
REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1961

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REPORT OF THE AUDITOR-GENERAL OF VICTORIA

UPON

THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR
ENDED 30TH JUNE, 1961.

As directed by Section 47 of the *Audit Act* 1958, I hereby transmit to the Legislative Assembly the Statement for the financial year ended 30th June, 1961, prepared in detail by the Treasurer, of the receipts and expenditure of—

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

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

- (i) explaining the Statement in full ; and
- (ii) showing particulars of the several matters more specifically referred to in paragraph (a) of sub-section (1) and in sub-section (2) of the said section.

Prior to the year under review, the provisions of Section 46 of the *Audit Act* 1958 were expressed in such terms as to preclude, until after the passing of the Supplementary Estimates for the year, the presentation to the House of the Treasurer's Statement together with the Auditor-General's report thereon. However, in 1960-61, the said Section 46 was amended by Section 5 of the *Audit (Amendment) Act* 1960, No. 6684, to provide, in effect, that the Treasurer shall include and distinguish in his Statement of the "expenditure of the Consolidated Revenue" for the year such amounts as had been expended but in respect of which no appropriation had been made on or before the close of the year. As a result of this amendment, it is now possible for the Treasurer's Statement to be transmitted to the Legislative Assembly prior to the passing of the Supplementary Estimates for the year.

Where in this report, any figure represents or includes expenditure from Consolidated Revenue in respect of which, as at 30th June, 1961, no appropriation had been made, the fact is indicated where considered necessary by an appropriate notation ; and further, this particular expenditure is the subject of general comment in the review herein.

The Treasurer's Statement and the related subsidiary statements, which were received from the Treasury on 9th October, 1961, have been checked by my officers and are in agreement with the accounts of the Treasurer.

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

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

REVIEW.

Revenue and Loan.

As already indicated, Section 46 of the *Audit Act* 1958, as amended by Section 5 of the *Audit (Amendment) Act* 1960 directs the Treasurer to include and distinguish in his Statement of the expenditure from Consolidated Revenue such amounts as have been expended but in respect of which no appropriation has been made. This is the revenue expenditure which, during a financial year, has been financed from "Treasurer's Advance" under the authority of Section 16 of the *Public Account Act* 1958, and which, at the close of the particular year, still requires specific Parliamentary approval. This approval is signified subsequently—generally, by the passing of the Supplementary Estimates for the year.

Sub-section (1) of the said Section 16 of the Public Account Act provides as follows :—

“ There may be issued and applied temporarily out of the Public Account any sum or sums (not exceeding in all Three million pounds) required to be provided for advances to the Treasurer to enable him to meet urgent claims that may arise before Parliamentary sanction therefor is obtained.”

Although the sub-section cited above authorizes the Treasurer to apply out of Public Account sums to meet “ urgent claims ” not exceeding in all, £3,000,000, past practice has been for Treasurer’s Advance to be used, in the accounting sense, as a Suspense Account. To it, from time to time, have been debited, until the necessary Parliamentary sanction has been obtained, various items of loan expenditure and many items of revenue expenditure of a diverse nature. Some of the revenue expenditure items so debited could have been the subject of differences of opinion, as to whether or not they did qualify in terms of the said sub-section (1) of Section 16 as proper charges to Treasurer’s Advance. However, in practice, this issue was not important in the past, as the official surplus or deficit on Consolidated Revenue Account was not communicated to Parliament, per medium of the Auditor-General’s report, until after the passing of the Supplementary Estimates for the year.

As the report herein is being presented before the passing of the Supplementary Estimates for the year, the term “ Surplus ” in this report means, at this stage, the surplus for the year on Consolidated Revenue Account, as declared by the Treasurer. My certification of such surplus pursuant to the provisions of Section 20 of the Public Account Act will be given immediately after the passing of the Supplementary Estimates.

In accordance with the provisions of Section 46 of the Audit Act, amended as explained, the Treasurer has, in his Statement for the year, included and distinguished in the details of expenditure from Consolidated Revenue the items charged to Treasurer’s Advance pending the passing of the Supplementary Estimates. These items amount to £4,644,462 and include the under-mentioned items transacted in the closing stages of the year :—

- (i) An advance of £600,000 to the State Superannuation Board—such advance being repayable and subject to the long-term Commonwealth Bond interest rate ;
- (ii) A payment of £100,000 to the Monash University to supplement its statutory maintenance grant of £250,000 ; and
- (iii) The following allocations of revenue moneys to Special Accounts in the Treasury—

Nature of Allocation.	Amount.	Remarks.
	£	
Contribution to Decentralization Fund ..	75,000	
Contribution to Government Buildings Fire Insurance Fund	250,000	
Payment to Interest and Sinking Fund Reserve Account	1,300,000	This is a new Trust Account established by the Treasurer under the authority of Section 8 of the <i>Public Account Act</i> 1958. The moneys to the credit of the account are “ to be applied solely to recoup the Consolidated Revenue ” any portion of the State’s debt charges
Payment to the Railways Equalization Account	920,347	
Total	2,545,347	This is also a new Trust Account established by the Treasurer. Moneys to the credit of the account are to be available, as required, solely for the purpose of meeting railway working expenses

In addition to the revenue expenditure amounting to £4,644,462, already mentioned as charged to Treasurer’s Advance, there were debited to that account various items of loan expenditure amounting to £292,463. The sum of these two amounts is £4,936,925

or £1,936,925 in excess of the maximum advance allowed the Treasurer under Section 16 of the *Public Account Act* 1958. In this connexion, it could be contended that, as the allocations of revenue moneys to the special accounts listed in the preceding summary aggregated £2,545,347, and that, as they were in the nature of book entries only and, therefore, did not involve an actual application of moneys from Public Account, the Treasurer did not, in fact, exceed his authorized advance of £3,000,000. Such a contention, however, brings into question the validity of charging allocations of this nature to Treasurer's Advance. It would seem that, if this practice is to continue, the existing provisions of Section 16 of the *Public Account Act* 1958 will require appropriate amendment.

Subject to the foregoing comments and, as indicated, the appropriate notations furnished, the State's revenue position, as disclosed in the Treasurer's Statement, is discussed hereunder.

	£	s.	d.
In 1960-61, revenue collections aggregated	184,787,865	8	7
To this sum, there was added, by direction of Act No. 6680, the Surplus for 1959-60	313,537	11	4
<hr/>			
The Gross Revenue brought to account from all sources was, therefore	185,101,402	19	11
The Expenditure charged in the year against the Gross Revenue was	184,931,572	6	6*
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Accordingly, the Surplus for 1960-61 was declared by the Treasurer to be	169,830	13	5
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* Subject to the passing of the Supplementary Estimates in respect of a sum of £4,644,462 7s. 9d.

Viewed broadly, Gross Revenue for the year consisted of moneys received, to the extent shown, from the following sources:—

Source.	£	Percentage of Gross Revenue.
Commonwealth contributions and recoups	70,833,763	38·27
State sources—		
Collections	113,954,102	61·56
Surplus 1959-60	313,538	·17
<hr/>		<hr/>
Gross Revenue.. .. .	185,101,403	100·00
<hr/>		<hr/>

The relative proportions from Commonwealth and State sources differed only slightly from the respective proportions received from these two sources in each of the previous three years.

With respect to the revenue from Commonwealth sources, the major part of this revenue consisted of the "Financial Assistance Grant" to the State made pursuant to the provisions of Commonwealth legislation, the *States Grants Act* 1959. In 1959-60, the first year of operation of the Act, the grant amounted to £60,625,000. This was the sum fixed in the Act as payable to Victoria in that year. It was, also, the base figure on which, in terms of the Act, the grant for 1960-61 was to be calculated.

As a result of the application of the statutory formula to the base figure of £60,625,000, the "Financial Assistance Grant" to Victoria in 1960-61 was £67,371,342, an increase of £6,746,342. Actually, the amount received, £67,371,342, was in excess of the estimate by £567,342. It should be explained that the estimate was calculated on the basis of preliminary figures prepared by the Commonwealth Statistician prior to the presentation of the State budget. Subsequently, when the necessary data became available, figures were prepared by this officer strictly in conformity with the terms of the Act, and it was on the basis of these figures that the actual grant for the year was determined. For further details of this grant, attention is invited to the comments under "Commonwealth Financial Assistance Grants" later in this report.

Other items of substantial size included in the revenue from Commonwealth sources are—the Commonwealth annual contribution of £2,127,159 towards the interest payable by the State; and the recoup by the Commonwealth to the extent of £1,097,097 of the net maintenance expenditure by the State in relation to the diagnosis, treatment and control of tuberculosis.

The Commonwealth's annual contribution of £2,127,159 towards interest is the sum fixed by the Commonwealth and States Financial Agreement as payable by the Commonwealth to the State, for the purpose mentioned, in each year during the period of 58 years which commenced on 1st July, 1927. Accordingly, this contribution does not vary in amount from year to year.

The extent of the recoup by the Commonwealth of the State's net maintenance expenditure in relation to the control, &c., of tuberculosis, is determined in accordance with the Health Tuberculosis Arrangement made between the Commonwealth and the State in November, 1958. Under this Arrangement, which continued a previous Arrangement, the State, each year, is recouped to the extent of the amount of its net maintenance expenditure in excess of £245,550. This sum, £245,550, was the net maintenance expenditure of the State in relation to the control, &c., of tuberculosis in 1947–48. The recoup credited to Consolidated Revenue in 1960–61, £1,097,097, was less than that for the previous year by £8,979. In addition, in the two years, recoups amounting to £15,016 and £5,776 respectively, were credited to Loan Fund on account of maintenance expenditure from that Fund.

Excluding the Surplus for 1959–60 brought forward, the aggregate of the collections from State sources was greater than that anticipated by £3,139,446 and in excess of the amount received in 1959–60 by £9,827,060. The major factors contributing to this improvement were increases under the heads of revenue shown below:—

Treasury Head of Revenue.	Excess of Actual Over Estimated Revenue.	Increase on Previous Year.
	£	£
No. 1—Taxation.. .. .	1,886,869	4,150,519
No. 4—Public Works (including Railways income)	1,798,935	3,961,514

An increase, over the previous year, of £1,030,722 in revenue from “No. 2—Interest” also influenced favourably the over-all revenue position. However, considered on the basis of comparison with the appropriate estimate, revenue from this source was lower, by £13,606, than that anticipated. As this revenue represents, in the main, interest received from semi-governmental and public bodies in consideration of advances made to them from the State's Loan Fund, it is somewhat in the nature of a recoup to the Treasury of part of the State's payment for interest on its loan liability.

With one exception, the other heads of revenue, under which revenue from State sources was brought to account, were also at a higher level than in the previous year. The exception was “No. 3—Territorial”. Revenue under this head was less than that for the previous year by £84,009, and less than that estimated by £362,155. Sales of crown land to the extent anticipated did not eventuate and, due to a falling off in the demand for timber, collections from forest royalties fell short of the estimate.

In respect to “Taxation”, the respective amounts shown in the preceding summary are net figures. For the most part, collections from the various State taxes were in excess of the respective estimates for the year, but, in a few instances, the Treasurer's expectations were not fulfilled. Likewise, the respective collections in 1960–61 were, with few exceptions, higher than the comparable figures for the previous year. Detailed comments on the major imposts are furnished in this report under the heading of “State Taxes”. Salient features are briefly mentioned below:—

Probate Duty.

Excess over estimate	£1,680,879
Increase on previous year	£2,117,981

Assessment of duty on a higher aggregate value of new estates and the full year's effect of amending legislation, were the main reasons for the increase.

Land Tax.

Excess over estimate	£106,494
Increase on previous year	£852,402

Continuation of the revision of land values throughout the State was the major contributing factor.

Entertainments Tax.

Although revenue from this source was less than that of the previous year by £76,666, it exceeded the estimate by £175,540. A system of tax rebates and the full year's effect of certain variations in tax rates were the principal causes of the falling off in revenue from this source.

Tattersall Duty.

Excess over estimate	£256,702
Increase on previous year	£290,873

Duty in 1960-61 was assessed on a higher aggregate of subscriptions than in the previous year.

Motor Car Third-party—Insurance Surcharge.

Excess over estimate	£31,577
Increase on previous year	£391,763

The additional fee, from which this revenue is derived, was imposed on all "Third-party" insurance contracts the premiums in respect of which were payable in 1960-61, whereas, in 1959-60, it was imposed only on those contracts entered into after 16th November, 1959.

Stamp Duty.

Revenue from this source was less than the estimate by £700,077 and lower than that for the previous year by £65,254. It would appear that revenue under this head was adversely affected by the change in national credit policy which operated from late in 1960. In this regard, it was noticeable that, in respect of each of the months in the first half of the financial year, collections from this source were in excess of those for each of the comparable monthly periods in the previous year, whereas, in respect of each of the months in the second half of 1960-61, the opposite was the case.

Duty on Insurance Business.

Excess over estimate	£41,222
Increase on previous year	£192,158

The increase in collections from this source reflects the upward trend in premium income subject to duty.

Revenue from Activities Associated with Racing.

—	Comparison with Estimate.		Comparison With Previous Year.	
		£		£
Totalizator Duty	Excess over estimate	56,807	Increase	72,372
Bookmakers' Turnover Tax	" " "	53,372	" "	132,482
Betting Tickets—Duty	Less than estimate	2,501	Decrease	1,007
Bookmakers' Licences	" " "	841	" "	284

According to the statistical records of the Entertainments Tax Branch, there was a slight falling off in attendances at race-meetings, but, on the face of the figures given in the preceding summary, the reduction in attendances had no adverse effect on the revenue from the principal imposts on betting.

The increase of £72,372 in "Totalizator Duty" comprised—

- (i) an increase of £37,532 in revenue derived from on-course betting on racecourse totalizators; and
- (ii) additional revenue amounting to £34,840, from duty imposed as from 11th March, 1961, under a scheme of off-course betting on these totalizators.

Licensing Fund Payment.

Excess over estimate	..	..	..	..	..	£186,482
Increase on previous year	..	..	..	..	..	£236,278

Receipts of the Licensing Fund in 1960–61 were in excess of those for the previous year by £229,979. This excess plus a decrease of £6,299 in expenditure from the Fund accounted for the increase of £236,278 in the payment to Consolidated Revenue.

The deficit on Railways Account was £4,179,748. This was less than the deficit for the previous year by £422,560.

Collections on account of railway income, which are brought to account in the Treasury under Revenue Head—No. 4, Public Works—amounted to £42,624,173—an improvement of £1,562,173 on the estimate and an increase of £3,592,280 on the previous year.

Railway expenditure including working expenses, superannuation contributions, and pensions, and debt charges amounted to £45,883,574. This sum was in excess of the estimate by £650,926 and higher than the expenditure for the previous year by £2,249,373.

On the basis of Treasury records, comparative details of railway income and expenditure for the past five years, are given below:—

—	1956–57.	1957–58.	1958–59.	1959–60.	1960–61.
	£	£	£	£	£
Railway Working Expenses, &c.	37,735,857	36,638,887	36,426,084	37,662,372	39,576,829
Railway Pensions and Superannuation contributions	1,620,954	1,712,623	1,845,153	1,969,664	2,126,997
Railway Income	39,356,811 37,463,316	38,351,510 35,947,810	38,271,237 38,141,702	39,632,036 39,031,893	41,703,826 42,624,173
Excess of Working Expenses over Income	1,893,495	2,403,700	129,535	600,143	..
Excess of Income over Working Expenses	..	..	..	..	920,347*
Debt Charges	3,333,739	3,596,499	3,812,796	4,002,165	4,179,748
Railway Deficit	5,227,234	6,000,199	3,942,331	4,602,308	4,179,748

* This excess has been transferred to Railways Equalization Account solely for the purpose of meeting railway working expenses in subsequent years.

The improvement in the railway revenue position was, in the light of railway statistical records, the net result of several factors.

Due to a bountiful harvest in 1960–61, 1,901,966 tons of wheat were transported as compared with 937,554 tons in the previous year. Accordingly, railway revenue from the transport of this commodity rose from £2,007,331 to £4,196,946.

There was also a marked increase in income from the transport of other goods, due both to an increase in the tonnage carried and to a full year's benefit of the increase in freight charges imposed in March, 1960. The comparable figures were:—

1959-60—Tonnage	8,343,161
Income	£19,471,981
1960-61—Tonnage	8,783,036
Income	£21,394,695

Further, revenue from the carriage of parcels rose from £1,110,953 to £1,156,386.

Despite a fall in passenger traffic, there was, as compared with the previous year, a slight increase in revenue from this source due mainly to higher fares which operated from March, 1960. Details are:—

	1959-60.		1960-61.	
	Number.	Earnings.	Number.	Earnings.
Passenger Journeys—		£		£
Country	4,634,645	3,291,304	4,370,475	3,247,751
Suburban	153,659,331	8,826,053	145,558,260	8,885,416
Total	158,293,976	12,117,357	149,928,735	12,133,167

Revenue from the carriage of livestock declined from £1,396,635 in 1959-60 to £990,214 in 1960-61.

As indicated earlier, there was an increase in railway working expenses. In this connexion, the Department's commitment for "Salaries and Wages" reached a higher level in 1960-61. Contributing factors to the upward trend in this item were:—

- (i) The full year's effect of marginal increases awarded as from the 13th December, 1959; and
- (ii) The payment of service grants to certain employees as authorized from the 5th February, 1961.

In addition to railway collections, "State Rivers and Water Supply Commission—Income" and "Public Works Department—Recoups of Expenditure" are substantial credits in the Treasury books under the Revenue Head, No. 4—Public Works. Relevant details are:—

	Collections.		
	1959-60.	1960-61.	Increase.
State Rivers and Water Supply Commission—	£	£	£
Rates, Charges, Water Sales, and Miscellaneous	2,781,061	2,955,103	174,042
Recoups on account of amounts paid from Revenue in connexion with Loan Works, &c.	920,072	922,600	2,528
	3,701,133	3,877,703	176,570
Public Works Department—			
Recoups on account of amounts paid from Revenue in connexion with Loan Works, &c.	1,289,592	1,470,785	181,193

It will be seen that revenue collected by the State Rivers and Water Supply Commission from rates and charges, &c., was on a higher level than in the previous year and that there was a slight variation only, as between the two years, in the sums recouped by the Commission from other funds. These recoups were obtained as follows:—

From Oncost—	1959-60.	1960-61.
At 10 per cent. on loan expenditure of £4,174,768 in 1959-60; and £3,917,431 in 1960-61 ..	£ 417,477	£ 391,743
„ various rates (1 to 6 per cent.) on loan expenditure of £343,561 in 1959-60; and £458,470 in 1960-61	13,370	10,893
On other funds	21,898	16,010
From Repayments on account of works temporarily financed from Consolidated Revenue	112,543	119,568
„ Salary recoups—River Murray Commission and other funds	354,784	384,386
	920,072	922,600

With respect to the recoups collected by the Public Works Department, the increase of £181,193 in revenue from this source may be summarized as hereunder:—

	Oncost.		
	1959-60.	1960-61.	Increase.
	£	£	£
Oncost at 12½ per cent. on Loan Works involving expenditure of— In 1959-60, £9,911,302; and in 1960-61, £11,205,591	1,238,913	1,400,699	161,786
Oncost on works, purchase of plant, &c., financed from loan and other funds ..	50,679	70,086	19,407
	1,289,592	1,470,785	181,193

Further comment on these recoups is to be found under the heading of “Public Works” later in this report.

Expenditure from Consolidated Revenue at £184,931,572 was, to the extent of £16,934,762, in excess of that for the previous year and, as indicated earlier, included various items and transfers to Special Accounts amounting to £4,644,462 which require Parliamentary sanction.

The increase in railway expenditure has already been commented upon. Substantial increases occurred in other items of expenditure and these are discussed below.

The full year's effect of increases in salary rates granted in the previous year and the effect of additional appointments, were the major factors in the increase from £46,294,492, in 1959-60, to £51,814,643, in the charge to General Account for “Salaries and Payments in the Nature of Salary”.

In past years, I have referred to the impact on the State's finances of the expenditure necessary to meet the State's growing social needs. I have shown that expenditure of this nature has been increasing from year to year and that it has been financed from both revenue and loan sources. I have also referred to the upward trend in the annual charges to Consolidated Revenue for sinking fund payments and interest on the Public Debt. The charges on account of these two items amounted to £29,571,724 in 1959-60 and to £31,958,988 in 1960-61.

Statement No. 2 appended to this report indicates under broad heads, both on a monetary and on a proportional basis, the variations which have occurred, as between the first and last years of the past decade, in the various expenditures of the State financed from revenue and loan moneys.

The State's liability to the Commonwealth on account of loans, excluding conditional loan advances to the State by the Commonwealth for housing and soldier settlement, rose from £593,935,754 as at 30th June, 1960, to £632,795,013 as at 30th June, 1961.

A comprehensive summary of the State's loan transactions during the year and its loan position at the end of the year is furnished later in this report under the general heading of "Loan Fund".

Trust and Special Funds.

Eleven new funds and accounts were established during the year. Particulars of these and many of the other funds and accounts which comprise the Trust Fund are given later in this report under the heading of "Trust and Special Accounts".

In 1960-61, debits and credits to the funds and accounts within the Trust Fund aggregated respectively £155,359,975 and £161,461,774, as compared with £109,363,659 and £113,644,144 in 1959-60.

