958</i> .. .. .	814,590
21,123	Advances under <i>Farmers Debts Adjustment Act 1943</i> .. .. .	17,680
		—————
137,532	Interest Due and Accrued .. .. .	8,730,674
		148,020
	Cash held at Treasury—	
1,476,226	Rural Rehabilitation Fund .. .. .	1,536,750
435	National Debt Sinking Fund .. .. .	707
		—————
		1,537,457
	Fixed Assets—	
4,326	Furniture and Office Equipment <i>less</i> Depreciation .. .. .	4,289
1,125	Motor Cars <i>less</i> Depreciation .. .. .	844
		—————
		5,133
93	Charges paid in Advance .. .. .	209
	Cash—	
141,629	At bank and in hand .. .. .	53,494
125,000	Fixed Deposits .. .. .	..
..	Cash at Call .. .. .	160,000
		—————
		213,494
	Investments (at cost)—	
11,095	Long Service Leave Provision .. .. .	14,595
79,462	General Reserve .. .. .	149,319
..	Superannuation Reserve .. .. .	15,500
		—————
		179,414
<hr/>		<hr/>
10,587,845		10,814,401

Interest due and accrued, £148,020, shown in the preceding summary, comprised interest due, £97,655, and interest accrued, £50,365.

Included in the amount of £97,655—Interest due—is a sum of £43,961 representing the interest arrears of a company engaged in secondary industry. I referred to this company in my previous report and pointed out that, as at the 30th June, 1959, it was in arrears in respect of interest to the extent of £38,113. During 1959–60, the company did pay £5,000 in respect of interest but, nevertheless, its indebtedness on this account had, as at the close of that year, increased to the figure shown above.

The same company is in arrears in respect of repayments of principal. In this regard, its indebtedness to the Corporation increased from £36,000 as at the 30th June, 1959, to £44,000 as at the 30th June, 1960. However, due to the settlement of a mortgage of £3,454 on the Works Manager's residence, the company's net liability to the Corporation for advances was reduced during the year from £218,027 to £214,573.

I also referred to another company in my previous year's report and mentioned, *inter alia*, that this company was in arrears in respect of repayments of principal to the amount of £72,000 and that its liability to the Corporation on account of three loans amounted to £143,500. During the year, in conformity with a governmental direction, a further loan of £110,000 was made to the company by the Corporation, but from its "Agency" funds.

Under a new agreement entered into in 1959–60, the three loans mentioned above, amounting in all to £143,500, were consolidated and a new basis of repayment adopted. The first instalment under this agreement is due on the 31st December, 1960. In respect of the loan of £110,000 from "Agency" funds, the first repayment of principal is due on the 31st December, 1962. All interest due by the company at the 30th June, 1960, was received by the Corporation on the first day of the current financial year.

The purpose of the Reserve Fund (£316,562) is to meet any loss or deficiency incurred in the course of the business of lending money. So far as practicable, this fund is to be invested in government securities or placed on deposit in a bank—presumably so that the funded amount will be available should such a loss or deficiency occur.

*Government Agency Department.*—Operations in this Department during the year 1959-60 were :—

	£	£	£
<b>Receipts—</b>			
Treasurer of Victoria—			
From Loan Fund .. .. .	147,500		
Decentralization Fund .. .. .	4,800		
Tourist Fund .. .. .	7,550		
	—————	159,850	
From borrowers—			
Repayments of Principal .. .. .	36,939		
Interest on Advances .. .. .	9,494		
	—————	46,433	
<i>Add</i> Cash at Bank—1st July, 1959 .. .. .			206,283
			—————
			4,130
			—————
			210,413
<b>Less Payments—</b>			
Advances to Settlers—			
Goulburn Valley (Rehabilitation of Peach Growers) .. .. .	2,375		
Sunraysia District (Capital Improvements and Replacements) .. .. .	24,613		
Secondary Industries .. .. .	114,800		
Western Victoria (Drought Relief) .. .. .	1,000		
Tourist Development .. .. .	15,050		
	—————	157,838	
Treasurer of Victoria—Instalments of Principal and Interest .. .. .		46,433	
		—————	204,271
Cash at Bank—30th June, 1960 .. .. .			6,142

### SEED BEANS MARKETING BOARD.

Due to a dislocation of the Board's staffing arrangements, the books and accounts for the year ended 28th February, 1960, were not written up in time to be audited and commented on by me in this report.

### THE STATE SUPERANNUATION BOARD.

*The Superannuation Fund.*—The State Superannuation Board was constituted under the provisions of the *Superannuation Act* 1925, now consolidated under the *Superannuation Act* 1958. The Act provides retiring benefits, on a contributory basis, for the Public and Teaching Services, the employees of the Railways, and certain statutory bodies.