Substantial sums are received from the Commonwealth by way of conditional loans or grants and are disbursed by the State through special accounts within the Trust Fund. The credits and debits to these accounts in 1959-60 and 1960-61 are summarized hereunder:—

Account or Fund.	1959-60.			1960-61.		
	Total Credits (Including Balance Forward).	Total Debits.	Balance Forward.	Total Credits (Including Balance Forward).	Total Debits.	Balance Forward.
	£	£	£	£	£	£
Commonwealth Aid Roads	9,026,671	9,001,098	25,573	9,208,988	9,167,237	41,751
Commonwealth-State Housing	7,560,000	7,560,000	..	7,560,000	7,560,000	..
Home Builders'	4,028,505*	3,988,823	39,682	4,206,361*	4,138,197	68,164
Uniform Railway Gauge Trust	3,846,824†	3,822,365†	24,459	5,007,430†	5,007,430†	..
Hospital Benefits	1,660,117	1,591,422	68,695	1,753,723	1,668,425	85,298
University (Commonwealth Subsidy) ..	1,358,496	1,358,496	..	1,574,410	1,574,410	..
Monash University (Commonwealth Subsidy) .. ..	..	..	..	1,345,342	1,345,342	..
Rural Rehabilitation	1,555,710	18,960	1,536,750	1,623,522	22,039	1,601,483
Commonwealth Pharmaceutical Benefits	703,223	649,572	53,651	1,363,651	1,294,034	69,617
Commonwealth-State Free Milk Scheme	921,531	921,274	257	1,020,257	952,903	67,354
Commonwealth Scholarship Scheme ..	657,021	644,619	12,402	698,988	687,425	11,563
Private Hospital Benefits	532,505	530,004	2,501	282,501	282,501	..
Commonwealth-State Soldier Settlement	1,286,663	1,286,663	..	..	..	..
Commonwealth-State Grants (Mental Institutions)	518,235	518,235	..	83,820	83,820	..
Other	480,106	411,461	68,645	526,240	443,370	82,870
	34,135,607	32,302,992	1,832,615	36,255,233	34,227,133	2,028,100

* Includes repayment of advances and interest thereon 1959-60, £290,961; 1960-61, £1,066,670.

† Includes adjusting entries—1959-60, £173,116; 1960-61, £108,144.

Credits to the Commonwealth-State Housing Account, shown in the preceding summary, are comprised wholly of loan advances to the State for transmission to the Housing Commission for disbursement in terms of the Commonwealth-State Housing Agreement. Also under this Agreement, loan advances are made by the Commonwealth to the State for credit to and disbursement from the Home Builders' Account. Funds of this Account include, in addition, repayments of principal and interest payments by the various Co-operative Housing Societies in consideration of their borrowings from the

Account. As at 30th June, 1961, the State's liability to the Commonwealth in respect of housing was £128,660,447 as compared with £119,717,291 at the close of the previous year.

In recent years, up to and inclusive of 1959-60, the State was the recipient of special assistance loans from the Commonwealth for soldier settlement. The State's liability on this account was reduced by repayments during the year from £7,094,159 to £7,045,520.

With respect to the Uniform Railway Gauge Trust Fund, it should be noted that the State is liable under the Railways Standardization Agreement to bear three-twentieths only of the cost of the construction of the uniform gauge railway between Albury and Melbourne. In effect, therefore, the major proportion of each of the credits to the Uniform Railway Gauge Trust Fund was in the nature of a Commonwealth grant. From the commencement of the project to 30th June, 1961, the Commonwealth has reimbursed expenditure on the project amounting to £9,535,274 and has advanced, in addition, £950,000. Actually, the expenditure on the project up to and inclusive of 30th June, 1961, amounted to £10,646,156. This sum was provided by the two amounts from the Commonwealth as aforementioned and an amount of £160,882, temporarily allocated for the purpose from State Funds.

It will be noted, on a comparison of the figures for the two years, that a substantial increase is indicated in the credit to the Commonwealth Pharmaceutical Benefits Trust Account. The payment by the Commonwealth in 1960-61 was £1,310,000 as compared with £690,000 in the previous year. These amounts are received by the State on behalf of approved hospital authorities and are in the nature of reimbursement of the cost of pharmaceutical benefits supplied to certain patients in the respective hospitals controlled by such authorities. As from and inclusive of the year under review, the basis of the payment by the Commonwealth was altered. Previously, the payment comprised the sum necessary to reimburse the hospital authorities concerned the actual cost of the individual benefits supplied together with an amount by way of oncost, equal to 7½ per cent. of such cost. As from 1960-61, the rate of oncost has been increased to 20 per cent., and the cost of the benefits supplied has been determined in accordance with a prescribed formula.

The credits in the remaining accounts listed in the summary comprise Commonwealth grants for the purposes implied by the respective titles of such accounts. The general designation "Other" includes several smaller accounts which record the receipt and disbursement of Commonwealth moneys provided to meet sundry social and other needs and for assistance to primary producers.

In addition to providing moneys for the purposes outlined above the Commonwealth has supplemented State contributions to the extent of £27,440 for tobacco experimental works.

Collections on account of fees, fines, and licences, &c., under the Motor Car Act and road charges under the Commercial Goods Vehicles Act, credited to the Country Roads Board Fund, provide solely from State sources a substantial contribution towards the cost of State roadworks. Excluding cross entries, the credits to the Fund together with the balance brought forward amounted to £12,615,275 in 1959-60 and £13,314,698 in 1960-61.

The actual expenditure by the Country Roads Board on road and associated works met from the Country Roads Board Fund, Commonwealth Aid Roads moneys and from loan allocation, amounted to £19,089,259, as compared with £17,219,910 in the previous year. (For further details see under Country Roads Board later in this report.)

Public Account.

At the close of the year, cash amounting to £25,617,681 was held on current account and fixed deposit at various banks as shown hereunder:—

	Current Account.	Fixed Deposit.	Total.
	£	£	£
Contracting Banks, Melbourne	19,559,150	6,000,000	25,559,150
Westminster Bank, London	8,287	..	8,287
Contracting Bank, Wellington	50,244	..	50,244
	19,617,681	6,000,000	25,617,681

Under a long standing arrangement with each of the six contracting banks in Victoria, interest has been allowed on the daily balance at the credit of Public Account. Interest so earned, at 1½ per centum per annum, amounted to £224,687 in 1959-60 and £341,313 in 1960-61.

With a view to increasing the revenue earned by the Public Account, the Treasurer, with the concurrence of the six banks concerned, decided, in respect of a proportion of the State's "cash pool", to take advantage, as from 15th June, 1961, of the banks' fixed deposits system. Interest on the fixed deposits is to be paid by the several banks at the rates current for the respective terms for which the lodgments are made.

The sum of £6,000,000 on fixed deposit as at the close of the year represents a transfer, at each of the six banks concerned, of £1,000,000 from the State's current account to an account bearing the title of the "Victorian Government Public Account Fixed Deposits". In each case the fixed deposit is divided into ten equal parts of £100,000, the first part maturing three months after the date of lodgment, and the remaining parts at successive monthly intervals up to and inclusive of twelve months from such date of lodgment.

The new arrangement will in no way vary the previous arrangement whereby the daily balance at credit of current account is subject to payment by each of the six banks concerned of interest at the rate of 1½ per centum per annum.

By way of further explanation, it should be stated that the total cash held, £25,617,681, as at 30th June, 1961, is the difference between the aggregate of the cash balances at the credit of certain accounts in the Treasury books and the total of the advances made from Public Account for various purposes. The comparable sum held at 30th June, 1960, was £21,452,498.

The advances from Public Account as at the 30th June, 1961, mentioned above, are summarized in the Treasurer's Finance Statement at page 6. This summary has been prepared by the Treasury in anticipation of the passing of the Supplementary Estimates for the year in respect of expenditure of £4,644,462 including transfers to special accounts amounting to £2,545,347, temporarily charged to Treasurer's Advance at the 30th June, 1961. The amount shown in the Treasurer's summary, £292,463, as paid from Treasurer's Advance, is the expenditure in respect of which the Treasurer will seek Parliamentary sanction through appropriate items in future Loan Application Acts.

Consolidated Revenue Deficit Account.—At page 7 of the Treasurer's Finance Statement, the Consolidated Revenue Deficit Account is presented in an abridged form and, by way of amplification, the Treasurer has furnished, at the same page, a supplementary statement showing—particulars of the deficits which occurred in the period 1927-28 to 1958-59 (inclusive) and, on a yearly basis, in juxtaposition thereto, the several loan and other provisions for revenue deficit purposes over the period and the particular deficits which he, the Treasurer, considers still remain to be funded.

The over-all position, as at 30th June, 1961, disclosed in the supplementary statement agrees with that stated in the Account and is correct. However, in several instances, the particulars given in the supplementary statement disagree with the comparable details furnished in the analysis of the Consolidated Revenue Deficit Account at page 7 of the Treasurer's Finance Statement for the year ended 30th June, 1960.

Up to and inclusive of the year 1959-60, it was the practice of the Treasury to regard loan moneys allocated for revenue deficit purposes, if the necessary statutory authority existed, as applied to the earliest deficit then standing as a charge to Public Account. The supplementary statement as now furnished by the Treasurer indicates a departure from this practice. For example, in the analysis of the Account as at the 30th June, 1960, all deficits with the exception of a portion of the deficit for 1958-59 were shown as funded, whereas, in the supplementary statement, several of these deficits are now shown as charges to Public Account. Also, it should be pointed out that the respective loan provisions shown in the summary against the revenue deficits for 1955-56 and 1956-57 are in excess of the deficits for those years and that there is a forward application of these excess amounts to the deficit for 1957-58. In my view, it would be difficult to justify such a procedure either from the accounting aspect or on legal grounds.

As indicated in the introductory paragraphs of this report, the various matters outlined in this review are the subject of more detailed comment in the succeeding pages.

REVENUE.

A synopsis of the Treasurer's summary of revenue appearing on pages 9-15 of the finance statement is given in the following tabular comparison for the purpose of showing the significant variations during the year.

	1959-60.		1960-61.		
	£		£		£
Commonwealth—States Grants Act 1959	60,625,000	..	67,371,342	..	Increase 6,746,342
State Taxes	37,993,850	..	42,144,369	..	„ 4,150,519
Railways	39,031,893	..	42,624,173	..	„ 3,592,280
Interest	9,313,362	..	10,344,084	..	„ 1,030,722
Recoups, &c., (other than Interest and Water Supply)	3,940,611	..	4,266,216	..	„ 325,605
Transfer of Surplus Revenue (previous year) .. .. .	..	..	313,538	..	„ 313,538
Mental Hygiene	318,048	..	551,354	..	„ 233,306
Fees	1,384,938	..	1,609,581	..	„ 224,643
Country Water Supply (including Recoups)	3,701,133	..	3,877,703	..	„ 176,570
Ports and Harbors	585,086	..	681,984	..	„ 96,898
Fines	471,815	..	540,435	..	„ 68,620
Rents	352,128	..	416,138	..	„ 64,010
Agriculture	506,370	..	565,880	..	„ 59,510
Education	299,165	..	341,703	..	„ 42,538
Gas and Fuel Corporation—Dividend	127,004	..	146,688	..	„ 19,684
Total Increase					17,144,785
Government Printer	1,202,504	..	1,055,258	..	Decrease 147,246
Police	499,091	..	441,911	..	„ 57,180
Forests	2,449,699	..	2,411,735	..	„ 37,964
Sale of Government Property	84,679	..	50,603	..	„ 34,076
Explosives Dues	151,998	..	119,993	..	„ 32,005
Mint	196,023	..	174,326	..	„ 21,697
Soldier Settlement Commission	46,832	..	35,671	..	„ 11,161
Sundry	2,901,959	..	2,889,559	..	„ 12,400
Total Decrease					353,729
Commonwealth and States Financial Agreement (Vic.) Act No. 3554	2,127,159	..	2,127,159	..	.. ..
	<u>168,310,347</u>	..	<u>185,101,403</u>	..	Increase <u>16,791,056</u>

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

COMMONWEALTH FINANCIAL ASSISTANCE GRANTS.

Commonwealth legislation, the *States Grants Act 1959*, fixed for 1959-60—the first year of operation of the Act—the respective “Financial Assistance Grants” to the States, formulated the method of calculation of the grants for each subsequent year and provided for a possible review of the terms of the Act in so far as they relate to a year subsequent to 1964-65.

For 1959-60, the Act fixed the grant to Victoria at £60,625,000; for 1960-61, calculated in the terms of the Act, the grant was £67,371,342, an increase of £6,746,342.

It should be explained that, in respect of the second and every subsequent year of operation of the Act, the preceding year's grant to a State is the base figure on which that particular State's grant for the current year is determined.

In so far as Victoria was concerned, its grant in 1960-61 was, in accordance with the provisions of the Act, calculated as follows:—

- (1) The base figure, £60,625,000, was, as a first step, varied by dividing it by the population of Victoria, as at 1st July, 1959, (2,814,523), and multiplying the result thus obtained by the State's population as at 1st July, 1960, (2,891,748).

- (2) As the second and final step, the amount ascertained in the manner outlined in (1) was increased by 1.1 times the percentage increase (7.4184336 per cent.)—as between the years 1958-59 and 1959-60—in the average wages per person employed throughout Australia.

In connexion with the operation in 1960-61 of the preceding formula, it is of interest to note that, of the increase of £6,746,342 in the grant to Victoria, the calculation in terms of (1) accounted for £1,663,431, and the completion of the second and final step for £5,082,911.

STATE TAXES.

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

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

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

No. 1 Taxation.	1957-58.	1958-59.	1959-60.	1960-61.
	£	£	£	£
Direct	18,091,504	17,750,209	21,020,961	24,670,615
Stamps Acts	7,440,356	9,614,800	13,780,837	14,039,215
Registrations, &c	142,635	154,390	157,053	143,111
Licences	2,853,017	2,988,314	3,034,999	3,291,428
Total Taxation ..	28,527,512	30,507,713	37,993,850	42,144,369

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

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

—	1957-58.	1958-59.	1959-60.	1960-61.
	£	£	£	£
Probate Duty	8,065,270	7,838,504	9,412,898	11,530,879
Land Tax	4,606,928	4,661,300	5,854,092	6,706,494
Entertainments Tax	1,749,298	1,629,469	1,412,206	1,335,540

Probate Duty for 1960-61 amounting to £11,382,194 was collected by the Commissioner of Probate Duties and £148,685 by the Public Trustee.

The aggregate value of new estates assessed increased from £80 million in 1959-60 to £89.7 million in 1960-61.

Another factor which contributed to the substantial rise in revenue from probate duty for 1960-61 was the operation, over a full year, of the provisions of the *Administration and Probate (Amendment) Act 1958*, No. 6478. That Act made the estates of persons who died on or after 1st December, 1958, dutiable at higher rates, except in any instance where the final balance of the estate passes to the widow, widower, children under the age of 21 years, wholly dependent adult children or wholly dependent widowed mother of the deceased.

Land Tax.—The revision of land values throughout the State continued to be the main factor contributing to the upward trend in the collections from this source.

Entertainments Tax.—The *Entertainments Tax (Amendment) Act 1960*, No. 6730, proclaimed to operate from 16th January, 1961, established a system of tax rebates. Such rebates are granted to the proprietors of the following classes of entertainment:—

- (i) entertainments consisting solely or principally of the exhibition of cinematograph films; and
- (ii) entertainments conducted by certain non-profit making bodies.

Any such proprietor is relieved of all liability for payment of tax where such tax does not exceed £20 and is in respect of entertainments held at one place during any week. On the other hand, where, in the same circumstances, the tax imposed is an amount greater than £20 but not in excess of £100, the rebate allowable is calculated in accordance with a formula and ranges downwards from £19 19s. to nil. Rebates for the period 16th January, 1961, to 30th June, 1961, aggregated £43,456. Of this sum, £42,748 was granted to exhibitors of cinematograph films.

It should be noted that the rebates allowed are, in effect, subsidies to the proprietors of the particular entertainments, inasmuch as the patrons of such entertainments are expressly precluded from obtaining refunds of any part of their respective admission charges.

The amending legislation also extended special treatment to “live artist entertainments” in that entertainments of this nature were accorded reductions in tax rates ranging from 1d. to 1s.

Undoubtedly, the tax rebates granted and the rate variations accorded under the *Entertainments Tax (Amendment) Act 1960*, together with a full year's effect of the *Entertainments Tax (Reduction) Act 1959*, operative from 9th November, 1959, contributed in a large measure to the continuation of the downward trend in collections from Entertainments Tax.

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

	1957-58.	1958-59.	1959-60.	1960-61.
	£	£	£	£
Duty Stamps	5,758,105	7,317,498	9,925,177	9,859,923
Insurance Licences	392,524	1,042,622	2,419,064	2,611,222
Betting Tax	1,186,513	1,153,998	1,320,890	1,453,372
Betting Tickets	103,215	100,682	115,706	114,699
Bookmakers' Licences	38,851	37,754	37,443	37,159
Total	7,479,208	9,652,554	13,818,280	14,076,375

Revenue from “Duty Stamps” for the year under review was affected materially by the impact of the change in national credit policy of the Commonwealth late in the first half of the year. This was noticeable in that, during the first half of the year, duty on hire-purchase and real estate transactions exceeded that for the corresponding period of the previous year by £79,000 and £512,000 respectively, whereas, for the second half of the year, such duty was less than that collected in the same period in 1959-60 by £333,000 and £402,000 respectively.

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

	1957-58.	1958-59.	1959-60.	1960-61.
	£	£	£	£
Fees, Titles Office	594,991	644,458	730,637	718,117
„ Registrar-General and Registrar of Companies..	240,097	258,568	334,574	536,947*
Total	835,088	903,026	1,065,211	1,255,064

* Excluding £16,896, cash in transit to Treasury on 30th June, 1961.

The upward trend noticeable in recent years in revenue from Titles Office fees continued until the end of January, 1961. Thereafter, as a result of the change in national credit policy, revenue from this source failed to reach that collected in the comparable period of the previous year.

Increases in fees under the *Companies Act 1958* were authorized as from 1st July, 1960, and the effect of these increases is reflected in the substantial rise in the revenue brought to account in the Companies Office.

Motor Car Third-party Insurance.—Pursuant to the provisions of the *Motor Car (Insurance Surcharge) Act 1959*, an additional fee of £1 was required to be paid with each premium payable in respect of any contract of third-party insurance effected or renewed after the 16th November, 1959, and before the 1st December, 1960. The *Motor Car (Insurance Surcharge Continuance) Act 1960* extended to 1st December, 1961, the period of imposition of the surcharge. Revenue under this head was £881,577 as compared with £489,814 in the previous year.

Tattersall Duty.—The trustees of the will and estate of the late George Adams promote and conduct sweepstakes in Victoria under a licence granted in accordance with the provisions of the *Tattersall Consultations Act 1958*.

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

	5s. Units.	10s. Units.	£1 Units.	£2 Units.	£5 Units.	Subscriptions.
						£
1954-55	142	3	6	..	..	8,313,391
1955-56	149	10	7	..	..	8,850,000
1956-57	148	7	3	..	2	9,250,000
1957-58	152	9	7	..	..	8,950,000
1958-59	148	7	6	..	..	8,750,000
1959-60	158	10	5	..	..	9,300,000
1960-61	163	7	7	1	..	10,400,000
	1,060	53	41	1	2	63,813,391

In 1960-61, one of the 10s. and two of the £1 consultations were for 100,000 units only. Each of the remaining consultations consisted of 200,000 units.

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Duty payable	2,805,471	2,981,446	3,333,564
Less amounts due for consultations drawn but payable in July of succeeding year	34,408	49,002	125,405
	2,771,063	2,932,444	3,208,159
Plus amounts paid and exchange credited in July on account of previous year	89,669	46,244	61,862
	2,860,732	2,978,688	3,270,021
Less exchange on balance held in New Zealand as at 30th June	11,836	12,859	13,319
Amount of duty shown in Treasurer's accounts	2,848,896	2,965,829	3,256,702

During the year, an agreement was entered into with the Government of Tasmania whereby the promoters of Tattersall Consultations in Victoria were in effect granted the exclusive right to sell lottery tickets in Tasmania. This permission was given subject to the Government of Victoria undertaking to pay to the Government of Tasmania an amount equal to 15½ per centum of the total amount of subscriptions received by accredited representatives in Tasmania. The agreement is to operate for a period of ten years from 5th October, 1960, and may be extended by mutual consent for periods not exceeding ten years.

Payments to the Government of Tasmania during the year amounted to £42,438. As indicated in the Treasurer's Statement in respect of Division No. 41-3-89, Parliamentary sanction for payment of this sum will be sought in the Supplementary Estimates for the year.

The Tasmanian share of duty for consultations drawn late in May and in June, 1961, amounted to £7,003. This amount, together with the relevant duty for July and August, was paid in conformity with the terms of the agreement to the Tasmanian Government in September.

A somewhat similar agreement has, since 1954, existed with the Government of New Zealand. With respect to the subscriptions in that country, exchange on the balance held in the Government of Victoria Public Account in Wellington as at the end of each financial year is brought to account by the Treasurer early in the succeeding year when the quarterly payment is made to the Government of New Zealand in accordance with the terms of the agreement. As at the 30th June, 1961, the balance in this account was £48,801 (N.Z. currency).*

Payments to the Government of New Zealand during the year, on the basis of 15½ per centum of New Zealand subscriptions, totalled £283,412, as compared with £251,467 in 1959-60.

* Excludes cash in transit, &c.

As at the 30th June, 1961, an amount of £69,486, equivalent to £56,167 (N.Z.), was due to the Government of New Zealand. This sum represented the balance at credit in New Zealand as at that date and the respective sums on account of five consultations drawn immediately prior to the close of the year.

The shares of the Victorian, New Zealand and Tasmanian Governments of the duty from consultations drawn from 1st July, 1954, to 30th June, 1961, were, respectively, £18,865,189, £1,500,307 and £49,441.

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

Unpaid prizes for consultations drawn during 1954-55, 1955-56, 1956-57 and 1957-58 totalled £33,141. In accordance with the Regulations under the Act, this amount, less certain expenses incurred by the promoter in searching for the persons concerned, has been paid to the Treasurer to place to the credit of the Unclaimed Moneys Fund.

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

Totalizator.—Part V. of the *Racing Act* 1958 provides for the establishment and use of totalizators at horse-races, including trotting meetings, and at dog-races. These provisions were extended, as from 20th July, 1960, by the *Racing (Totalizators Extension) Act* 1960 to allow of off-course betting on racecourse totalizators. Actually, the scheme came into operation at the race-meeting held on 11th March, 1961.

The legislation mentioned above directs, *inter alia*, that a commission of 12 per centum shall be deducted from all totalizator investments and that, in each instance, the resulting sum shall be divided in the manner outlined below:—

(1) On-course betting—

- (i) at metropolitan meetings, in respect of the double and quinella totalizators, one-third is payable to Consolidated Revenue and two-thirds to the club concerned and, in respect of the win and place totalizators, seven-twelfths is due to Consolidated Revenue and five-twelfths to the club; and
- (ii) at country meetings, in respect of all types of totalizator, one-sixth is payable to Consolidated Revenue and five-sixths to the club concerned.

(2) Off-course betting—There is payable—

- (i) three-twelfths* to Consolidated Revenue;
- (ii) one-twelfth to a Treasury Trust Account (Totalizator Agency Board Trust Account) for application by the Treasurer of Victoria for or towards recouping racing clubs for expenses associated with the establishment of the Totalizator Agency Board and the financing of its operations until such time as he (the Treasurer) certifies by notice published in the *Government Gazette* that the payment is no longer necessary; and
- (iii) the balance—two-thirds—to the Totalizator Agency Board to be expended in terms of the Act.

* NOTE:—After publication of the notice referred to in paragraph (2) (ii), the payment to Consolidated Revenue is increased from three-twelfths to four-twelfths.

A summary of receipts by the Treasury on account of the Consolidated Revenue is as follows:—

	1959-60.					1960-61.				
	Horse-races.		Dog-races.		Total.	Horse-races.		Dog-races.		Total.
	£	£	£	£	£	£	£	£	£	
Percentage—										
Win and Place—										
Metropolitan—										
On-course ..	513,857		17,602			510,108		17,723		
Off-course ..	..		..			27,137		..		
Country—										
On-course ..	11,112		424			10,019		484		
Off-course ..	..		..			5,363		..		
Doubles and Quinella—										
Metropolitan—										
On-course ..	174,302		21,169			183,488		23,573		
Off-course ..	..		..			2,340		..		
Country—										
On-course ..	7,135		454			8,352		544		
Off-course ..	..		..			..		..
		706,406		39,649	746,055		746,807		42,324	789,131
Fractions—										
Win and Place—										
Metropolitan ..	96,066		2,157			108,205		4,642		
Country ..	5,707		163			9,537		360		
Doubles and Quinella—										
Metropolitan ..	7,152		1,282			10,160		3,053		
Country ..	486		48			2,155		107		
		109,411		3,650	113,061		130,057		8,162	138,219
Dividends Unclaimed— transferred to Con- solidated Revenue ..	..	..	..	..	25,319	..	..	..	..	29,457
					884,435					*956,807

* On-course, £921,967 ; off-course, £34,840.

The credit to Consolidated Revenue as shown above is specially appropriated to the Hospitals and Charities Fund which is required to repay to Revenue the cost of administration of totalizator inspection, &c.

In addition to the afore-mentioned credits, an amount of £11,613 was credited to the Totalizator Agency Board Trust Account for distribution to racing clubs in the terms of the *Racing (Totalizator Extension) Act 1958*. Further reference to this Account is made under the heading of Trust Funds later in this Report.

Licensing Fund Payment.—The revenue of the Licensing Fund consists mainly of fees charged to licensed victuallers (£2,483,199), spirit merchants and grocers (£492,838), and clubs (£146,518).

As directed by the *Licensing Act 1958*, the surplus of receipts over payments for 1960-61 was transferred to Consolidated Revenue.

A comparative statement of receipts and payments of the Licensing Fund for the period 1st July, 1958 to 30th June, 1961, is given hereunder:—

	1958-59.	1959-60.	1960-61.
	£	£	£
Balance 1st July..	330,750	330,736	330,736
<i>Receipts—</i>			
Licences and Club Certificates	2,871,211	2,954,672	3,176,677
Permits—Extended Hours ..	29,617	31,668	33,885
Fees and Fines ..	22,714	23,883	29,454
Interest on Investments ..	10,052	10,052	10,052
Miscellaneous ..	7,524	8,551	8,737
<i>Total Receipts for the Year</i>	2,941,118	3,028,826	3,258,805

	1958-59.	1959-60.	1960-61.
	£	£	£
<i>Payments—</i>			
Salaries and other administrative Expenses	58,304 ..	87,103* ..	70,237
Cost of policing Act	49,759 ..	53,127 ..	57,720
Payments to Municipalities	57,512 ..	57,152 ..	56,836
Payment to Police Super-annuation Fund	23,000 ..	23,000 ..	23,000
Compensation	12,989 ..	8,240 ..	14,530
Liquor Referendum	16 ..	.. ..	..
<i>Total Payments for the Year</i>	<u>201,580</u> ..	<u>228,622</u> ..	<u>222,323</u>
<i>Transfer to Consolidated Revenue</i>	<u>2,739,552</u> ..	<u>2,800,204</u> ..	<u>3,036,482</u>
Balance 30th June	<u>330,736</u> ..	<u>330,736</u> ..	<u>330,736</u>
Percentage of <i>Revenue Transfer</i> to total receipts	93.1 ..	92.4 ..	93.2

* Includes non-recurring Court accommodation costs of £19,492.

The following statement shows the variations of Revenue Receipts from the Budget Estimate in 1960-61.

	Budget Estimate.	Revenue.	Excess + Deficiency—
	£	£	£
<i>State Taxes—</i>			
Probate Duty	9,850,000	11,530,879	1,680,879+
Land Tax	6,600,000	6,706,494	106,494+
Entertainments Tax	1,160,000	1,335,540	175,540+
Income Tax (Arrears) .. .. .	..	2,599	2,599+
Unemployment Relief Tax (Arrears) .. .. .	..	18	18+
Motor Car Third-party Insurance	850,000	881,577	31,577+
Totalizator	900,000	956,807	56,807+
Tattersall Duty	3,000,000	3,256,702	256,702+
Betting and Bookmakers' Turnover Tax	1,517,200	1,568,071	50,871+
Duty on Insurance Business	2,570,000	2,611,222	41,222+
Stamp Duty	10,560,000	9,859,923	700,077—
Registration Fees—Tobacco, &c.	162,500	143,111	19,389—
Licensing Fund Payment	2,850,000	3,036,482	186,482+
Auctioneers' and other Licences	237,800	254,944	17,144+
Interest	10,357,690	10,344,084	13,606—
Territorial	3,215,600	2,853,445	362,155—
Railways, Water and other State Works	46,856,550	48,655,485	1,798,935+
Ports and Harbors	598,000	681,984	83,984+
Fines	475,000	540,435	65,435+
Fees—Titles Office and Registrar-General, &c.	1,662,600	1,625,723	36,877—
Departmental	5,010,000	4,724,259	285,741—
Repayment of Revenue Advances	10,000	163,824	153,824+
Housing Agreement	1,058,400	1,058,686	286+
Recoup Sinking Fund Contributions	302,280	301,472	808—
Recoup Exchange, &c.	112,100	122,628	10,528+
Appropriation of Surplus of the Year 1959-60	313,496	313,538	42+
Other Receipts	2,305,690	2,072,970	232,720—
Commonwealth Financial Agreement	2,127,159	2,127,159	..
Commonwealth States Grants Act 1959	66,804,000	67,371,342	567,342+
	<u>181,466,065</u>	<u>185,101,403</u>	<u>3,635,338+</u>

EXPENDITURE.

The expenditure charged against Income was more than the outlay for 1959-60 by the amount of £16,934,751. A comparison of the figures for the two years under the separate divisions of votes and special appropriations is given in the following statement:—

Votes—	1959-60.	1960-61.	Increase.
	£	£	£
Education	32,751,197	36,921,516	4,170,319
Treasurer	5,296,141	8,637,222	3,341,081
Railways	37,469,810	40,306,260	2,836,450
Health	18,615,966	19,593,456	977,490
Chief Secretary	11,277,609	11,835,192	557,583
Public Works	3,380,634	3,700,142	319,508
Attorney-General	2,167,113	2,385,296	218,183
Agriculture	2,222,298	2,414,755	192,457
Water Supply	3,921,700	4,083,029	161,329
Forests	1,129,617	1,234,737	105,120
Lands	1,497,131	1,594,356	97,225
Coal Mine	592,194	621,685	29,491
Other	1,774,192	1,878,464	104,272
Total Votes	122,095,602	135,206,110	13,110,508
<i>Special Appropriations—</i>			
Interest including Exchange*	28,286,663	30,662,205	2,375,542
National Debt Sinking Fund	5,300,456	5,749,064	448,608
Pensions	4,404,481	4,751,153	346,672
Charities and Mental Funds (Tattersall)	2,965,829	3,256,702	290,873
Endowments and Grants	1,182,993	1,368,961	185,968
Charities Fund (Totalizator)	884,435	956,807	72,372
Other	2,876,351	2,980,570	104,219
Total Special Appropriations	45,901,208	49,725,462	3,824,254
<i>Total Expenditure from Revenue</i>	<i>167,996,810</i>	<i>184,931,572†</i>	<i>16,934,762</i>

* Additional Interest voted in 1959-60, £11,165, and in 1960-61 £21,995.

† Includes £4,644,462 charged to Treasurer's Advance pending Parliamentary authority.

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

A major expenditure group, which comprises endowments and subsidies, contributions to various funds and bodies and grants for health, education and other social services, is provided partly from special appropriations and partly from departmental votes. For the purposes of this Report, expenditure falling within this group and pertaining to Health, Education and Forests is dealt with under related headings. Details of the remainder are given in Appendices C1-2.

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

Votes—	Appropriations.			Expenditure under Parliamentary Authority.	Unexpended.	Expenditure from Treasurer's Advance.	Expenditure for the Year.
	Annual.	Supplementary.	Total.				
	£	£	£	£	£	£	£
Parliament	179,013	1,806	180,819	175,549	5,270	10,668	186,217
Premier	856,069	2,870	858,939	833,356	25,583	2,683	836,039
Chief Secretary	11,803,451	71,889	11,875,340	11,745,372	129,968	89,821	11,835,193
Labour and Industry	328,009	..	328,009	300,536	27,473	..	300,536
Education	36,926,369	94,561	37,020,930	36,827,230	193,700	94,286	36,921,516
Attorney-General	2,447,503	5,700	2,453,203	2,356,934	96,269	28,362	2,385,296
Treasurer	6,124,495	109,464	6,233,959	6,137,945	96,014	2,499,277	8,637,222
Lands and Survey	1,633,420	2,790	1,636,210	1,591,859	44,351	2,497	1,594,356
Public Works	3,726,978	20,956	3,747,934	3,661,993	85,941	38,149	3,700,142
Local Government	93,542	770	94,312	87,704	6,608	239	87,943
Mines	425,301	52,044	477,345	458,191	19,154	..	458,191
Forests	1,239,965	..	1,239,965	1,220,591	19,374	14,146	1,234,737
Water Supply	4,138,100	9,910	4,148,010	4,057,836	90,174	25,193	4,083,029
Agriculture	2,460,887	8,605	2,469,492	2,405,173	64,319	9,583	2,414,756
Health	19,714,058	66,350	19,780,408	19,533,770	246,638	59,685	19,593,455
Railways	38,786,387	948	38,787,335	38,536,387	250,948	1,769,873	40,306,260
State Coal Mine	622,162	4,619	626,781	621,685	5,096	..	621,685
Transport	9,540	145	9,685	9,537	148	..	9,537
	131,515,249	453,427	131,968,676	130,561,648	1,407,028	4,644,462	135,206,110
<i>Special Appropriations</i>	<i>..</i>	<i>..</i>	<i>49,725,462</i>	<i>49,725,462</i>	<i>..</i>	<i>..</i>	<i>49,725,462</i>
	131,515,249	453,427	181,694,138	180,287,110	1,407,028	4,644,462	184,931,572

Further reference to this synopsis is made under the heading of Treasurer's Advance.

LOAN FUND.

The State incurred additional loan liability of £45,900,541 on account of moneys raised for works and associated purposes during the year, compared with £45,284,620 in the previous year—an increase of £615,921. The sources of the funds were—three public loans and one special loan in Australia, one in New York, one in Canada, one in Switzerland, and the proceeds of the sale of Special Bonds.

After adjustments in respect of Treasurer's Advance and provision for flotation expenses and discounts had been made, the proceeds of these loans, together with the balance brought forward and moneys from the repayments of advances, allowed the implementation of a programme of works costing £51,704,981.

The unexpended balance of the Loan Fund at 30th June was £925,511.

These transactions may be summarized as follows:—

Liability—	£
Australian Loans	43,247,870
New York Loan	1,090,106
Canadian Loan	872,085
Swiss Loan	504,453
Domestic Raisings	186,027
	45,900,541
	£
Premium on Exchange—New York Loan ..	1,243,963
Canadian	1,029,306
Swiss	813,429
	3,086,698
	48,987,239
<i>Less—</i>	
Discounts capitalized	182,240
Expenses of Flotation	347,292
Treasurer's Advance repaid	502,541
	1,032,073
	47,955,166
Balance forward 1st July, 1960	1,266,181
Repayments	3,116,682
Treasurer's Advance 30th June, 1961	292,463
	52,630,492
Total loan cash available	52,630,492
Balance in hand 30th June, 1961	925,511
	51,704,981
Expenditure	51,704,981

The above statement takes no account of £10,660,000 advanced by the Commonwealth Government under the Commonwealth–State Housing Agreement. The total amount now owing to the Commonwealth on advances for housing purposes is £128,660,447. There is also a liability to the Commonwealth of £7,045,520 on account of special assistance loans for Soldier Settlement. In consideration of the debt position of the State, cognisance must be taken of these liabilities, although they do not form part of the public debt statements included in the Treasurer's Finance Statement.

Details of the terms and conditions in respect of the Victorian proportion of the raisings for works and associated purposes by way of public issues and the sale of Special Bonds are as follows:—

Loan.	4½ Per Cent.	4¼ Per Cent.	4½ Per Cent.	5 Per Cent.	5½ Per Cent.	5¾ Per Cent.	5½ Per Cent.	Special Bonds.	Price of issue.	Date of Maturity.
	£	£	£	£	£	£	£	£	£ s. d.	
No. 124	3,181,000	..	1,732,000	..	..	..	..	..	Par	15.5.62
	3,424,000	..	..	..	..	98 15 0	15.9.69
	5,984,000	..	..	..	Par	15.10.82
No. 126	934,000	..	..	..	99 10 0	15.4.63
	1,919,000	..	..	98 15 0	15.8.70
	Par	15.2.81
No. 127	*6,828,000	..	..	..	99 12 6	15.4.63
	336,000	..	..	..	98 15 0	15.8.70
	2,133,000	..	..	Par	15.2.81
No. 129	9,015,200	..	..	..	99 12 6	15.4.63
	1,640,000	..	..	..	98 15 0	15.8.70
	4,151,250	..	..	Par	15.2.81
Series "C"	448,000	Par	1.6.67
Series "D"	1,228,680	Par	1.1.68
Series "E"	293,740	Par	1.6.68
New York	1,090,106	..	..	..	98 0 0	1.10.80
Canada	872,085	..	98 10 0	15.4.81
Switzerland	..	504,453	..	..	..	..	..	..	Par	15.4.76
	3,181,000	504,453	1,732,000	3,424,000	25,827,306	8,203,250	872,085	1,970,420	..	..

* Excludes £700,000 (proceeds £697,375) applied to redemption of 4 per cent. securities maturing 15th May, 1961 and not converted by holders.

Expenses associated with the raising of loans for works purposes were met from the Loan Fund, a total amount of £347,292 being so charged during the year. Of this sum £267,902 was in respect of loans raised in the year, and £79,390 related to loans raised in 1959-60. The expenses of Loans Nos. 127 and 129 and of Special Bonds Series "E" raised in the latter part of the year, are not yet known, and will be met in the current year.

Particulars of public loans raised to meet the conversion of securities which matured in 1960-61 are:—

Securities Dealt With.	Redeemed by Sinking Fund (a) and Loan Proceeds (b)	Converted to—								Price of Issue	Date of Maturity.
		4½ Per Cent.	4¼ Per Cent.	5 Per Cent.	5½ Per Cent.	5¾ Per Cent.	6 Per Cent.	Special Bonds.			
Rate and Maturity.	Amount.	£	£	£	£	£	£	£	£	£ s. d.	
3½ per cent., 15.9.60	7,452,530	2,465,530 (a)	1,200,000	1,891,000	1,509,000	..	..	..	..	Par	15.5.62
	..	..	..	..	..	..	..	..	..	98 15 0	15.9.69
	..	..	..	..	..	..	..	..	387,000	Par	15.10.82
	..	..	..	..	..	..	..	..	..	Par	Series "D"
	..	..	..	..	..	..	..	..	..	Par	1.1.68
3½ per cent., 15.10.60	6,882,440	440 (a)	1,084,000	1,816,000	3,609,000	..	..	..	..	98 15 0	15.5.62
	..	..	..	..	..	..	..	..	..	98 15 0	15.9.69
	..	..	..	..	..	..	..	..	373,000	Par	15.10.82
	..	..	..	..	..	..	..	..	..	Par	Series "D"
	..	..	..	..	..	..	..	..	..	Par	1.1.68
4 per cent., 15.5.61	44,038,000	3,226,625 (a) 697,375 (b)	..	..	..	20,898,000 6,686,000	..	..	..	99 12 6	15.4.63
	..	..	..	..	..	..	..	..	..	98 15 0	15.8.70
	..	..	..	..	..	..	12,302,000	..	..	Par	15.2.81
	..	..	..	..	..	..	..	..	228,000	Par	Series "E"
	..	..	..	..	..	..	..	..	..	Par	1.6.68
3½ per cent., 1.6.61	637,575	17,575 (a)	..	..	..	..	..	310,000	..	97 10 0	1.12.75
	..	..	..	..	..	..	..	310,000	..	97 10 0	1.12.81-83
	59,010,545	5,710,170 (a) 697,375 (b)	2,284,000	3,707,000	5,118,000	27,584,000	12,302,000	620,000	988,000	..	..

Funds for the redemption of Special Bonds on request by the holders were provided from the proceeds of Special Bonds of later issues. Details are:—

Series.	Redeemed.		Funds provided by—		
	Maturing.	Amount.	Series "C" 1.6.1967.	Series "D" 1.1.1968.	Series "E" 1.6.1968.
		£	£	£	£
A	1.1.1966	380,670	134,730	162,760	83,180
B	1.10.1966	474,160	158,180	191,420	124,560
C	1.6.1967	284,170	..	153,170	131,000
	—	1,139,000	292,910	507,350	338,740

The conversion bonus of £46,338 in respect of securities which were converted on 15th September, and 15th October, 1960, was met from the Loan Fund. Payment of £161,942 is still to be made in relation to the conversion of 15th May, 1961.

Public Debt and Debt Charges.—The Public Debt statement discloses that the Public Debt increased during the year by £38,886,562 and that the total amount of the indebtedness at 30th June, 1961, amounted to £633,008,578. Of this total, £583,055,124 represented internal and £49,953,454 external borrowing. The repayment of the external debt will entail the use of sterling or dollars as the case may be.