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

—	Year Ended 30th June, 1958.	Year Ended 30th June, 1959.	Year Ended 30th June, 1960.
<i>Receipts.</i>	£	£	£
Balance (including investments) .. .. .	24,017,898	26,777,299	29,560,628
Contributions from officers (Net) .. .. .	2,439,816	2,407,974	2,572,784
Contributions from Consolidated Revenue .. .. .	2,917,844	3,190,979	3,597,850
Interest .. .. .	1,123,091	1,286,018	1,463,465
Underwriting Commission .. .. .	11,100	6,000	7,237
	—————	—————	—————
	30,509,749	33,668,270	37,201,964
<i>Disbursements.</i>			
Pensions .. .. .	3,729,175	4,101,740	4,650,233
Endowment Assurances (Net) .. .. .	80	447	491
Assurance Premiums .. .. .	315	618	725
Lump Sum Payments (Limited Contributors) .. .. .	2,880	4,837	2,061
	—————	—————	—————
	3,732,450	4,107,642	4,653,510
The Balance was .. .. .	26,777,299	29,560,628	32,548,454
Of which there was invested .. .. .	26,776,841	29,560,327	*32,548,170
Leaving a cash balance of .. .. .	458	301	284

\* Face value of Investments, £32,371,707.

Revenue for the year exceeded disbursements by £2,987,826 and net investments amounted to £2,987,843, the cash balance being reduced from £301 at 30th June, 1959, to £284 at 30th June, 1960.

Major variations as between the 1958-59 and 1959-60 figures are explained hereunder.

A net increase of £164,810 in officers' contributions was due to an increase of £65,631 in refunds of contributions during the year. However, the amount actually received from officers increased by £230,441.

Consolidated Revenue contributions rose by £406,871. The Government contribution is made to the Superannuation Fund as a recoup of the revenue proportion of pensions paid and is, therefore, directly related to the amount of pensions paid in the year. Due mainly to the increasing average number of units of superannuation to which officers are entitled on retirement, pension payments increased by £548,493 and there was a commensurate increase in the Government contribution. Since 1957-58, the cost to the State has increased by £680,006 and the upward trend may be expected to continue for a considerable period.

All funds held by the Board in excess of current requirements for the payment of pensions, refunds of contributions, &c., are invested in authorized securities. Investments were increased by £2,783,486 in 1958-59 and a further £2,987,843 was invested during 1959-60. These substantial increases in the investments mainly accounted for the increase of £177,447 in interest earned by the fund during 1959-60.

*Married Women Teachers' Pensions Fund.*—This fund was established under the provisions of the *Teaching Service (Married Women) Act 1956*, now incorporated in the *Teaching Service Act 1958*, and came into full operation from 1st July, 1957. The legislation provides that any woman in permanent employment in the teaching service who marries may elect to continue in permanent employment and, further, that any married woman who has at any time been in the employment of the teaching service, or of any other teaching service approved by the Tribunal, may apply to the Tribunal for appointment to permanent employment in the teaching service.

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

The Superannuation Board which administers the scheme may invest the fund in any securities in which the Superannuation Fund may be invested.

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

	£	£
Balance brought forward (including investments) .. .. .	..	46,009
Receipts—		
Contributions from Teachers .. .. .	..	14,659
Contribution from Consolidated Revenue .. .. .	..	14,472
Interest on Investments .. .. .	..	2,231
		<hr/>
Funds Available .. .. .	..	77,371
		<hr/>
Payments—		
Contributions Refunded—		
Teachers .. .. .	..	649
Consolidated Revenue .. .. .	..	604
		<hr/>
Interest on Contributions Refunded .. .. .	..	39
		<hr/>
Total Payments .. .. .	..	1,292
		<hr/>
Leaving a Balance of .. .. .	..	76,079
Of which was Invested .. .. .	..	*72,869
		<hr/>
Leaving a Cash Balance of .. .. .	..	3,210
		<hr/>

\* Face value of Investments, £73,340.

### VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1960, is in course, and the figures given below are subject to the completion thereof.