After deducting cash at credit of the National Debt Sinking Fund from the amount of the Public Debt, the State's capital liability to the Commonwealth was £632,795,013. This sum was accounted for in the Treasurer's Statements as follows:—

Total liability apportioned as between the various services of the State on account of expenditure from Loan Fund	£	716,942,420	£	
Less—On account of equity in National Debt Sinking Fund		77,018,514		
Net Liability				639,923,906
Plus—Unapportioned—Loan Fund Balance				925,511
				640,849,417
<i>Deduct—Exchange premium—</i>				
London		785,813		
New York		5,425,855		
Canada		1,029,306		
Switzerland		813,430		
				8,054,404
State's capital liability to the Commonwealth as above				632,795,013

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

	£		£	
Interest—On Funded Debt		25,290,445		
Loan Management and Expenses of Paying Interest		110,315		
Exchange on Overseas Interest		809,164		
Total Interest (excluding interest on Commonwealth advances for Housing and Soldier Settlement and interest paid on Deposits)				26,209,924
Sinking Fund—State's contributions to National Debt Sinking Fund—for details see section on the National Debt Sinking Fund				5,749,064
Total Debt Charges				31,958,988
The comparable figure for the previous year was				29,571,724

Loan Expenditure.—The net loan expenditure in the year 1960–61 according to Treasury records was £51,704,981, compared with £52,036,730 for 1959–60 and £47,421,471 for 1958–59. The details are summarized below:—

	1958–59.	1959–60.	1960–61.
	£	£	£
Railways	7,432,234	7,814,405	7,563,610
Water Supply	7,902,813	7,193,562	8,094,984
Forests	637,061	661,862	763,718
Country Roads	75,000	160,000	283,000
King-street Bridge	1,148,263	1,014,046	1,029,722
Electricity Commission	3,500,000	6,500,000	6,750,000
Gas and Fuel Corporation	110,000	90,000	80,000
Portland Harbor Trust	250,000	250,000	250,000
Advances—Sundry	105,700	299,568	388,016
Carried forward	21,161,071	23,983,443	25,203,050

	1958-59.	1959-60.	1960-61.
	£	£	£
Brought forward ..	21,161,071	23,983,443	25,203,050
Country Sewerage ..	446,697	625,285	470,439
Hospitals ..	4,825,000	4,536,000	4,590,669
Mental Hospitals ..	1,118,728	1,042,793	1,211,831
Municipal Subsidies ..	369,355	489,556	510,183
Police Buildings ..	370,405	404,155	366,218
Rural Finance Corporation ..	550,000	150,000	534,200
Sanatoria, &c. ..	80,558	47,468	41,870
School Buildings ..	8,025,080	10,205,716	10,731,208
Soldier Settlement ..	3,645,701	633,912	702,782
Land Settlement ..	..	2,803,344	1,092,211
Slum Reclamation ..	517,500	610,000	536,051
Universities—			
Melbourne ..	320,000	296,300	325,000
Monash ..	133,485	432,050	1,195,000
Other Public Works ..	2,857,891	3,230,708	4,194,269
In Aid of Revenue ..	3,000,000	2,546,000	..
Total within Financial Agreement ..	47,421,471	52,036,730	51,704,981
Commonwealth-State Housing Agreement*	10,660,000	10,660,000	10,660,000
Commonwealth-State Soldier Settlement*	999,995	1,000,000	..
	59,081,466	63,696,730	62,364,981

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

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

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

	£	£
Balance at 1st July, 1960 ..	..	186,261
Contributions 1960-61—		
<i>Commonwealth—</i>		
2s. 6d. per centum per annum on debt prior to 30th June, 1927 ..	170,436	
5s. per centum per annum on new debt since 1927 ..	1,276,198	
		1,446,634
<i>State—</i>		
5s. per centum per annum on debt prior to 1927 ..	340,872	
5s. per centum per annum on new debt since 1927 ..	1,227,279	
£4 per centum per annum on deficit loans ..	778,161	
15s. per centum per annum on deficit loans ..	29,963	
15s. per centum per annum on water supply replacements and imported coal and materials ..	41,203	
£1 15s. per centum per annum on drought relief and deferred maintenance of railways and schools ..	162,850	
£2 per centum per annum on tourist resorts development ..	4,713	
Various, on discount and expenses overseas loans ..	52,764	
£4 10s. per centum per annum on cancelled securities ..	3,111,259	
		5,749,064
Interest ..	..	12,883
		7,394,842
Securities repurchased and redeemed, £7,108,177 at a cost of ..	7,161,843	
Discount on London Loan ..	19,433	
		7,181,276
Balance of cash in Sinking Fund at 30th June, 1961 ..	..	213,566

The total amount of securities repurchased or redeemed and cancelled on account of this State since the inception of the scheme is now £76,789,448 at a cost, including exchange on overseas purchases, of £79,461,788.

TREASURER'S ADVANCE.

The *Public Account Act* 1958 authorizes the temporary issue and application from the Public Account of any sum or sums (not exceeding in all Three million pounds) required to be provided for advances to the Treasurer to enable him to meet urgent claims that may arise before Parliamentary sanction therefor is obtained.

Any such advance must be repaid to the Public Account upon the necessary sanction being signified. Further, all expenditure met and paid out of moneys so advanced is required to be included in the expenditure of the financial year in respect of which the advance was made, provided that, if in the opinion of the Treasurer, it is necessary or expedient to carry forward any portion of such expenditure to the next succeeding year, the Treasurer is required to furnish the Auditor-General with a statement of the reasons therefor and a copy of this statement is to be annexed to the Auditor-General's annual report.

As stated in the "Review" earlier in this report, the total expenditure charged to Treasurer's Advance, as at 30th June, 1961, was £4,936,925, or £1,936,925 in excess of the maximum charge allowed.

Included in such total charge of £4,936,925 are sums amounting to £292,463, which the Treasurer has carried forward to 1961-62. In conformity with the statutory requirement outlined above, the Treasurer has furnished me with his reasons therefor and, in discharge of my statutory responsibility, these are embodied in Appendix "A" to this report.

The remaining portion of the charge to Treasurer's Advance, amounting to £4,644,462, is the sum pending the passing of the Supplementary Estimates for the year. Included in this portion are:—

	£
(i) those items to which I have referred in the "Review", viz.—	
The advance of £600,000 to the State Superannuation Board, the payment of £100,000 to the Monash University, and allocations amounting to £2,545,347, to Special Accounts in the Treasury; a total of	3,245,347
(ii) other new items as hereunder—	
Payment to Tasmanian Government in respect of Tasmanian subscriptions to Tattersalls	42,438
Contribution to National Heart Campaign	25,000
Other contributions and grants	16,900
and	
(iii) items in respect of which the passing of the Supplementary Estimates will augment the original and interim supplementary estimates, those of substantial amount in this category being as follows—	
Chief Secretary—	
Penal and Gaols—Stores, provisions, equipment, &c.	14,969
Police—Salaries and Allowances	23,014
Education—Salaries and Allowances	71,668
Attorney-General—Professional Assistance	12,742
University of Melbourne—Addition to Grant	25,000
Treasury—Pay-roll Tax	56,502
Public Works Department—Travelling and Subsistence	13,343
Holiday and sick pay, &c.— employees engaged on construction works	16,559
Water Supply—Subsidies to Sewerage Authorities	15,625
Health—Expenditure in connexion with infectious diseases	23,991
Mental Hygiene—Stores, provisions, clothing, &c.	13,020
Railways—Working Expenses (various)	849,526

Examination of the figures in the synopsis at the foot of page 22 of this report may have given rise to the mental question as to why, when there was unexpended authority for expenditure of £1,407,028, it was necessary to expend from Treasurer's Advance on account of Consolidated Revenue sums amounting to £4,644,462. The reasons for this apparent paradox are explained hereunder :—

- (1) The new items to be included in the Supplementary Estimates have no relationship to the existing appropriations ; in this connexion, it will be seen that the new items, alone, listed in the summary, add to £3,329,685.
- (2) Expenditure was classified in greater detail than in former years. Necessarily, the Estimates in relation thereto were prepared without the benefit of previous experience on such a detailed basis. This resulted in expenditure under many items being lower than the existing provisions, and the expenditure under other items being in excess of the related appropriations. This gave rise to the necessity to provide additional appropriations per medium of the final Supplementary Estimates for the year.

In relation to those items in the second category, it would have been possible for the Treasurer to have taken action pursuant to the provisions of sub-section (1) of Section 25 of the *Audit Act* 1958. This sub-section reads as follows :—

“ If in the opinion of the Treasurer it is necessary to alter the proportions assigned to the particular items comprised under any subdivision in the annual supplies, it shall be lawful for the Governor in Council by Order to direct that there shall be applied in aid of any item that is deficient a further limited sum out of any surplus arising on other items under the same subdivision, unless such subdivision is expressly stated to be inalterable.”

Actually, action along the above lines was taken in many instances and, in accordance with sub-section (2) of Section 47 of the *Audit Act* 1958, these are listed in Appendix “ B ” to this report. Although the transfers under the authority cited were more numerous than in former years, it was apparently not considered appropriate to take similar action in all instances, thus contributing to the situation as indicated in the synopsis.

AGRICULTURE DEPARTMENT.

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

The expenditure (excluding that of the Victoria Dock Cool Stores) of the Department from revenue for the year was £2,458,012, against which there were departmental receipts of £394,029, resulting in a net cost to the State of £2,063,983 as compared with £1,893,366 for the previous year. Details of expenditure and receipts for the two years are:—

<i>Expenditure.</i>						1959-60.	1960-61
Vote—						£	£
Department of Agriculture	..	..	..	..	..	2,222,298	2,414,755
Treasurer—Accident Insurance	..	..	..	..	..	16,099	17,382
Treasurer—Pay-roll Tax	..	..	..	..	..	37,702	44,391
Treasurer—Unforeseen	..	..	..	..	..	25	122
Public Works	..	..	..	..	..	41,383	48,257
Special Appropriations	..	..	..	..	..	55,727	56,229
						<hr/>	<hr/>
						2,373,234	2,581,136
<i>Less</i> Business undertaking—Victoria Dock Cool Stores	..	..	..	..	..	122,462	123,124
						<hr/>	<hr/>
						2,250,772	2,458,012
						<hr/>	<hr/>
<i>Receipts.</i>							
Departmental	..	..	..	..	..	506,370	565,880
<i>Less</i> Victoria Dock Cool Stores	..	..	..	..	..	190,466	210,598
						<hr/>	<hr/>
						315,904	355,282
Licences—Dairies, Dairy Farms, Dairy Produce, Factories, &c. (included under heading—Taxation)	..	..	..	..	..	41,502	38,747
						<hr/>	<hr/>
						357,406	394,029
						<hr/>	<hr/>
Net outgoing (excluding interest, sinking fund, and proportion of Government contribution to superannuation)	..	..	..	..	..	1,893,366	2,063,983
						<hr/>	<hr/>

Expenditure from Loan.

Expenditure from loan on the acquisition of properties and on works and buildings at Agricultural and Dairy Colleges, Research Farms and the Victoria Dock Cool Stores, &c., amounted to £487,078.

Agricultural Colleges and Research Farms.

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

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

A comparison with figures for the previous year shows :—

	Total Receipts. £	Total Payments. £	Net Cost. £
1959-60	211,478	814,750	603,272
1960-61	223,773	1,135,265	911,492

Total receipts as stated above were credited as follows :—

	£
Consolidated Revenue	215,254
Trust Fund—Tobacco Research (<i>re</i> Myrtleford)	8,519
	<hr/>
	223,773
	<hr/>

Expenditure, which amounted to £1,135,265, was on account of general maintenance and capital improvements and was provided as shown hereunder :—

	<i>General Maintenance.</i>		<i>Capital Improvements.</i>			<i>Total.</i> £
	£	£	£	£	£	
From Vote	623,320	..	59,895	..	683,215	
Loan	2,340	..	402,822	..	405,162	
Public Account (Act No. 6345) .. .. .	..	..	4,403	..	4,403
Trust Fund—						
Wheat Marketing (<i>re</i> Walpeup)	5,903	..	919	..	6,822	
Victorian Barley Improvement (<i>re</i> Werribee) .. .. .	..	..	385	..	385
Tobacco Research (<i>re</i> Myrtleford)	21,279	..	11,771	..	33,050	
Agricultural Colleges (<i>re</i> Longerenong) .. .. .	..	..	58	..	58
Pastoral Research (<i>re</i> Hamilton)	244	..	1,926	..	2,170	
	<hr/>	27,426	<hr/>	15,059	<hr/>	
Total expenditure for year	653,086	..	482,179	..	1,135,265	
1959-60 expenditure was	590,308	..	224,442	..	814,750	

Capital Improvements comprised :—

	£	£
Properties .. .. .	..	5,029
Buildings .. .. .	..	347,702
Plant and Equipment .. .. .	..	75,761
Furniture, &c. .. .. .	..	6,643
Permanent Improvements—		
Electrical Installation, &c. .. .. .	..	13,546
Fencing .. .. .	..	13,206
Roads .. .. .	..	4,586
Water Reticulation .. .. .	..	15,706
		<hr/>
		47,044
		<hr/>
		482,179
		<hr/>

At Dookie, expenditure on buildings amounted to £299,112. This expenditure was incurred mainly on the new main College building and appurtenant services.

CHIEF SECRETARY'S DEPARTMENT.

The accounts of a number of sub-departments and branches controlled by the Chief Secretary are discussed hereunder. Exceptions are the accounts of the State Accident and State Motor Car Insurance Offices which are discussed later in this report.

Police Department.

Police Services.—The net cost to revenue of these services was £8,040,852. In determining “net cost”, expenditure from special appropriations, from votes for police purposes and, to the extent to which applicable, from the votes of other departments, has been included, and the revenue associated with the service has been deducted. A comparison of expenditure and revenue for the year with corresponding figures for the previous year is:—

	1959-60.	1960-61.
	£	£
<i>Expenditure—</i>		
Salaries and Allowances	5,997,313	6,553,942
Overtime and Penalty Rates	57,576	62,539
Payments in lieu of Long Service Leave	80,491	90,909
Pay-roll Tax	148,747	164,163
Travelling and Subsistence	230,566	239,975
Office Requisites and Equipment, Printing, &c.	104,305	90,996
Postal and Telephone Expenses	146,854	154,999
Motor Vehicles, Purchase and Running Expenses	274,537	274,389
Fuel, Light, Power, and Water	63,660	69,997
Other Expenditure	159,301	188,624
Maintenance, Rent, Erection of Buildings	115,031	114,941
Police Classification Board	2,503	2,691
Workers' Compensation Insurance	46,028	58,140
Pensions and Superannuation	854,696	871,650
	8,281,608	8,937,955
<i>Revenue—</i>		
Police Services	500,076	441,911
Firearms Licences	3,539	3,869
Recoup from Country Roads Board Fund—Cost Motor Registration Branch	441,897	451,323
	945,512	897,103
Net Cost	7,336,096	8,040,852
Further Expenditure from Loan Funds on Police Buildings and Residences	404,155	366,218

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

- (i) The application for the whole of the financial year 1960-61 of the revisions of salaries by the Police Classification Board and by the Public Service Board in February, 1960; and
- (ii) An increase of 97 in the strength of the Police Force over the year.

The decrease in the collections on account of “Police Services” is accounted for, substantially, by an alteration in the basis of recoup of the cost of motor driver licence testing from the Country Roads Board Fund, and the Municipalities Assistance Fund, and by the fact that an account for £25,000 rendered to the Country Roads Board was not paid by the close of the financial year.

Motor Registration Branch.—Functions of the Branch include matters relating to the registration of motor vehicles, issue of motor drivers' licences, and the collection, as agents for authorized insurers, of premiums under third-party policies pursuant to the provisions of the *Motor Car Act 1958*, as amended. In addition, the Branch, as from the 16th November, 1959, has been required to collect surcharges in respect of contracts of third-party insurance.

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

1959-60.		1960-61.		
£		£	£	£
	<i>Country Roads Board Fund—</i>			
9,291,395	Motor Fees and Drivers' Licence Fees	9,427,167		
604,452	Owners' Certificates (two-thirds)	592,302		
				10,019,469
	<i>Level Crossings Fund—</i>			
302,226	Owners' Certificates (one-third)			296,151
	<i>Municipalities Assistance Fund—</i>			
452,324	Motor Drivers' Licence Fees (half)			256,673
	<i>Transport Regulation Fund—</i>			
5,548	Omnibus Registration Fees			5,821
<hr/>				<hr/>
10,655,945	<i>Total Fees under Motor Car Act</i>			10,578,114
	<i>Third-party Insurance—</i>			
4,302,100	Premiums on behalf of and Paid to Approved Insurers			4,558,926
52,122	Motor Car (Hospital Payments) Fund			55,293
364,542	Consolidated Revenue—No. 1 Taxation (Surcharges)			629,424
<hr/>				<hr/>
15,374,709	<i>Total Collections</i>			15,821,757
				<hr/>

As compared with the previous year, fees collected by the Branch under the Motor Car Act decreased by £77,831. The significant decline under this head was in revenue from motor drivers' licence fees. Revenue from this source reached its peak in 1959-60 due to the gradual change-over, which commenced on the 1st April, 1959, in the currency of drivers' licences from one to three years. This change-over was almost completed in 1960-61 and the relevant revenue figure for that year approximates the normal income from this source.

The fees under the Motor Car Act are credited to the various funds indicated above as directed by the said Act and other Acts. Costs of collection are apportioned between the participating funds with the exception that, in respect of amounts credited to the Level Crossings Fund, the relevant costs of collection are borne by the Country Roads Board Fund.

It should be pointed out in relation to the surcharges credited to No. 1 Taxation, the amount of £364,542 collected in 1959-60 was in respect of part of the year only, i.e., from the 16th November, 1959, the date of the commencement of the enabling legislation, to the 30th June, 1960, whereas the revenue of £629,424 from this source in 1960-61 reflected the operation of the legislation for a full year.

Section 6 of the *Motor Car (Amendment) Act 1960*, No. 6628, provided for the issue of a motor cycle learner's licence with a currency of three months at a fee of 10s. This Section was proclaimed to operate as from the 23rd January, 1961, and up to the close of the year 1,136 of these licences had been issued.

Penal Establishments and Gaols.

On a basis similar to that used in connexion with Police Services, excepting that no charge has been included for the government contribution for pensions, the net cost of maintaining penal establishments and gaols was £1,053,949. A comparison of expenditure and revenue for 1960-61 with corresponding figures for the previous year is :—

	1959-60.	1960-61.
	£	£
<i>Expenditure—</i>		
Salaries	513,919	557,456
Payments in lieu of Long Service Leave	9,466	5,863
Pay-roll Tax	14,736	16,049
Overtime and Penalty Rates	88,506	94,001
Travelling and Subsistence	7,224	9,589
Motor Vehicles—Purchase and Running Expenses	12,357	20,375
Maintenance, Erection of Buildings, &c.	36,477	46,769
Fuel, Light, Power, and Water	36,942	41,871
Parole Board	2,783	3,089
Stores, Provisions, Equipment, &c.	144,524	169,969
Workers' Compensation Insurance	4,669	5,943
Materials for Manufacture	67,932	102,983
Allowances to Working Prisoners	68,590	75,403
Office Requisites, Printing, Postage, &c.	11,657	15,730
	1,019,782	1,165,090
<i>Revenue—</i>		
Proceeds from Prison Industries	101,464	111,141
Net Cost	918,318	1,053,949
<i>Further Expenditure from Loan Fund on Buildings</i>	90,320	104,904

Figures supplied by the Prisons Division indicate that penal staff numbers rose by approximately 40 for the year and that the average daily prison population increased by approximately 100. The effect of these increased numbers is reflected in the higher salary costs for the year and in the greater expenditure on those items having direct relation to the prison population, such as stores, provisions, &c., and materials for manufacture.

A further factor contributing to the increased expenditure on stores and materials was the generally higher level of prices applying to certain items required for the staple diet. Increased expenditure on materials used in manufactures was accompanied by a greater return to Consolidated Revenue from sales of prison produced goods, and also by an increase in stocks held, the value of which rose from £79,299 in 1960 to £106,745 at 30th June, 1961.

Children's Welfare.

Child welfare administration is mainly concerned with the welfare, protection, and care of :—

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

Subject to the comments which follow it, the statement hereunder, which has been prepared from departmental figures and reconciled in total with Treasury records, is a comparative analysis of the net expenditure for the years 1959-60 and 1960-61.

1959-60.		1960-61.	
£		£	£
	Expenditure—From Vote—		
	Administration—		
113,549	Salaries (including Pay-roll Tax)	132,396	
18,610	Other (including an unspecified sum on account of wards' travelling expenses)	22,826	
<u>132,159</u>		<u>155,222</u>	
	Maintenance of Wards—		
	In Departmental Establishments—		
286,444	Salaries and wages (including Pay-roll Tax)	314,688	
57,004	Provisions	53,240	
19,138	Light, power, fuel	22,021	
28,509	Other	31,976	
<u>391,095</u>		<u>421,925</u>	
439,270	Boarded out in Children's Homes, Foster Homes, Hostels, &c.	484,407	
45,217	Clothing—general	62,025	
<u>875,582</u>		<u>968,357</u>	
239,410	Allowances for children (non-wards) in necessitous circumstances		251,598
	General expenses—State wards and assisted children—		
8,865	School books		8,229
17,865	Additional accommodation, repairs, &c., and other works		28,048
<u>1,273,881</u>	Total expenditure from Vote		<u>1,411,454</u>
	Less Receipts—		
	Maintenance collections—		
25,642	Voluntary payments	23,739	
21,643	Under Court orders	21,015	
		<u>44,754</u>	
15,415	Child endowment	8,351	
1,896	Other	4,716	
<u>64,596</u>		<u>57,821</u>	
<u>1,209,285</u>	Net cost to Consolidated Revenue		<u>1,353,633</u>
	Expenditure—From Loan—		
98,844	Buildings, furnishings, &c.		213,329
<u>1,308,129</u>	Net Expenditure for year		<u>1,566,962</u>

As a result of staff difficulties, accounts due for payment at the end of May amounting to at least £13,000 remained un-processed and unpaid at the 30th June, 1961. As a similar situation did not exist at the close of the previous year, the preceding summary does not present an accurate comparison of the two years' expenditure.

However, it does reflect the increases granted in 1960-61 in the weekly boarding-out rates for State wards residing in foster homes and private institutions, and in the subsidies payable to approved juvenile hostels.

The net costs of the remaining sub-departments and branches for 1960-61 as compared with the previous year are as set out below :—

	1960-61.			1959-60.
	Expenditure.	Revenue.	Net Cost.	Net Cost.
	£	£	£	£
State Library, &c.	685,283	1,416	683,867	621,649
Government Statist	135,568	45,152	90,416	79,125
Fisheries and Wildlife	261,230	85,494	175,736	148,908
Immigration	37,583	8,189	29,394	27,842
Other Branches	160,864	46,423	114,441	104,414
Administrative	101,437	8,671	92,766	105,490
	1,381,965	195,345	1,186,620	1,087,428

Expenditure from loan funds and on account of loan during 1960-61 related to :—

	£
State Library, National Gallery, National Museum and Institute of Applied Science	84,404
Country Art Galleries	47,048
National Art Gallery and Cultural Centre	36,000
Fisheries and Wildlife	30,029
Immigration	35,375

The rise in the net cost of the State Library, &c., was due mainly to the higher expenditure in respect of library grants, books and exhibits, and increased administrative costs.

Increased purchases of food at higher ruling rates for more extensive stocks of fish was the main factor contributing to the increase in the net cost of the Fisheries and Wildlife Branch.

The expenditure for "Other Branches" includes a contribution of £25,000 to the Aborigines Welfare Fund. Further reference to this Fund is made under the general heading of "Trust and Special Accounts" later in this report.

The item, "Other Branches," also includes the revenue and expenditure of the Office of the Chief Inspector of Explosives and Gas Examiner in respect of its governmental functions. Commercial accounts are kept by the Office in relation to the handling and storage of explosives at Truganina Explosives Reserve. A summary of these accounts follows.

LIGHTERAGE, LANDING AND STORAGE OF EXPLOSIVES.

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

	1957-58.	1958-59.	1959-60.	1960-61.
<i>Revenue.</i>	£	£	£	£
Explosives Dues	184,381	176,504	152,144	119,807
Storage Charges	8,474	7,340	6,525	4,460
Miscellaneous	276	278	279	279
	193,131	184,122	158,948	124,546
<i>Expenditure.</i>				
Working Expenses	123,880	125,081	120,087	100,145
Administrative Expenses	10,553	7,500	7,500	7,500
Interest on Capital	10,021	9,984	10,143	10,278
Depreciation	9,959	9,212	9,589	9,832
	154,413	151,777	147,319	127,755
Net Profit	38,718	32,345	11,629	..
Net Loss .. .. .	..	..	..	3,209

The evident downward trend in the revenue of the undertaking reflects the reduction in the use of the facilities at the Truganina Explosives Reserve mainly arising from the following factors :—

- (i) The greater use of direct railway transport for the carriage of explosives from the source of supply to interstate locations ; and
- (ii) A marked falling off in the production of mining explosives.

The financial position of the undertaking as at 30th June, 1960, and 30th June, 1961, was as shown below :—

30.6.1960.		30.6.1961.
£		£ £
	Source of Funds—	
265,247	Capital provided by Treasury	265,941
85,825	Profit and Loss Accumulation Account	82,616
351,072		348,557
	Represented by—	
	Current Assets—	£
1,415	Sundry Debtors	1,109
186,454	Treasurer of Victoria (excess of payments to Consolidated Revenue over working and other expenses provided therefrom)	192,582
187,869		193,691
	Less—	
	Current Liabilities—	
2,406	Sundry Creditors	1,605
185,463		192,086
255,258	Fixed Assets including Land and Buildings, Floating Plant, &c.	255,762
89,649	Less Reserve for Depreciation	99,291
165,609		156,471
351,072		348,557

Technical Schools.—Maintenance grants made available to technical schools under the Annual Appropriation Act are augmented by tuition fees and other revenue collected and retained by the schools. These funds are expended on salaries of part-time instructors and full-time teachers employed by school councils, salaries and wages of office and maintenance staffs, and general costs incidental to the operating of the schools. Salaries of technical school teachers appointed under the *Teaching Service Act 1958*, are met from the amounts voted by Parliament for the Education Department.

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

1959-60.		1960-61.	
£	Source of Funds—	£	£
5,748,955	Consolidated Revenue (net)	6,486,585	
2,190,784	Loan Acts	2,314,577	
		8,801,162	
540,475	Tuition fees collected by Technical Schools	604,776	
150,574	Other Technical School Revenue	166,587	
8,630,788		9,572,525	
39,933	<i>Less</i> Surplus in Technical School Maintenance Accounts		
..	<i>Plus</i> Deficit in Technical School Maintenance Accounts		10,023
8,590,855		9,582,548	
Disbursement of Funds—			
Salaries (including Pay-roll Tax)—			
4,561,682	Teachers and part-time Instructors	5,125,136	
675,130	Administrative and Maintenance Staff	741,175	
		5,866,311	
2,088,963	Erection and Maintenance of Buildings, &c.	2,406,956	
278,014*	Equipment (including Special Equipment Grants £50,000)	171,100	
395,969	General costs of classes	434,686	
306,713	Administrative and other costs	360,168	
		794,854	
296,038	Allowances to pupils	357,179	
8,602,509		9,596,400	
11,654	<i>Less</i> Rents, &c., received by Education Department		13,852
8,590,855	Total Net Cost	9,582,548	

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

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

	1957-58.	1958-59.	1959-60.	1960-61.
	£	£	£	£
Allowances not exceeding 1s. per day for eligible pupils attending primary schools	94,383	93,520	102,491	93,585
Allowances to eligible pupils attending post-primary schools (covering travel by bicycle and/or public transport facilities)	196,185	215,403	235,366	269,294
Payments to contractors providing special bus transport services for pupils	1,622,830	1,692,684	1,782,006	2,030,588
	1,913,398	2,001,607	2,119,863	2,393,467

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

	1959-60.	1960-61.
	£	£
Administration	738,740	805,797
Central Schools and Classes	244,459	258,125
Correspondence School	111,775	122,514
Girls' Secondary Schools	612,351	724,483
High Schools	9,420,771	10,950,789
Higher Elementary Schools	342,777	309,929
Primary Schools	18,481,863	20,094,192
Registered Schools	420,689	481,441
Special Schools and Hostels attached thereto ..	453,080	549,509
Special Activities (Library, Music, &c.) ..	716,572	853,128
Technical Schools	7,939,739	8,801,162
Teachers' Colleges	3,815,897	4,017,884
Teachers' Colleges Hostels	232,381	326,388
Universities	1,982,584	3,263,900
Pensions, &c.	850,825	939,034
Miscellaneous	88,709	106,009
	46,453,212	52,604,284

UNIVERSITY OF MELBOURNE.

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

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

The accounts are prepared on an accrual basis, the accounting period being the calendar year. The following statement has been prepared to show the over-all income and expenditure of the University, excluding extraneous accounts such as the University Press, Union, &c.

<i>Income—</i>	1959.		1960.	
	£	£	£	£
State Government Grants—				
General purposes	1,003,325		1,066,100	
Special purposes	465,856		844,373	
	<hr/>	1,469,181	<hr/>	1,910,473
Commonwealth Government Grants—				
General purposes	961,766		1,170,399	
Special purposes	539,992		692,031	
	<hr/>	1,501,758	<hr/>	1,862,430
Fees		913,539		1,170,231
Donations and bequests		864,483		610,155
Interest, dividends, rents		130,386		173,745
Loans for Dental Hospital Building .. .. .		..		68,500
Other income		110,194		129,716
		<hr/>		<hr/>
		4,989,541		5,925,250
<i>Expenditure—</i>				
Salaries and Pay-roll Tax		2,495,311		2,974,962
Apparatus and books		299,267		366,337
Buildings, land, grounds, and vehicles		727,269		1,267,476
Examination expenses		96,062		102,832
Special grants, and fees to affiliated institutions		209,385		254,426
General expenses		243,194		251,935
		<hr/>		<hr/>
		4,070,488		5,217,968
<i>Balance—</i>				
General Account	<i>Surplus</i>	174,179	<i>Surplus</i>	343,941
Trust Fund	,,	744,874	,,	363,341
		<hr/>		<hr/>
	<i>Gross Surplus</i>	919,053	<i>Gross Surplus</i>	707,282

This surplus includes unexpended grants amounting to £435,653 which were made and are committed for building purposes.

In a comparison of the results of the two years, it should be realized that the Trust Fund is the holding account for donations and bequests pending expenditure thereof on specific projects. As an example, in 1959, donations for building purposes were £348,327, and expenditure on buildings amounted to £222,882, whereas for 1960, the comparable figures were £103,086 and £95,105 respectively.

The disclosed balances of the General Account are composite figures and include the surpluses and deficits of a number of research and special funds. If these are disregarded, the General Fund showed a surplus of £4,106 for 1960, compared with a deficit of £30 in the previous year. After deducting this surplus and an amount of £10,000 which was transferred to the Accumulated Fund during the year as part reduction of past deficits, the accumulated deficit amounted to £103,519 at 31st December, 1960.

As in previous years, Government grants comprised more than half the income of the University in 1960. State Government grants increased by £441,292, as compared with the previous year, and were provided principally from Consolidated Revenue.

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

MONASH UNIVERSITY.

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

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

The statements hereunder summarize the University's transactions for the year 1960 and disclose its financial position as at the close thereof:—

<i>Income—</i>	£	£	£
State Government Grant (from Consolidated Revenue) .. .. .	..	..	40,000
Commonwealth Government Grant .. .. .	..	..	60,750
Sundries .. .. .	..	..	342
			<hr/>
<i>Expenditure—</i>			101,092
Teaching Departments .. .. .	..	24,351	
Library .. .. .	..	4,306	
Administration (General) .. .. .	..	33,373	
Grounds Maintenance .. .. .	..	8,634	
		<hr/>	70,664
Surplus for year .. .. .	..	..	<hr/>30,428 <hr/>
The Funds of the University as at 31st December, 1960, were:—			
Grant from State Loan Fund .. .. .	..	..	1,278,035
Grant from Commonwealth for capital expenditure .. .. .	..	..	382,500
			<hr/> 1,660,535
Surplus—Income and Expenditure Account—			
Balance 1st January, 1960 .. .. .	..	13,684	
Surplus for 1960 .. .. .	..	30,428	
		<hr/>	44,112
			<hr/> 1,704,647 <hr/>
These Funds were applied as follows:—			
Current Assets—			
Cash at bank and in hand .. .. .	..	458,158	
Sundry Debtors and Prepayments .. .. .	..	5,013	
		<hr/>	463,171
<i>Less Current Liabilities—</i>			
Sundry Creditors .. .. .	..	27,293	
Contractors' Deposits .. .. .	..	600	
		<hr/>	27,893
			<hr/> 435,278
Deferred Assets—			
Deposit lodged with State Electricity Commission .. .. .	..	..	1,990
Fixed Assets—			
Land and Buildings—			
Acquisition of Site .. .. .	..	357,927	
Site Development .. .. .	..	37,305	
Buildings .. .. .	..	772,282	
		<hr/>	1,167,514
Equipment and Furniture .. .. .	..	..	76,395
Intangible Assets—			
Initial Staff Establishment Costs .. .. .	..	..	23,470
			<hr/> 1,704,647 <hr/>

The continuation of the opening phases of the establishment of the University is reflected in the figures furnished above. Substantial progress was made in the erection of buildings and the recruitment of staff in anticipation of the commencement of teaching in the year 1961.

FORESTS.

EXPENDITURE.

In the year under review, expenditure amounted to £3,039,517. Under broad headings the principal divisions of expenditure in the past two years were:—

	1959-60.	1960-61.
	£	£
Appropriations—		
Salaries and Payments in the Nature of Salary	666,912	728,927
Pay-roll Tax	18,500	20,038
Pensions	21,534	25,415
School of Forestry	17,186	17,587
Other Administrative Expenses	72,306	74,398
Utilization Forest Produce	271,134	307,733
Business Undertakings	77,169	79,490
Sundry	11,202	18,014
Long Service Leave Payments under Labour and Industry Act ..	*5,600	..
	<u>1,161,543</u>	<u>1,271,602</u>
Forestry Fund—		
Forests	897,090	907,035
Plantations	63,971	53,110
Nurseries	20,866	22,249
General	19,239	21,803
	<u>1,001,166</u>	<u>1,004,197</u>
Loan Fund—		
Land	10,322	32,785
Fire Protection	45,089	137,763
General Operations	78,929	97,108
Extraction Roads	357,449	291,278
Plantations	72,957	107,829
Buildings	89,531	68,238
Plant and Machinery	7,585	28,717
	<u>661,862</u>	<u>763,718</u>

* In 1960-61 expenditure of this nature was charged to funds other than "Vote".

Since the inception of the use of loan funds for forestry purposes, the sum of £18,209,782 has been so applied. After allowing for an amount of £12,244 charged to Treasurer's Advance pending Parliamentary sanction and for discount and expenses and amounts redeemed or repaid, the Loan Liability at 30th June, 1961, was £14,955,468, towards which there was an equity of £1,066,786 in the National Debt Sinking Fund.

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

	1959-60.		1960-61.	
	£	%	£	%
Vote	1,161,543	41	1,271,602	42
Fund	1,001,166	36	1,004,197	33
Loan	661,862	23	763,718	25

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

With respect to administrative costs, it should be observed that, in addition to the figures for salaries and payments in the nature of salary, shown in the preceding summary of expenditure, salaries of forest foremen and others amounting to £153,493 were charged to Utilization Vote, Forestry Fund, Loan Fund and Stores Suspense Account.

In 1959-60 the Department assembled appropriate information as a basis for a review of the then existing arbitrary apportionment of salaries as between the several expenditure authorities. As a result of this review, a change in the respective proportions chargeable to the various funds was made as from 2nd October, 1960.

Expenditure in connexion with business undertakings has, to some extent, been recouped by the revenue of such undertakings.

Included in the gross amount of £763,718 charged to Loan Fund were allocations for special projects as set out hereunder:—

	£
Provision of special roading in the Macalister Forest District ..	121,056
Completion of dormitory block at School of Forestry, Creswick ..	20,787
Balance of construction costs—Fire Protection Store, Brookwood..	7,904
Plantation expansion	60,845
Establishment costs—Prison Camp, Olsen's Bridge	501

Local millers are also contributing towards the cost of roads in the Macalister Forest District but these roads are additional to those being provided from Commission funds. With the object of specifically setting aside these contributions for the purpose for which they are being made, the Bennison Roothing Trust Account was established in the Treasury in December, 1958.

To 30th June, 1960, the Heyfield Sawmillers Logging Co. Pty. Ltd., the representative of the millers concerned, had contributed, on the basis of £36,000 per annum, the sum of £60,000 and this sum had been duly credited by the Treasury to the above-mentioned Trust Account. However, the Commission indicated to the Treasury on 4th July, 1960, that it had entered into an agreement whereby, in consideration of the Commission's commitment for constructional costs of roads specifically designated in the area, the Commission had imposed, for this purpose, "over and above the royalty payable, a further sum as a roading charge of 2s. 6d. for every 100 super. feet H.L.V. of the annual volume of logs allocated by the Commission to the company during the period 1st November, 1958, to 31st October, 1963, subject to the continuance during that period of the holding by the company of a licence".

The proceeds of the "roading charge" have been credited to the Bennison Roothing Trust Account and the total credits to the Account to 30th June, 1961, amounted to £93,000. The audit view has been expressed that the crediting of the contributions to other than Consolidated Revenue is contrary to the provisions of Section 33 (2) of the *Forests Act 1958*.

Expenditure from the Bennison Roothing Trust Account to 30th June, 1961, amounted to £14,036 and the balance of the Account at that date was £78,964.

RECEIPTS.

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

	1959-60.	1960-61.
	£	£
Territorial—		
Rents	27,218	36,359
Royalties	2,031,192	1,936,059
Miscellaneous.. .. .	8,722	7,919
Fees	434	435
Tramways	399	2,244
State Sawmill	105,955	99,712
Timber Seasoning Works	1,042	504
Departmental	274,737	328,503
Miscellaneous	17,075	18,235
	<u>2,466,774</u>	<u>2,429,970</u>

The net cost of the Commission for 1960–61, based on receipts and expenditure in the Consolidated Revenue Account, was £443,042.

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

1959–60.	Receipts.	1960–61.	1959–60.	Expenditure.	1960–61.
£		£	£		£
2,466,774	As detailed	2,429,970	10,392	Commissioners' Salaries ..	11,450
339,742	Net Cost	443,042	1,129,617	Votes	1,234,737
			21,534	Pensions	25,415
			1,033,566	Grants to the Forestry Fund ..	990,168
			572,629	Interest and Exchange on Loans	573,670
			1,710	Loan Conversion Expenses ..	114
			37,068	National Debt Sinking Fund ..	37,458
<u>2,806,516</u>		<u>2,873,012</u>	<u>2,806,516</u>		<u>2,873,012</u>

STORES SUSPENSE ACCOUNT AND PLANT AND MACHINERY FUND.

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

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

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

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

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

The balance of £203,673 at credit of the Forest Stores Suspense Account in the Treasurer's books at 30th June, 1961, is a net figure. The Commission's books disclose that this balance is the net result of the balances of several accounts within the Stores Suspense Account as follows :—

<i>Credit balances—</i>	£	£	£
Stores Account .. ..	..	65,853	
Repairs to Plant Account .. ..	..	141,866	
Manufactured Articles (Carpenters' Shop) .. ..	..	500*	
		<u>208,219</u>	
<i>Debit balances—</i>			
Drums Account .. ..	..	4,270	
Fire Protection Workshop Account—			
Unadjusted Expenditure .. ..	..	1,776	
Less Advance from Stores Account .. ..	..	1,500	
		<u>276</u>	
			<u>4,546</u>
			<u>203,673</u>

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

It will be observed that the balance of the "Stores" section plus advances made from this section to other sections of the Stores Suspense Account exceeds the sum of £20,000 provided from loan to finance the Account. The major reason for this position and the manner in which it is being dealt with were mentioned on page 53 of my report for 1957-58. In 1960-61, a sum of £50,000 together with the proceeds of the sale of surplus stocks amounting to £6,135 was transferred to Loan Fund Credit Account.

Consideration as to whether the "Repairs to Plant" section of the Account is in excess of requirements has been deferred by the Treasury. It is understood that it is awaiting the result of the proposed investigation by the Parliamentary Public Accounts Committee into the question of Stores Suspense Accounts generally.

Plant and Machinery Fund.—Section 32 of Act No. 6254 provides for a Plant and Machinery Fund. The component of the hire charge on account of the renewal and replacement of specified plant and machinery is debited to the appropriate expenditure allocation and credited to this Fund.

The following statement summarizes operations since the date of establishment of the Fund (1st July, 1953) to 30th June, 1961 :—

	1st July, 1953, to 30th June, 1960.	1st July, 1960, to 30th June, 1961.	Total.
	£	£	£
Plant Hire	905,814	92,875	998,689
Expenditure on Renewals	713,415	142,127	855,542
Balance at 30th June, 1961			143,147

INDUSTRIAL UNDERTAKINGS.

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

Timber Seasoning Works, Newport.—After allowance for the amount of £8,347 at credit of the Reserve, the final net revenue loss was £132,815. To this sum there must be added the final loss on realization, £20,877.

State Sawmill, Erica.—The following information taken from the Commission's Profit and Loss Statements summarizes operations in 1959-60 and 1960-61 :—

	1959-60.		1960-61.	
	£	£	£	£
Sales	103,628		97,172	
Other Receipts	514		585	
Increase in Stock			3,289	
		104,142		101,046
Working Expenses	82,761		86,493	
Interest Calculated on Capital Used in the Business	2,387		2,541	
Decrease in Stock	118			
		85,266		89,034
Net Profit		18,876		12,012

Depreciation charges were consistent with the basis mentioned in my report for 1959-60. Interest on capital was charged at the rate of £4 2s. 6d. per cent. per annum as compared with the previous rate of £3 17s. 6d. per cent. per annum. Such charges were made without regard to the net revenue paid into the Treasury.

The accumulated profit at 30th June, 1961, was £65,367.

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

	30.6.60.		30.6.61.	
	£	£	£	£
<i>Fixed Assets less provision for Depreciation—</i>				
Buildings	15,625		13,636	
Machinery and Plant	19,218		16,235	
Rolling-stock	1,571		1,296	
	<u> </u>	36,414	<u> </u>	31,167
<i>Current Assets—</i>				
Debtors	15,064		13,108	
Stock on Hand—				
Timber	8,305		11,630	
Stores	85		50	
	<u> </u>	23,454	<u> </u>	24,788
		<u>59,868</u>		<u>55,955</u>
<i>Less Current Liabilities</i>		1,198		2,204
		<u>58,670</u>		<u>53,751</u>
The balances shown above were financed from the following sources:—				
Capital raised from Revenue and Loan Fund		61,607		61,607
Accumulated Profit		53,355		65,367
		<u>114,962</u>		<u>126,974</u>
<i>Less the excess of receipts over payments which has been paid into Consolidated Revenue</i>		56,292		73,223
		<u>58,670</u>		<u>53,751</u>

Timber stocks on hand at 30th June, 1961, comprised logs valued at £8,794, and sawn timber valued at £2,836.