Transactions for 1959-60 resulted in a profit of £1,966 as compared with £72,929 in 1958-59. A summarized statement of trading operations for the year is as follows:—

REVENUE.							
Sales—							£
Meat, Offal and By-products .. .. .	..	..	..	..	..	..	488,561
Hides, Skins and Wool .. .. .	..	..	..	..	..	..	34,056
Storage, Treatment and General Receipts .. .. .	..	..	..	..	..	..	379,792
							<hr/>
							902,409
Interest on Investments .. .. .	..	..	..	..	..	..	2,092
Inter-departmental Transactions .. .. .	..	..	..	..	..	..	153,914
							<hr/>
							1,058,415
<hr/>							
EXPENDITURE.							
Purchases of Livestock and Meat .. .. .	..	..	..	..	..	..	213,955
Working Expenses—Wages, Fuel, Freight, Stores, &c. .. .. .	..	..	..	..	..	..	581,093
General Expenses—Rent, Rates, Pay-roll Tax, &c. .. .. .	..	..	..	..	..	..	37,940
Administration—Head Office, Salaries, &c. .. .. .	..	..	..	..	..	..	23,054
Depreciation .. .. .	..	..	..	..	..	..	20,082
Stock Decrease at 30th June, 1960 .. .. .	..	..	..	..	..	..	788
							<hr/>
							876,912
Interest—Government of Victoria .. .. .	..	..	..	..	..	..	25,623
Inter-departmental Transactions .. .. .	..	..	..	..	..	..	153,914
							<hr/>
							1,056,449
Profit .. .. .	..	..	..	..	..	..	1,966
							<hr/>
							1,058,415
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Operating profit for the year, at £1,966, was substantially lower than that for each of the two previous years. As compared with 1958-59, there was an increase of roundly 300,000 lb. in the weight of meat treated. However, the influence of this increase on the year's operations was more than offset by decreased returns from the sale of by-products due to a lower out-turn associated with a reduction of £15 per ton in the average selling price of such by-products; a decreased demand for cool storage facilities; and an increase in labour costs.

Gross revenue of the retail shops situated at Ballarat was below that of the previous year and the aggregate net profit was £608 as compared with £935 in 1958-59.

The smallgoods factory at Ballarat returned a profit of £2,384 compared with £867 in the previous year.

A comparison over the past six years of the Authority's operations is given in the following statement :—

	1954-55.	1955-56.	1956-57.	1957-58.	1958-59.	1959-60.
	£	£	£	£	£	£
Sales .. .. .	969,848	1,059,870	584,988	703,780	689,831	522,617
Storage, Treatment, &c. .. .. .	198,044	183,442	198,042	311,018	359,933	331,884
Stock Increase .. .. .	179,611	..	..	..	..	..
Net Loss .. .. .	..	25,376	7,493	..	..	..
	1,347,503	1,268,688	790,523	1,014,798	1,049,764	904,501
Purchases .. .. .	737,054	560,024	296,257	339,246	299,014	213,955
Working and Other Costs .. .. .	563,180	518,366	443,560	529,425	629,074	642,087
Stock Decrease .. .. .	..	143,744	2,137	31,573	697	788
Depreciation .. .. .	15,358	17,699	18,926	21,649	23,357	20,082
Interest .. .. .	24,305	26,425	27,154	26,216	24,693	25,623
Donald Works (Inoperative)—Main- tenance and Depreciation .. .. .	3,281	2,430	2,489	2,254	..	..
Net Profit .. .. .	4,325	..	..	64,435	72,929	*1,966
	1,347,503	1,268,688	790,523	1,014,798	1,049,764	904,501

\* The profit indicated for 1959-60 does not include a capital gain of £10,300 on the sale of a retail shop at Ballarat.

Variations in balance-sheet items may be seen in the summary hereunder :—

	At 1st May, 1943.	At 30th June—			
		1957.	1958.	1959.	1960.
	£	£	£	£	£
Current Liabilities .. .. .	12,633	267,149	181,370	132,317	138,435
Loan for Fixed Assets .. .. .	..	469,584	469,584	524,659	556,659
Capital .. .. .	286,672	360,815	360,815	290,034	290,034
Capital Revaluation and Adjustment .. .. .	74,143	..	..	..	..
Profits and Reserves .. .. .	883	..	..	3,495	12,392
	374,331	1,097,548	1,011,769	950,505	997,520
Current Assets .. .. .	65,079	129,513	112,355	154,755	158,478
Fixed Assets less Depreciation .. .. .	309,252	784,798	780,612	795,750	839,042
Losses less Reserves .. .. .	..	183,237	118,802	..	..
	374,331	1,097,548	1,011,769	950,505	997,520

The State has continued to provide working capital for the Authority and to 30th June, 1960, the total advanced for this purpose was £112,499.

Reference was made in the previous year's report to the temporary financial accommodation provided by the Commonwealth Bank on the security of the current assets of the Authority and a government guarantee limited to £50,000. In 1959-60, the necessity for the Authority to obtain temporary finance under this arrangement did not arise.

At the close of the year the Authority's loan liability to the State on account of fixed assets was £556,659.

## ACKNOWLEDGMENT.

I wish to acknowledge the helpful co-operation which the members and staff of the various Authorities referred to herein have accorded me and my officers in the performance of our respective duties.

R. W. GILLARD,  
Auditor-General.

Melbourne, 31st October, 1960.