GOVERNMENT PRINTER.

Income from printing, sales of publications, &c., for the year amounted to £1,075,071 compared with £1,122,284 in 1959-60.

Most of the work for the State is for the purpose of meeting the requirements of other departments and charges for these services are met from departmental votes. The statement below shows a loss of £70,236 on the year's operations.

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

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

<i>Item.</i>	1959-60.	1960-61.
	£	£
Materials	434,557	436,928
Salaries and Wages (including Pay-roll Tax)	577,183	577,890
Insurance—Workers' Compensation	5,115	5,560
Insurance—Fire	802	802
Power, Fuel, and Light	7,959	14,185
Repairs to Buildings and Plant	5,851	5,037
Sundry Charges	17,751	21,277
Postage and Incidentals	3,566	7,552
Depreciation	31,306	36,769
Work done by other than Government Printer	33,957	39,307
	1,118,047	1,145,307
Profit	4,237	..
Loss .. .. .	..	70,236
	1,122,284	1,075,071

During the year under review, the transfer of the Government Printing Office from East Melbourne to North Melbourne has proceeded, the cost of purchase of the North Melbourne premises and re-establishment on that site amounting to £989,263 at 30th June, 1961.

The decline in turnover during the last two financial years, which was the principal factor in the trading loss of £70,236 in 1960-61, is considered to be attributable to the interruption of production caused by the transfer of location.

The total cost of plant and machinery met from loan funds to 30th June, 1961, was £486,856. During the financial year 1941-42 a Printing Machinery Depreciation Fund was established for the replacement of plant and machinery acquired from loan funds. Annual credits to the Depreciation Fund were made from Consolidated Revenue up to the financial year 1957-58. Since then, no further contributions have been made to the fund, and as no expenditure took place in 1960-61, the balance in the fund at 30th June, 1961, remained at £118,735.

DEPARTMENT OF HEALTH.

This Department is divided into four branches, viz :—

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

Total expenditure from revenue upon health services for the year ended 30th June, 1961, excluding that of the Mental Hygiene Branch (which is separately discussed) and the contribution of £9,000,000 to the Hospitals and Charities Fund, was £4,154,755.

This expenditure comprised the following charges :—

Departmental Votes—	£
Health (Salaries, General Expenses, &c.)	3,929,938
Public Works (Maintenance, Rents, &c.)	40,109
Treasury (Pay-roll Tax)	16,435
Treasury (State Accident Insurance)	11,876
Special Appropriations (Salary of Director of Tuberculosis, and Pensions)	156,397
	4,154,755

Receipts (excluding those of the Mental Hygiene Branch) totalled £1,164,011, and the net cost of health services to revenue was £2,990,744, an increase of £161,196 compared with the previous year.

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

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

General Health Branch.

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

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Registration and other Fees	9,520	10,360	10,004
Other Receipts	10,787	9,645	6,866
	20,307	20,005	16,870

Expenditure in the same period has been :—

(a) From Revenue—	£	£	£
Central Administration	181,093	200,848	238,213
Cancer Institute	480,000	560,000	630,000
Infectious Diseases	144,091	173,070	149,732
Venereal Diseases	26,054	27,764	25,129
Inspection of Buildings, Food Supervision, &c.	173,926	193,200	223,110
Miscellaneous Grants	130,500	137,925	146,000
Subsidies—Home Help Scheme, Clubs for Elderly People, &c.	183,680	223,194	270,582
	1,319,344	1,516,001	1,682,766
(b) From Loan—			
Cancer Institute	130,984	59,322	119,884
Other	83,991	92,731	65,303
	214,975	152,053	185,187

Tuberculosis Branch.

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Commonwealth recoup under Health Act 1958	1,060,031	1,114,127	1,111,560
Other receipts	22,250	26,676	30,034
	<u>1,082,281</u>	<u>1,140,803</u>	<u>1,141,594</u>

Expenditure for the same period is compared thus:—

	£	£	£
(a) <i>From Revenue</i> —			
Operation of sanatoria, tuberculosis wards, bureaux, mass X-ray services, &c.	1,307,962	1,391,128	1,346,985
(b) <i>From Loan</i> —			
State sanatoria and chalets	33,098	20,688	19,606
Other	15,015	5,776	7,782

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Loan	33,098	20,688	19,606
Revenue	3,098	20,539	930
	<u>36,196</u>	<u>41,227</u>	<u>20,536</u>

A progress payment of £13,880 on account of 1960-61 was received in June, 1961, and reimbursement of the balance is in course.

Progress payments to 30th June by the Commonwealth on account of 1960-61 maintenance expenditure amounted to £1,039,954. Reimbursement of the balance outstanding at 30th June, 1961, is in course.

Maternal and Child Welfare Branch.

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

Revenue expenditure for the last three years was:—

	1958-59.	1959-60.	1960-61.
	£	£	£
School Medical and Dental Services, Salaries, &c.	486,226	546,762	551,012
Subsidies	513,431	542,023	573,992
	<u>999,657</u>	<u>1,088,785</u>	<u>1,125,004</u>
Revenue for the same period was	5,269	5,558	5,547
Net cost	<u>994,388</u>	<u>1,083,227</u>	<u>1,119,457</u>

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

Expenditure from loan was:—

	£	£	£
Subsidies towards capital expenditure on pre-school centres ..	169,973	159,791	150,592
Other	9,456	2,699	4,876
	<u>179,429</u>	<u>162,490</u>	<u>155,468</u>

Mental Hygiene Branch.

The cost of the services provided by this Branch was, in 1960-61, defrayed from both revenue and the Mental Hospitals Fund. Gross expenditure for non-capital purposes was £7,001,783, but as receipts amounted to £566,525, the net cost of Mental Hygiene services was £6,435,258. The gross expenditure comprised charges to—

Departmental Votes—	£
Health (Salaries and General Expenses)	6,663,517
Public Works (Maintenance, Rents, &c.)	287,190
Treasury (State Accident Insurance)	35,491
Mental Hospitals Fund	15,585
	7,001,783

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Maintenance of patients—principally Commonwealth payments on account of Repatriation patients	605,076	275,504	285,766
Deduction from Salaries for Accommodation and Meals .. .. .	..	..	*220,508
Commonwealth Pharmaceutical Benefits	32,375	29,050	30,900
Sales of produce	13,089	13,494	14,180
Other	10,043	13,026	15,171
	660,583	331,074	566,525

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

Item.	1956-57.	1957-58.	1958-59.	1959-60.	1960-61.
	£	£	£	£	£
Salaries	2,659,507	2,869,338	3,189,942	3,527,553	*3,971,949
Overtime and penalty rates	448,194	498,621	529,315	525,356	592,586
Provisions and extra articles	754,884	734,906	816,771	817,083	891,312
Clothing, bedding, &c.	198,762	224,623	209,787	160,249	193,443
Stores, &c.	134,701	135,114	143,074	156,113	150,502
Fuel, light, and water	250,651	249,585	329,575	351,062	364,902
Drugs and medicines	111,323	141,165	190,347	190,545	224,231
Repairs, maintenance, &c.	295,825	322,764	279,292	279,782	287,190
Boarded-out patients	76,748	94,227	93,509	94,115	97,568
Other	173,200	200,457	213,814	242,606	228,100
Total	5,103,795	5,470,800	5,995,426	6,344,464	7,001,783

* In 1960-61, the gross figure for salaries is given, and the deduction therefrom for accommodation and meals is shown as a receipt.

Under the provisions of the *States Grants (Mental Institutions) Act 1955*, the Commonwealth recouped the State one-third of the amounts expended from 1st July, 1955, for or in connexion with the buildings or equipment of mental institutions. The balance, £83,820, of the amount of £2,740,000 payable by the Commonwealth under the said Act was received by the State during the year.

Expenditure from the Loan Fund during 1960-61 on buildings and equipment of State institutions amounted to £1,235,118. In addition, other moneys were provided from the sources and for the purposes shown hereunder :—

	£	£
Mental Hospitals Fund—		
University of Melbourne—Mental Health Research	6,000	
Other Institutions—Grants for Maintenance	104,393	
	<hr/>	110,393
Loan Fund—		
Other Institutions—Grants for Capital Works .. .. .	..	74,013
Treasurer's Advance Pending Loan Application Act—		
Other Institutions—Grants for Capital Works .. .. .	..	6,025
		<hr/>
		190,431
		<hr/>

DEPARTMENT OF CROWN LANDS AND SURVEY.

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

Collections.—Collections during the year amounted to £1,637,908 as compared with £1,747,327 in the previous year. Details are as set out hereunder:—

	1959-60.	1960-61.
	£	£
Territorial Revenue—comprising fees for various leases and licences and proceeds of sales of land	825,736	793,362
Revenue from similar sources for credit to the Mallee Land Account ..	57,720	61,707
Repayments of principal by Settlers under the Closer Settlement Acts	196,035	167,701
Interest payments by Settlers on Loan Liabilities under the Closer Settlement Acts	81,072	73,205
Repayments of principal—Other Advances	9,178	7,461
Interest on Other Advances	1,021	734
Licences to occupy water frontages—for credit to the Rivers and Streams Fund	34,073	35,322
Proceeds of sale of land formerly vested in Geelong Harbor Trust ..	11,700	..
Proceeds of sale of Forests land to the State Electricity Commission ..	50,000	..
Recoups on account of—the services of survey personnel for the Housing Commission ; survey services and costs associated with the administration of the Insurance Fund ; and national mapping services for the Commonwealth Government	53,136	75,240
Miscellaneous Revenue including rental Ballarat Guncotton Factory, admission to Buchan Caves, Sales of Government property and rentals of departmental houses	51,228	67,518
Survey Fees, &c.	15,441	15,320
Premiums for credit to the Insurance Fund	14,738	14,629
Moneys for specific purposes including funds made available by Wool Research Committee, C.S. and I.R.O. for credit to Treasury Trust Funds	4,722	5,865
Collections on account of North West Mallee Water Rates and Wire Netting Cash Sales	45,466	39,688
Road Loading Charges—Improvement Purchase Leases	3,148	3,018
Receipts on account of Assurance Fund	1,095	783
Net transactions through Lands Suspense Account comprising mainly deductions from pay for Group Tax, Superannuation, Insurance, &c.	291,818	276,355
	<u>1,747,327</u>	<u>1,637,908</u>

Expenditure.—Excluding expenditure from Trust Funds, departmental expenditure for the year amounted to £2,091,563, of which £1,370,601 was provided from Consolidated Revenue and £720,962 from Loan Fund.

As in the previous year, the costs and expenses of administration of the Vermin and Noxious Weeds Branch were financed from both revenue and loan moneys. After the relevant Consolidated Revenue vote of £195,000 was exhausted early in the year, such costs and expenses were met from loan moneys to the extent of £370,141, that figure being the unexpended portion of the loan appropriation for these purposes under Item 34—Public Works Loan Application Act, No. 6602.

Further functional expenditure amounting to £194,800 was incurred by the Vermin and Noxious Weeds Branch and met from Loan Fund under the authority of Item 21—Public Works Loan Application Act, No. 6701. Also, loan moneys to the sum of £74,926 were applied in accordance with the provisions of Acts Nos. 6409 and 6704 to the purchase of equipment, tools, &c., for the Branch.

Other departmental items of loan expenditure of substantial size were :—

Nature of Item.	Amount.	Authority.
	£	
Road construction—" Big Desert " Area, leased to the Australian Mutual Provident Society	20,202	Item 22, Act No. 6701
Cost of Survey Vehicles, Equipment, &c.	39,213	Item 23, Act No. 6701
Road works—in connexion with Improvement Purchase Leases ..	11,448	Loan Act, No. 6169

Disbursements by the Department from Treasury Trust Funds included—£6,060 from moneys made available by the Commonwealth Scientific and Industrial Research Organization through its Wool Research Committee for rabbit control research; and £6,424 in meeting claims and administrative expenses on account of the Closer Settlement Insurance Fund.

CLOSER SETTLEMENT.

The Revenue Account for the year under the *Closer Settlement Act* 1938 disclosed a deficit of £1,151,593 and the accumulated deficit on account of the settlement scheme, the subject of the provisions of that Act, was, as a result, increased to £52,786,345.

It should be explained that the deficit for 1960–61, as shown above, was much higher than usual. Normally, the annual deficits, due mainly to interest charges, are substantial, but the revenue result for 1960–61 was further adversely affected by the reduction of the liabilities of settlers under the North West Mallee Scheme.

CLOSER SETTLEMENT INSURANCE FUND.

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

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

<i>Receipts.</i>	£	<i>Payments.</i>	£
Balance at 1st July, 1960	283,343	Claims paid	4,008
Premiums received	14,629	Administration expenses	2,416
		Balance at 30th June, 1961	291,548
	297,972		297,972

SOLDIER SETTLEMENT COMMISSION.

The settlement on the land of eligible ex-servicemen has been the responsibility of the Soldier Settlement Commission, which was appointed in February, 1946. Legislation constituting the Commission and subsequent amendments have authorized the borrowing of £65,000,000 for the purposes of acquisition, subdivision, development and improvement of land as well as for advances to assist discharged servicemen to purchase individually selected farms (single units).

In addition to exercising the powers and functions outlined above, the Commission has been entrusted, pursuant to the provisions of the *Land Settlement Act 1959*, with authority to administer a land settlement scheme which will be open, in terms of the Act, to applications by all adult British subjects.

Settlement under the *Land Settlement Act 1959*, continued and, up to the close of the year, 86 blocks had been occupied under this scheme. A further reduction in developmental work associated with soldier settlement was noticeable in the year and this phase of the Commission's activities is now in its final stages.

In the period from the inception of the Commission to 30th June, 1961, a sum of £64,440,155 has been allocated for soldier settlement. Of this sum, £57,241,452 has been made available from State Loan Fund and £7,198,703 by the Commonwealth in the nature of special assistance loans.

According to the books of the Commission, its loan liability on account of soldier settlement as at 30th June, 1961, was £37,051,099.

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

	£
Estates purchased and developed and in respect of which settlers have not yet received interim leases	8,032,906
Land and Improvements held by settlers under—	£
(a) Purchase Lease	14,609,183
(b) Interim Lease.. .. .	6,649,495
	21,258,678
Advances to finance single unit farms	6,700,156
,, ,, effect improvements and for purchase of stock, &c.	947,488
Unpaid Balances under Contracts of Sale	306,267

Other substantial assets included Buildings and Working Plant at cost less Depreciation, £67,381. Stock, Plant and Materials not yet allocated, £49,778, and livestock at book value, £83,518.

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

	£
Purchase Lessees, Principal Repaid	2,629,475
Single Unit Farmers' Advances Repaid	5,360,549
Interim Lessees' Advances Repaid	4,698,526
Lessees' Credit Accounts	653,573
Disposal of Unsuitable Land	1,251,372
Disposal of Stock, Plant, Materials, &c.	1,062,395
Commonwealth Share—Excess Costs	3,027,915
Losses on Advances	2,769
	18,686,574

From the repayments, the sum of £153,183 has been paid to the Commonwealth as part redemption of its special assistance loans. The balance of the total of the amounts listed above has been credited to Loan Fund.

As indicated in a previous report, the basis of the Commonwealth contribution towards the excess cost incurred in writing down settlers' liabilities has been determined in accordance with an arrangement made on 11th July, 1952. This arrangement was to apply to interim claims but there was an understanding that the Commonwealth would review the basis of its contribution on the submission of final claims. It is now stated, in this connexion, that the question of additional Commonwealth contributions is to be the subject of examination by the Commonwealth and State Treasuries.

To 30th June, 1961, Commonwealth contributions towards excess costs have amounted to £4,470,751, of which £3,027,915 has been credited to Loan Fund and £1,442,836 to Consolidated Revenue.

In respect of Soldier Settlement, the Commission's revenue account for 1960-61, excluding livestock transactions, shows:—

<i>Expenditure—</i>	£	£	£
Interest		1,863,278	
<i>Less</i> Interest Capitalized	230,810		
Interest transferred and borne by the State ..	399,895		
		630,705	
		1,232,573	
Loan-raising Expenses		20,541	
Administrative Costs		154,257	
Shire Rates		4,821	
Depreciation (other than developmental assets) ..		1,864	
Rents and Interest remitted	16,161		
<i>Less</i> Commonwealth share	8,080		
		8,081	
Bad Debts		932	
		1,423,069	
 <i>Income—</i>			
Interest earned		631,421	
Rents, Fees and Sundries		36,634	
Contribution by Commonwealth—account Shire Rates ..		5,172	
		673,227	
Deficit for 1960-61			749,842

The total accumulated deficit to 30th June, 1961, before taking into account profits from sheep and cattle farming, amounted to £7,463,144.

This deficit is almost wholly caused by remissions of rent and interest, the difference between the concessional rate of interest at 2 per cent. charged to settlers as fixed by the Act and the current rates payable on Government loans, the costs and expenses of raising the loans, and the cost of administration of the scheme. The aggregate concessions thus granted towards the settlement of discharged servicemen by this State to the 30th June, 1961, have been calculated by the Commission to be £6,190,466.

During the year, trading in livestock showed a profit of £91,587, increasing accumulated profits from this activity to £1,274,924 as at 30th June, 1961.

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

Soldier Settlement Insurance Fund.

The Soldier Settlement Insurance Fund was established by legislation to undertake the insurance against damage by fire, storm, and tempest to buildings and fencing on land either purchased or taken over for Soldier Settlement or in respect of which any advances are made. The work of administration of the fund is performed by the Insurance Branch of the Department of Crown Lands and Survey concurrently with its administration of the Closer Settlement Insurance Fund, the respective costs being borne by each fund.

The balance of the Fund at 30th June, 1961, was £492,246. As in the case of the Closer Settlement Insurance Fund, there is no statutory authority for the investment of surplus funds.

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

<i>Receipts.</i>	£	<i>Payments.</i>	£
Balance at 1st July, 1960 ..	438,590	Claims paid	15,702
Premiums received	80,601	Administration expenses	11,243
		Balance at 30th June, 1961 ..	492,246
	519,191		519,191

Land Settlement.

(Land Settlement Act 1959).

In respect of land settlement under the *Land Settlement Act 1959*, loan expenditure to 30th June, 1961, including adjustments on account of assets taken over from soldier settlement, amounted to £3,911,892. The greater part of this expenditure was incurred—in the development of farm lands, £2,909,594; the purchase of land £505,065; the taking over and purchase of buildings and working plant £408,307.

The Revenue Account for the period ended 30th June, 1961, shows:—

<i>Expenditure—</i>	£
Interest and Loan Raising Expenses	156,521
Less Interest Capitalized	80,878
	75,643
Administrative Costs	75,809
Depreciation (other than developmental assets)	607
	152,059
<i>Income—</i>	
Interest earned, agistment, &c.	32,609
Deficit at 30th June, 1961	119,450

LAND SETTLEMENT NO. 2 INSURANCE FUND.

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

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

<i>Receipts.</i>	£	<i>Payments.</i>	£
Balance at 1st July, 1960 ..	772	Claims Paid	2,413
Premiums received	1,914	Administration expenses	683
Advance from Public Account to meet temporary deficiency ..	700	Balance at 30th June, 1961 ..	290
	3,386		3,386

LOCAL GOVERNMENT.

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

The comparative statement hereunder shows the expenditure from revenue in each of the past two years :—

	1959-60.	1960-61.
	£	£
Local Government—		
Salaries and Allowances	39,383	47,903
Overtime and Penalty Rates	1,013	1,459
Travelling (including Motor Vehicles)	2,120	3,393
Fees and Expenses—Boards and Committees	4,895	4,698
Other Administrative Expenses	2,008	2,562
Town and Country Planning Board—		
Salaries and Allowances	21,083	25,168
Other Administrative Expenses	2,007	2,760
Pay-roll Tax	1,283	1,745
	<u>73,792</u>	<u>89,688</u>

Collections for the year amounted to £677.

Subsidies from loan funds to municipalities and other public bodies amounting to £372,303 were made during 1960-61 for the purposes shown hereunder :—

	£
Drainage Works	94,706
Small Drains	74,595
Swimming Pools and Accessories	106,236
Traffic Signals	20,000
Sale-yards, Markets, &c.	11,408
Public Halls and Amenities	50,875
Other Capital Works	14,483
	<u>372,303</u>

MINES DEPARTMENT.

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

The net cost to Consolidated Revenue for the year under review was £368,346, which compares with £340,969 in 1959-60.

Details of departmental receipts for the two years are:—

	1959-60.	1960-61.
	£	£
Gold Buyers' Licences	181	170
Mining Leases, Rents, &c.	38,291	39,550
Costs <i>re</i> Mining Leases	12	10
Assays	304	431
Sundries	226	167
Magazine Licences	163	153
Boring and Crushing Fees	4,475	17,174
Sale of Government Property	2,112	3,142
Factory Fees—Boiler Attendants, &c.	459	417
Fees—		
Boiler Inspections	34,218	37,363
Fusion Welders	1,312	1,138
	<u>81,753</u>	<u>99,715</u>

Payments from revenue in those years comprised:—

	£	£
<i>Administration—</i>		
Salaries	213,681	232,861
Overtime and Penalty Rates	1,422	1,221
Travelling and Subsistence	8,685	8,587
Motor Vehicles—Purchase and Running Expenses	10,563	13,976
Other Administrative Expenses	26,266	24,691
	<u>260,617</u>	<u>281,336</u>
<i>Miscellaneous—</i>		
Maintenance, &c., State Batteries	3,032	2,785
Boring for Water, Coal, and other Minerals, &c.	129,961	129,950
Geological Survey	4,475	4,996
Laboratory Expenses	3,000	2,985
Covering Abandoned Shafts	6,637	6,995
Surveys for Mineral Deposits	15,000	19,014
Advances for Gold Mining .. .. .	..	20,000
Total Expenditure	<u>422,722</u>	<u>468,061</u>

The preceding summary discloses that the increase in revenue was due largely to the increase in receipts from "Boring and Crushing Fees". The major part of the additional receipts under this head consisted of recoups of drilling operational costs incurred in previous years.

It will be seen that, in the year under review, there was a departure from usual practice in that "Advances for Gold Mining", amounting to £20,000, were made from Consolidated Revenue. These advances are interest free and have been made to two mining companies in order to maintain the industry in production.

In addition to the expenditure shown in the summary, a sum of £105,214 was expended from the Loan Fund on the purchase of additional plant and equipment and the provision of storage facilities for the Department.

PUBLIC WORKS.

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

Expenditure from revenue under the principal divisions in each of the past two years is set out hereunder :—

	1959-60.	1960-61.
	£	£
Public Works Administration—		
Salaries	1,074,356	1,143,509
Overtime and Penalty Rates	64,417	63,990
Travelling and Subsistence	110,965	102,343
Other Administrative Expenses	119,915	130,251
Total Administration	<u>1,369,653</u>	<u>1,440,093</u>
Works and Buildings—Maintenance, Repairs, &c.	1,050,440	1,089,895
Rents and Allowances	208,207	255,663
Other Services	329,417	341,362
	<u>2,957,717</u>	<u>3,127,013</u>
Ports and Harbors Administration—		
Salaries	100,359	141,481
Overtime and Penalty Rates	29,819	32,145
Travelling and Subsistence	9,996	12,922
Other Administrative Expenses	2,439	11,655
Total Administration	<u>142,613</u>	<u>198,203</u>
Wharves and Jetties—Maintenance, Repairs, &c.	40,642	41,280
Contribution to Portland Harbor Trust	192,800	324,000
Lighterage of explosives—expenses, &c.,	49,503	43,613
Other Services	113,290	38,300
	<u>538,848</u>	<u>645,396</u>
Total Public Works Department	<u>3,496,565</u>	<u>3,772,409</u>

Works financed from Loan Fund or from Trust or Special Funds and carried out under the supervision of the Department were charged, as in the previous year, with an oncost of $12\frac{1}{2}$ per centum to cover the departmental expenses involved in the design, supervision and administration of the works. Recoups on the basis of these and other oncost charges paid to Consolidated Revenue rose from £1,289,592 in 1959-60 to £1,470,785 in 1960-61. In connexion with the figure for 1960-61, it is pertinent to make the following observations.

The administrative expenses of the Department and its Ports and Harbors Branch, particulars of which are summarized above, amounted to £1,638,296. On assessment, it would appear that, of this amount, £1,450,814 is the sum of the expenses directly associated with the Department's works programme. However, this programme included works financed from Consolidated Revenue which are not subject to oncost charges. Accordingly, to arrive at the amount recoverable by way of oncost, it is necessary to reduce the sum of £1,450,814 by the amount of expenses therein attributable to revenue works, which amount is calculated to be £161,937. Therefore, on over-all assessment, the amount properly recoverable from works financed from Loan and other funds subject to oncost is £1,288,877, whereas, as already indicated, the amount of £1,470,785 was actually recovered. It is understood that the Treasury and the Department have under consideration a reduction in the rate of oncost with effect as from the 1st July, 1961.

Expenditure from Loan Fund amounted to £14,501,573, from Treasurer's Advance pending loan £60,142, and from Trust and Special Funds £1,111,517. The major part of this expenditure was incurred in the construction of buildings, the carrying out of works and the performance of services for various Departments. The extent to which each Department was concerned is indicated in this report under the appropriate departmental heading.

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

Buildings, Works, &c., for—	£
Public Offices	427,967
Foreshore protection, wharves, and jetties	125,195
Dredging, blasting, and navigational aid	173,894
Vessels for dredging, and explosives, and marine plant	28,489
Explosives Reserve, Altona	540
Plant was acquired from loan funds for departmental purposes during the year at a cost of	21,137

Purchase on Terms.—The Department entered into a contract for the purchase of a property for the Social Welfare Department, payment to be made by instalments over a period of three years, with interest at the rate of 5½ per centum per annum. To the 30th June, 1961, instalment payments amounted to £100,000 and interest payments to £3,834. This expenditure has been met partly from Loan Fund and, as to the remainder, from Treasurer's Advance pending provision in the next Public Works Loan Application Act. The question has been raised by me as to whether the interest payments are proper charges to Loan.

Public Works Stores Suspense Account.—This Account was established under the provisions of Loan Act No. 5240 of 1947. An amount of £25,000 was provided under that Act and subsequent authorities increased the amount to £325,000. The allocation under these authorities to the 30th June, 1961, was £324,000. The said Act was repealed by the *Acts Enumeration and Revision Act 1958* and, consequently, this Account since 1st April, 1959, has operated without statutory authority. The moneys in the Account are used:—

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

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

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

	£
Cash balance as at 1st July, 1960—held in Treasury	163,711
Add—Issues pending recoup 1st July, 1960	27,801
	<hr/>
	191,512
Less—Sundry creditors 1st July, 1960	30,455
	<hr/>
Amount available for purchase of stores as at 1st July, 1960	161,057
Add—Recoups on account of stores issues, &c., 1960–61	336,442
	<hr/>
Amount available for purchase of stores, 1960–61	497,499
Less—Payments on account of stores, &c., purchased in 1960–61	317,781
	<hr/>
Cash balance as at 30th June, 1961—held in Treasury	179,718
Add—Issues pending recoup as at 30th June, 1961	29,660
	<hr/>
	209,378
Less—Sundry creditors as at 30th June, 1961	36,418
	<hr/>
Amount available after adjustments for the purchase of stores	172,960

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

	£
Amount available for the purchase of stores as per preceding summary	172,960
Book value of stores	180,226
Debit in departmental books on account of loss on disposal of consumable stores ..	19,052
	<hr/>
	372,238
<i>Deduct</i> —Amount allocated from Loan Fund for the purposes of the Account ..	324,000
	<hr/>
Apparent excess over funds provided for the Account	48,238
	<hr/>

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

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

It should be mentioned that, until the 1st November, 1960, the cost of returnable containers was charged to Stores Suspense Account. Through failure to account properly for the return of these containers, a considerable loss, estimated to be in the vicinity of £14,000, has occurred. However, the actual loss can be determined only after thorough departmental investigation which should be commenced without further delay.

Public Works Plant and Machinery Fund.—This Fund was established under the provisions of Loan Act No. 5199 of 1946. As in the case of Loan Act No. 5240 mentioned previously, the said Loan Act No. 5199 was repealed by the *Acts Enumeration and Revision Act* 1958 and consequently since the 1st April, 1959, this Fund has operated without statutory authority. The charges made for the use of certain specified plant and machinery as authorized by Act No. 5199 are debited to projects on which such plant is used and credited to the Fund. The Fund is kept in two sections, viz., “Renewals and Replacements” and “Cost of Operating, Maintenance, &c.”, to each of which an appropriate allocation of the hire charges is made. At the close of the financial year the balance was £246,479, of which £233,198 related to the renewals and replacement section.

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

The operations of the Fund have been the subject of departmental review in the light of experience gained since its inception in 1947. Finality in respect of this review has not yet been reached.

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

Commonwealth Aid—Havens, Wharves, Jetties, &c.—Expenditure in relation to havens, wharves, and jetties is a Public Works Department responsibility and, by virtue of special provisions in the Commonwealth Aid Roads and Works Act of 1947 and the Commonwealth Aid Roads Acts of 1950, 1954, and 1959, certain funds have been made available for expenditure on this type of work. The projects are determined by the Minister.

During 1960-61, £183,462 was expended, making a total of £2,159,677 so applied since Commonwealth aid was first available from this source, viz., 1st July, 1947. The locations at which funds were expended during 1960-61 are :--

	£
Head Office Administration	33,653
Apollo Bay	12,665
Barwon Heads	200
Brighton	750
Corinella	203
Cowes	2,629
Dromana	6,214
Elwood	338
Flinders	3,863
French Island	1,273
Gellibrand	202
Gippsland Lakes	29,502
Hampton	3,446
Hastings	804
Johnsonville	8
Mallacoota	82
Mordialloc	593
Mornington	11,487
Newhaven	2,078
Paynesville	65
Point Lonsdale	165
Port Campbell	390
Port Fairy	10,419
Port Phillip Bay	2,706
Port Welshpool	3,332
Queenscliff	5,835
Queenscliff—Buoy Depot	9,028
Rosebud	1,052
Rye	2,625
San Remo	9,954
Seaford	1,686
St. Kilda	13,892
Sorrento	5,410
Stony Point	258
Torquay	144
Warrnambool	1,458
Werribee	3,660
Various Locations (Removal of dangerous pile remnants)	1,393
	183,462

RAILWAY ACCOUNTS.

Railway operations for the year resulted in a deficit of £4,179,748 in the Treasurer's Accounts as set out in Statement No. 6 of this report. The deficit is accounted for as follows:—

	£	£
Working expenses, &c.	39,376,829	
Renewals and Replacements Fund	200,000	
Pensions and Superannuation contributions	2,126,997	
	<hr/>	41,703,826
Interest and expenses on loans	3,968,515	
National Debt Sinking Fund	211,233	
	<hr/>	4,179,748
Transfer to Railways Equalization Account . . . . .	..	*920,347
		<hr/>
This was provided by—		46,803,921
Railway Income		42,370,547
General Revenue—		
For losses on Kerang-Koondrook line	10,626	
For credit for country freight charge concessions	143,000	
For concessions to pensioners	100,000	
	<hr/>	253,626
For deficit on year's operations		4,179,748
		<hr/>
		46,803,921

* Available as required to meet Railway working expenses in future years.

The deficit is stated in the Railway Accounts as £3,766,474; the Department's accounts are on an accrual basis. So, also, are the Treasury Accounts for railway expenditure. However, Treasury Accounts for income are mainly cash records. The net financial results for the year, as disclosed in the two accounting systems, are reconciled in the following statement:—

	£	£
Deficit, as shown in Treasury books		4,179,748
Revenue outstanding (net) at—		
30th June, 1961	1,977,848	
30th June, 1960	1,564,574	
	<hr/>	413,274
Deficit, as shown in Railway books		3,766,474

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

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

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Pensioners' Fares Concessions	100,000	100,000	100,000
Freight Subsidies	143,000	143,000	143,000
Recoups, Kerang-Koondrook Railway	13,686	8,446	10,626
Deficit in Treasury Accounts	3,942,331	4,602,308	4,179,748
Charge on General Revenue*	4,199,017	4,853,754	4,433,374

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

The item "Pensioners' Fares Concessions—£100,000", is the amount of the payment to the Railways under the authority of the Annual Appropriation Act. The amount of these concessions has been calculated by the Department to be £146,068.

The preceding table does not include interest and sinking fund payments in respect of loan moneys provided for "Rehabilitation Works" which, by legislation in Railway Loan Application Acts, are not chargeable to the Commissioners. The amount of these charges in the year 1960-61 was £2,118,281.

The use of loan moneys, free of debt charges to the Railways, for replacements under the rehabilitation programme commenced in 1950. The expenditure of £52,108,249 on the programme represents 61 per cent. of the loan expenditure on railways in the period 1950 to 1961.

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

30th June.	Total Liability.	Charged to Railways		Borne by State.	
	£	£	%	£	%
1950	56,592,040	56,067,040	99.1	525,000	0.9
1951	63,851,079	59,392,771	93.0	4,458,308	7.0
1952	72,612,233	61,390,849	84.6	11,221,384	15.4
1953	79,741,556	64,910,767	81.4	14,830,789	18.6
1954	88,606,298	69,162,306	78.1	19,443,992	21.9
1955	96,831,036	73,344,154	75.7	23,486,882	24.3
1956	104,744,964	76,194,243	72.7	28,550,721	27.3
1957	112,400,666	79,105,538	70.4	33,295,128	29.6
1958	119,588,252	81,899,801	68.5	37,688,451	31.5
1959	126,876,770	84,206,596	66.4	42,670,174	33.6
1960	134,367,709	86,308,369	64.2	48,059,340	35.8
1961	141,973,941	89,340,692	62.9	52,633,249	37.1

As stated in previous reports, the Railway Accounts do not in two respects, disclose the full financial results. Depreciation and accrued leave have not been fully provided for in the revenue accounts. Depreciation was assessed at £2,794,870 for the year, but the amount charged in the accounts was £310,642, i.e., part of the sum credited to the Renewals and Replacements Fund, leaving £2,484,228 unprovided for in the charge against revenue. The accumulated sum which has not been provided from revenue is £16,429,380. However, £1,643,138 has been received from sales of materials, &c., and the shortage in the fund has been more than overcome by loan allocations, £52,108,249, for replacement (rehabilitation) works.

As explained in the report for the year 1953-54, accrued annual leave has been the subject of inconsistent treatment in the revenue accounts. During 1960-61, although the arrears of annual leave were reduced by 3,408 days, the estimated liability, due to salary and wage rises, increased from £1,708,535 as at the 1st July, 1960, to £1,738,903 as at the 30th June, 1961. As indicated in previous years, there is no provision in the form of a reserve fund to meet the liability. Working expenses of the year in which the payments are made bear the cost of annual leave accrued in previous years.

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Passengers	11,976,698	12,117,357	12,133,167
Parcels, horses, carriages, &c.	1,067,639	1,110,953	1,156,386
Mails	271,886	263,234	246,910
Miscellaneous	48,295	45,942	40,723
Goods and live stock, &c.	22,125,822	22,875,947	26,581,855
Rents and general miscellaneous	684,426	768,145	809,490
Dining car and refreshment rooms services	1,508,451	1,514,426	1,517,027
Advertising	82,207	93,383	105,925
Bookstalls	384,570	400,301	395,472
Electric tramways and road motor services	83,205	42,263	39,865
	38,233,199	39,231,951	43,026,820

Treasury recoups—£13,686 in 1958–59, £8,446 in 1959–60, and £10,626 in 1960–61 in accordance with the *Kerang and Koondrook Tramway Act 1951*, No. 5591—are not included in the above earnings.

BALANCE-SHEET.

An abridged statement of the balances in the Railway Accounts as at 30th June, 1960 and 1961, is as under:—

	1960. £	1961. £
Rolling-stock, Plant, &c., at cost less depreciation provided	139,568,576	152,364,397
Stores and Materials	4,323,009	3,771,890
Partly-manufactured Articles	277,403	329,932
Refreshment Services, Stock and Equipment less provision for losses	244,130	265,077
Discounts and Expenses on Loans	2,134,413	2,235,384
Deferred Renewals, Replacements, and Maintenance Works	525,000	525,000
Funds at Treasury—		
Railway Accident and Fire Insurance Fund	100,000	100,000
Railway Charges in Suspense Account	1,251,224	1,456,164
Railways Stores Suspense Account	726,539	1,118,698
Railways Repayment Fund	9,121	7,793
Uniform Railway Gauge Trust Fund	24,459	..
Railways Equalization Account .. .. .	..	920,347
Advances to Agent-General	121,747	110,608
Trust Securities	1,486,619	1,915,561
Cash at stations and in transit	300,258	257,291
Cash Advances	49,726	173,183
Revenue Debtors	1,530,833	1,991,079
Sundry Debtors	625,961	682,699
Accumulated loss	62,805,603	66,572,077
	216,104,621	234,797,180
Loans (interest bearing)	71,218,266	72,973,157
Funds for Uniform Railway Gauge Works	5,761,628	10,460,265
Contributions from revenue, loans, &c., (non-interest bearing)	54,888,517	59,850,754
National Debt Sinking Fund Reserve	15,090,103	16,367,535
Uniform Railway Gauge Sinking Fund Reserve	7,701	25,009
Railway Accident and Fire Insurance Reserve	100,000	100,000
Railways Equalization Reserve .. .. .	..	920,347
Advances from the Public Account	574,352	944,228
Sundry Creditors	2,598,137	2,682,606
Trust Securities	1,495,740	1,923,354
Consolidated Revenue, &c.	64,370,177	68,549,925
	216,104,621	234,797,180

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

Accumulated Loss.—£66,572,077—This loss to 30th June, 1961, includes £21,458,700, representing losses incurred prior to 1st July, 1937, and special funds provided for working expenses.

From 1938 to 1957, it was the practice to show only losses accumulated after the *Railways (Finances Adjustment) Act 1936*, came into operation on 1st July, 1937. If this method of presentation had been continued, the loss as at 30th June, 1961, would have been shown as £45,113,377 instead of £66,572,077. The provisions of the said Act, as repeated in the *Railways Act 1958*, appear to imply that only deficits since 1st July, 1937, should be taken into account.

Consolidated Revenue.—£68,549,925—This item represents the amount provided by the Treasurer in respect of the accumulated deficit. The apparent disparity between the amount so provided and the figure for the accumulated deficit in the balance-sheet is represented by income earned, £1,977,848, but not yet collected.

Railway Charges in Suspense Account.—At 30th June, 1961, there was a credit balance of £1,456,164. Details are :—

Credits—	£
Salaries and Wages accrued	600,237
Taxation Deductions, &c.	327,296
Sundry Creditors for various services	357,551
Revenue refunds and rebates due	315,801
Amounts received in advance for works	179,186
	1,780,071
Debits—	£
Expenditure on works for other bodies, &c.	343,332
Sundry Debtors for sales and services	28,882
	372,214
	1,407,857
<i>Add</i> —Amount transferred from Income	48,307
	1,456,164

This account was established in 1929, presumably with a view to simplification of the accounting procedure of the Department, to facilitate the recording of expenditure in the books at the Treasury, and to make possible a reduction in the departmental cash advance. However, the Department has viewed and used the account in a wider sense and has contended that the account was designed to act as a holding account for debtors and creditors. A reconciliation of the conflicting views in relation to this account has not yet been effected.

Cash Advances.—£173,183—The Treasurer advances moneys required for payment of salaries, &c., and to meet other authorized expenditure. The Department also pays accounts with moneys collected from fares, &c., and makes adjustments by procedures which do not comply with the requirements of the Audit Act and the Public Accounts and Stores Regulations 1958. Arbitrary adjustments are made by withholding cash from the Treasury, and at 30th June, 1961, an amount of £48,307 was so withheld. As indicated in the above summary this amount was offset by a credit of a like sum in the Railway Charges in Suspense Account. In effect the amount withheld represents part of a liability of £221,491 to the Treasury.

Railway Renewals and Replacements Fund.—Section 115 of the *Railways Act 1958* requires that there shall be paid annually into the fund a minimum sum of £200,000 and any other amounts provided by Parliament, in addition to the net proceeds from the sale of materials.

A summary of the 1960–61 transactions through the fund is as under :—

	£
Special Appropriation—Act No. 6355	200,000
Depreciation on rail motors and road motors, &c.	110,642
Sundry sales and abolitions, &c.	364,197
	674,839
<i>Less</i> renewals and replacements during the year	674,839
	Nil

Railways Stores Suspense Account.—Section 111, *Railways Act 1958*. This account was established by statute in 1896. It is designed to provide financial control over the purchase and issue of stores and the stock on hand. To 30th June, 1959, Parliament had

allocated £5,065,221 for the purposes of the account. However, a repayment of £565,221 to the Loan Fund in October, 1959, reduced the actual allocation to £4,500,000, which, as at 30th June, 1961, was represented by the following items:—

	£
Stock on hand	3,771,890
Less Creditors for stores purchased	598,714
	<hr/>
Railways equity in the stock	3,173,176
Stores sold and proceeds not collected	184,527
Advances to the Agent-General, London	23,599
	<hr/>
	3,381,302
Balance held at Treasury	1,118,698
	<hr/>
	4,500,000
	<hr/>

The triennial stocktaking was carried out at 30th June, 1960, and the results were satisfactory.

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

In 1960–61, £58,728 was written off, together with an amount not readily ascertainable as the entries in respect thereof were net figures. After writing off the debit balance of the Reserve on 30th June, 1961, £2,795, to "Working Expenses", there was a "Nil" balance as at the end of the year.

A similar reserve is kept in connexion with stores and equipment for the refreshment services. After debiting £7,151 in 1960–61, £2,251 was in hand at 30th June.

Stores and Materials.—Subject to the preceding comments, the stock on hand at the 30th June, 1961, is set down at £3,771,890. The value does not include articles in course of manufacture for stock in the workshops or stores and equipment of the refreshment services, &c., valued at £329,932 and £267,328 respectively. The values represent stock financed from suspense accounts pending issues for works or purposes the expenditure on which is chargeable to Parliamentary appropriations.

In addition, there is a considerable quantity of stores which is not included in the stock figures in the balance-sheet. The cost of these stores is borne by funds provided for the works on which they are to be used.

Discount and Expenses on Loans.—The amount at which these capitalized costs of loan flotations appear among the debit balances, £2,235,384, includes an increase during the year of £100,971. This is part of the loan liability which is being reduced annually by National Debt Sinking Fund contributions, and it is not represented by assets.

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

	1956–57.	1957–58.	1958–59.	1959–60.	1960–61.
	£	£	£	£	£
Additions and Improvements ..	2,046,812	2,232,908	1,742,779	1,897,756	2,610,010
Rolling-stock, Equipment, &c. ..	312,287	360,291	329,456	388,622	206,795
Construction of new lines ..	3,316	62,843	178,375	138,861	172,895
Railways Stores Suspense Account ..	300,000	..	..	..	..
Replacement (Rehabilitation) Works ..	4,744,406	4,393,323	4,981,723	5,389,166	4,573,910
Restoration of Roads—City of St. Kilda ..	..	..	199,900	..	..
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,406,821	7,049,365	7,432,233	7,814,405	7,563,610

Railway Accident and Fire Insurance Fund.—The fund was originally established in 1891 as a Railway Accident Fund with provision for a reserve limited to £100,000. Amendments to the legislation instituted the Accident and Fire Insurance Fund and enlarged the range to be covered by the fund but did not increase the amount to be held in reserve.

The fund was preserved at the statutory limit of £100,000 by appropriation from revenue of £483,263 to meet the following expenditure in 1960–61. The expenditure in 1958–59 and 1959–60 is also shown :—

	1958–59.	1959–60.	1960–61.
	£	£	£
Damages recovered by non-employees at law .. .. .	..	5,235	6,942
Damages paid to non-employees without legal action	7,419	7,078	3,483
Compensation for injuries to employees	360,381	379,607	363,454
Compensation for goods lost or damaged	50,679	87,507	87,485
Compensation for losses by fires caused by railway operations	7,866	208	567
Losses by fire to railway property	7,704	9,108	21,332
	<u>434,049</u>	<u>488,743</u>	<u>483,263</u>

Debtors.—The amounts outstanding at 30th June, 1959, 1960, and 1961 are shown :—

	1959.	1960.	1961.
	£	£	£
Revenue services rendered.. .. .	1,368,297	1,530,833	1,991,079
Works	238,796	257,727	343,332
Sales of general stores	68,737	129,406	184,527
Sundry sales and services	98,546	61,296	32,870
Sales of land	26,306	177,532	121,970
	<u>1,800,682</u>	<u>2,156,794</u>	<u>2,673,778</u>

Creditors.—A classification under broad headings at 30th June, 1959, 1960, and 1961, is shown :—

	1959.	1960.	1961.
	£	£	£
Locomotives purchased on terms	394,899	58,224	..
Stores purchased for railways	629,276	706,241	598,714
Stores purchased for refreshment services	24,343	29,348	33,297
Salaries and wages accrued	1,387,946	359,174	600,237
Income Tax Commissioner, &c.	131,582	278,403	327,296
Accounts for various services	310,905	296,906	357,553
Revenue rebates and refunds	287,953	404,140	315,801
Payments in advance for works	66,984	199,184	179,186
Payments in advance for revenue services, &c.	244,408	266,517	270,522
	<u>3,478,296</u>	<u>2,598,137</u>	<u>2,682,606</u>

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

The amount expended by the Commissioners, including £388,328 in the year 1960–61, was £1,265,940 to 30th June, 1961. This latter amount is in the balance sheet as part of the total expenditure on capital works. If the money had not been available from this fund, part of the expenditure would have been charged to railway working expenses and the value of capital works would have been increased only to the extent of the cost of improvements or additional assets acquired.

Uniform Gauge Railway.—Act No. 6459 of 9th December, 1958, authorized and ratified the execution by the State of Victoria of an Agreement, dated 12th September, 1958, between the Commonwealth and the States of New South Wales and Victoria, in relation to the construction of a uniform gauge railway between Albury and Melbourne. The work actually commenced in 1957. The original estimated cost was £10,726,000, but a revised estimate of £11,909,418 was approved during the year. However, this latter estimate is now being reviewed.

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

My report to the Commonwealth Auditor-General on the expenditure £4,901,285 in the year 1960-61, was forwarded to him on 8th August, 1961. The total expenditure to 30th June, 1961, £10,646,156 is included in the Railways balance-sheet in the figure £152,364,397—Expenditure on railway works. These figures include stocks of materials recorded as £172,075, which have yet to be used on the uniform gauge railway.

City of Melbourne Underground Railway.—Act No. 6652 of the 15th June, 1960, authorized the construction of a railway to be called the City of Melbourne Underground Railway. For the purpose of preliminary expenditure on this project, Parliament authorized in the *Railway Loan Application Act 1960* a sum of £40,000. Under this authority, sums amounting to £1,975 were expended in 1960-61 on preliminary planning including test boring for site investigation.

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

An amount of £190,130 on account of these closed lines is included in the figures for capital expenditure shown in the balance-sheet as at 30th June, 1961, and remains to be written off, including part of an amount of £199,900 paid to the City of St. Kilda on 3rd March, 1959, in consideration of the Commissioners being wholly relieved of the liability for the reconstruction of roads after the dismantling of the railway in the municipality of St. Kilda. The payment from loan moneys was made in March, 1959, but the relevant section of the line has not yet been dismantled.

State Coal Mine—Wonthaggi.

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

	1957-58.	1958-59.	1959-60.	1960-61.
	£	£	£	£
Expenditure—				
Working Expenses	687,320	580,451	547,699	545,287
Contributions to Pension Funds	34,424	29,315	26,341	43,900
Contribution to Accident Fund	299	249	216	198
Pay-roll Tax	14,192	12,200	11,343	11,461
Sinking Fund	7,639	2,671	..	..
Interest on Loans	361	94	..	..
Depreciation	24,975	24,975	24,975	25,111
	769,210	649,955	610,574	625,957
Revenue	461,196	410,896	372,845	347,405
Loss for year	308,014	239,059	237,729	278,552

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

	1957-58.	1958-59.	1959-60.	1960-61.
	£	£	£	£
Sale of Coal	402,274	339,059	297,438	269,075
Electric Light and Power	50,092	57,365	62,895	64,583
Miscellaneous	8,830	14,472	12,512	13,747
	461,196	410,896	372,845	347,405

Operations in 1960-61 resulted in a loss of £278,552, compared with the loss of £237,729 in 1959-60.

The deficit on a cash basis in the Treasury was £261,227. The difference of £17,325 between the Treasury and the Mine's books at 30th June, represents unpaid accounts, coal on hand, &c.

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

Disposals of coal in the period 1957 to 1961 are shown hereunder:—

	1957-58.	1958-59.	1959-60.	1960-61.
	tons	tons	tons	tons
Railway Department	36,328	32,177	25,836	20,736
Electricity Commission	34,176	34,352	32,405	29,523
Employees	4,349	4,113	3,157	2,762
Public	11,099	4,740	5,088	5,191
Used in Mine's Works	12,068	13,421	13,783	14,097
	98,020	88,803	80,269	72,309

BALANCE-SHEET.

A statement of the State Coal Mine balances at 30th June, 1960, and 1961, is as under :—

	1960.	1961.
	£	£
Works, Machinery, and Plant at cost, less depreciation	330,582	315,669
Stores and Materials	38,032	29,950
Coal Stocks	3,981	4,946
Discounts and Expenses on Loans	641	641
Funds at Treasury—		
Depreciation Fund	50,804	65,064
Trust Fund—Charges in Suspense	17,676	6,829
Cash	20,316	4,641
Deposits on Contracts	1,926	1,959
Sundry Debtors	24,661	16,438
Accumulated Loss	3,743,532	4,022,083
	<hr/> 4,232,151	<hr/> 4,468,220
National Recovery Loan (non-interest bearing)	24,500	24,500
Advances from Public Account	34,134	27,032
Sundry Creditors	45,898	25,731
Depreciation Fund Interest Reserve	97,555	99,666
Sinking Fund	354,000	354,000
Advances from Consolidated Revenue	3,676,064	3,937,291
	<hr/> 4,232,151	<hr/> 4,468,220

STATE RIVERS AND WATER SUPPLY COMMISSION.

Country Water Supply.

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

Revenue.

Revenue is obtained mainly from rates and charges for the supply of water.

A summary of the revenue transactions for the period 1956-61, final figures being used except for the last year of the series, is given hereunder:—

	Amounts Collectable.			Amounts Credited.	Arrears as at 30th June.
	Water Sales and Miscellaneous.	Assessments of Rates and Charges.	Total Collectable Sum Including Arrears.		
	£	£	£	£	£
1956-57	653,621	1,621,403	2,548,733	2,108,175	440,558
1957-58	1,008,042	1,817,971	3,266,571	2,638,424	628,147
1958-59	782,937	1,845,243	3,256,327	2,733,606*	522,721
1959-60	938,960	1,921,926	3,383,607	2,803,880	579,727
1960-61	848,418	2,015,168	3,443,313	2,959,043	484,270

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

Of the total collectable sum, 85·9 per cent. was received during the year, as compared with 81·9 per cent. in the previous year. In this connexion it should be noted that amounts due for water sales do not bear interest until a date some months after the close of the year and, accordingly, consumers tend to defer payment of such amounts until the expiration of the interest-free period. In the circumstances, a better indication of the degree to which collection is effected is obtained by a comparison of the sum of the collections on account of current rates and charges with the total amount assessed under those heads. On this basis, the percentage of collection was 94·1 per cent. in 1960-61 as compared with 92·7 per cent. in 1959-60.

A dissection of the collectable sum and the amount thereof owing at the 30th June, 1961, is given in the statement hereunder:—

	Total Collectable Sum.	Arrears 30.6.61
	£	£
Irrigation Districts	1,806,907	262,184
Waterworks Districts	491,748	44,706
Urban Districts	702,831	131,906
Flood Protection Districts	45,098	2,901
Drainage Districts	20,400	2,157
Coliban Districts	211,780	27,860
Sundries	164,549	12,556 (Approx.)

Cash Summary.—Details of the cost to the State in connexion with Country Water Supply are set out in Statement No. 7 appended to this report. A summary prepared on a cash basis for the period 1956–61 is given in the table hereunder:—

	Receipts, including Recoups.	Expenditure.			Cash Deficit.	Loan Expenditure.
		General.	Debt Charges.	Total.		
	£	£	£	£	£	£
1956–57	3,153,046	3,206,718	3,814,836	7,021,554	3,868,508	6,534,441
1957–58	3,844,317	3,443,187	4,264,713	7,707,900	3,863,583	6,764,997
1958–59	3,929,540	3,606,884	4,640,190	8,247,074	4,317,534	7,790,813
1959–60	4,127,683	3,887,812	5,063,370	8,951,182	4,823,499	7,166,562
1960–61	4,283,539	4,014,607	5,483,647	9,498,254	5,214,715	8,094,984

The increase in the cash deficit was due mainly to the increase of £420,277 in debt charges in consequence of further borrowings for country water supply.

EXPENDITURE.

Works.—Included in the loan expenditure for the year, shown in the foregoing statement, is a sum of £4,778,537 in respect of works undertaken by the Commission. The principal items were:—

<i>Nature of Works.</i>		£
Goulburn Irrigation System	Substantial enlargement and remodelling of main channels and other distributory works	1,128,056
Eppalock Reservoir	Construction of new Reservoir	847,372
Mornington Peninsula System	Reticulation installations and enlargement and extension of main supply works and pipe-lines	526,119
Works Generally	Erection of workshops, storehouses and administrative and other buildings	469,312
Other Irrigation Districts ..	Construction of channels, structures and other works including drainage works, Robinvale	408,962
Surveys, Investigations, and Designs	Various	269,546
Coliban System	Completion of Castlemaine Reservoir and associated works	188,312
Waterworks Districts Generally	Construction of channels, structures and urban storages throughout Wimmera Mallee Area	162,033
Murray Valley Districts ..	Drainage works	151,543
Central Highlands Project	Continuation of the works relating to the enlargement of Newlyn Reservoir and the installation of plant and pipe-line to pump water across the Great Dividing Range	150,639

The item “Works Generally” includes further expenditure amounting to £412,030 on the erection, &c., of the Commission’s new central administrative office building at Armadale bringing the total expenditure on this project to £513,530 as at the close of the year.

Depreciation—Works—Water Supply Works Depreciation Fund and Account.—Pursuant to the provisions of Section 83 of the *Water Act* 1958 as amended, the Commission is required to raise, by means of annual rates and charges, moneys to provide for the replacement of any machinery, plant, or perishable structures comprising the works of the constituted districts with the exception of irrigation districts.

The sums raised in the annual rates and charges for depreciation must be paid into Consolidated Revenue or, to the extent the Treasurer directs, to the Water Supply Works Depreciation Fund. Also, the sums raised (with interest credited thereon) must be shown in the Commission's books to the credit of the Water Supply Works Depreciation Account.

The amount raised for credit to the Water Supply Works Depreciation Account in 1960-61 was £169,004, which included £998 on account of Eildon sewerage. On the other hand, in recent years, no payment has been made to the Fund nor has any part of the Fund been invested. As at 30th June, 1961, the balance of the Fund was £56,030, and the balance of the Account, £790,751.

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

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

In respect of the year 1959-60, I have furnished the Treasurer with my certificate in relation to those districts which had cash surpluses in that year amounting in all to £7,463 14s. 11d. This sum was, in accordance with the Act, transferred in 1960-61 from Consolidated Revenue to the credit of the Account.

It should be mentioned that, in the past, the Commission has been required to record in its books, district revenue and costs and arrive at the results of the respective district operations. For this purpose, the Commission formulated a basis of allocation of overhead costs to districts and, from year to year, consistently adhered to this basis of allocation. In respect of my certificate for the year 1959-60, the first year of the operation of the statutory provisions outlined above, I accepted the Commission's basis of allocation with the reservation that a revised method of apportionment, recommended by a Departmental Committee after thorough investigation, be followed and put into effect as from and inclusive of the 1st July, 1960.

River Murray Commission.—The agreement made under the provisions of the River Murray Waters Act (No. 2596) provides for the construction of works on the River Murray and for the appointment of the River Murray Commission to give effect to the agreement. The State Rivers and Water Supply Commission which is a constructing authority under the terms of the Act, incurred expenditure on these works amounting to £97,875.

In 1960-61, under the authority of Water Supply Loan Application Acts Nos. 6566 and 6708, Victoria contributed £111,000 for the construction of works, bringing the State's total contribution for construction as at 30th June, 1961, to £5,341,195. Also, £67,875 was contributed for maintenance and administrative expenses during 1960-61.

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

Waterworks Trusts.—Supervision of waterworks Trusts is vested in the State Rivers and Water Supply Commission. The accounts of the Trusts are prepared on a calendar year basis, and are required by Section 169 of the *Water Act* 1958 to be audited by my officers.

Funds for capital works by the Trusts have been provided principally by advances made available by the State. Works have also been financed from the Trusts' own resources and, in recent years, from debenture loans raised under the provisions of the Act. Interest in excess of 3 per cent. on debenture loans is recouped to Trusts by the State. Expenditure under this heading for the year was £13,300.

Advances by the State in 1960–61 totalled £983,565. Repayments in respect of advances amounted to £40,574, and the Trusts were relieved of liability to the extent of £32,984 which the Governor in Council directed to be borne by the State, so that the net increase in the Trusts' indebtedness for State loans was £910,007.

By Government decision, country town water supply authorities were, subject to certain conditions, to be subsidized to an extent that would make possible limitation of their respective rates to a maximum of 3s. 6d. in the £1 of net annual valuation or its equivalent. Under this authority, eight waterworks Trusts were so assisted in 1960–61 and the total amount involved was £4,497.

River Improvement Trusts.—To 30th June, 1961, twenty River Improvement (or Drainage) Trusts had been constituted under the River Improvement Act.

The Act authorizes the Trusts to borrow money to finance works construction, and to raise revenue to meet maintenance and administration costs on similar conditions to those operating for waterworks Trusts. Interest in excess of 3 per centum on debenture loans raised by Trusts is recouped by the State. In this regard, the amount provided by the State in 1960–61 was £1,733.

Advances by the State in 1960–61 totalled £198,662. Repayments in respect of advances amounted to £404, and the Trusts were relieved of liability to the extent of £251,552 which the Governor in Council directed to be borne by the State, so that the net decrease in the Trusts' indebtedness for State loans was £53,294.

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

Payments into the Fund totalled £56,449 and expenditure amounted to £27,900. The balance at the close of the year was £111,760.

State Rivers Agency Trust Account.—This Account was established by the Treasurer under the authority of Section 8 of the *Public Account Act* 1958 to record contributions by other bodies towards the costs of works carried out by the Commission. In the year contributions amounted to £99,479 and expenditure, including refunds of contributions amounted to £78,099. The balance in the Account at the close of the year was £65,194.

Stores.—According to Commission records the book values of plant, tools and general stores at the 30th June, 1961, were :—

	Plant.	Tools and Stores.
	£	£
At Construction Works	103,533	269,563
Hire Plant and Machinery	Not Available	
Stores Suspense Accounts (Depots)	123,748	567,724
At Central Plant Workshops (Suspense Accounts)	8,796	158,769
At Central Plant Workshops pending transfer or disposal	53,208	81,786

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

Reference was made in my previous report to a specific loss on the sale of certain stores. As yet, the method of accounting for losses of this nature in the Treasury and Commission financial records has not been determined.

Stores Suspense Account.—Up to an inclusive of 30th June, 1961, loan moneys amounting to £1,206,000 have been made available for the purpose of financing this Account.

In the Treasurer's Trust Fund statement, as at 30th June, 1961, the balance at credit of the Water Supply Stores Suspense Account is shown as £770,956. This amount is represented in the Commission's books by:—

	£	£
Balance available for purchases of stores, &c.		364,728
<i>Plus Credit Balances of Plant Operating Accounts—</i>		
“Hire Plant” Accounts	292,571	
Interest and Redemption Reserve Account	110,841	
Plant Operating Reserve Account	2,816	
	<hr/>	406,228
Balance—Water Supply Stores Suspense Account		<hr/> 770,956

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

Particular aspects of this Account, to which reference was made in my report, for 1957–58 are the subject of inquiry by the Public Accounts Committee.

As at the 30th June, 1960, the aggregate of the balances at credit of the several “Hire Plant” Accounts was £443,141, as compared with £292,571 as at the close of the year under review. This reduction was largely the result of:—

- (i) substantial debits to the several accounts for repairs and maintenance; and
- (ii) a decrease in the credits to such accounts following on a reduction, as from the 1st July, 1960, in the “repairs and maintenance” component of the relevant hire charge.

The credit balance of £2,816 on the Plant Operating Reserve is the net result of the transactions recorded in the Reserve during the year, which are summarized hereunder:—

	£	£
Debit balance at 1st July, 1960		11,213
<i>Plus—</i> Part cost of operating Central Plant Workshops	12,128	
Motor Vehicle Insurance paid on Hire Plant	5,257	
Net loss on sale of spare parts	30,755	
Miscellaneous adjustments to accounts	3,024	
	<hr/>	51,164
		62,377
<i>Less—</i> Insurance provisions in Hire Rate	13,372	
Net excess of provisions for over-expenditure on Repairs and Maintenance in “Hire Plant” sold	51,821	
	<hr/>	65,193
Credit balance at 30th June, 1961		<hr/> 2,816

During the year, spare parts, the book value of which was £43,614, were sold for £12,859. The resultant net loss of £30,755 is reflected in the above statement.

The current adjustment was made by internal journal entry. This action emphasizes the opinion expressed in previous reports that, unless the accounts within the Stores Suspense Account relating to the operation of plant and those recording the purchase and issue of stores are separated in the Treasurer's Accounts, substantial financial adjustments are possible without Treasury knowledge.

In the report for 1957–58, reference was made to the credit balance of the Interest and Redemption Reserve Account. The balance of this Account has accumulated as a result of the imposition of penalty rates, referred to by the Commission as holding charges, to cover idle time and from excess provisions in plant-hire charges for interest and redemption.

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

	£	£
Credit Balance at 1st July, 1960		129,685
<i>Plus</i> —Interest and Redemption raised in Hire Charges ..	23,292	
One-half of Holding Charge levied in Hire Charges ..	27,706	
	50,998	
		180,683
<i>Less</i> —Payment of Interest and Redemption on Capital Liability ..	54,299	
Transfer to Depreciation Fund of Interest and Redemption raised in Hire Charges 1959–60 in respect of motor vehicles ..	15,543	
	69,842	
Credit Balance at 30th June, 1961		110,841

I have previously raised the question of the legality of imposing a holding charge for any item of plant lying idle in a district. As yet, this question has not been determined.

Plant and Machinery.—Expenditure from loan funds during the year for the purchase of movable plant and machinery to be engaged on the construction and maintenance of the works of the Commission totalled £25,908. The capital liability at the 30th June, 1961, in respect of this plant and machinery was £1,640,393.

Under the provisions of the Water Act, the cost of this plant and machinery is not charged directly to any district, but, when used on construction and maintenance works, a charge for depreciation is made and the amount is paid to the Water Supply Plant and Machinery Depreciation Fund. At the 30th June, 1961, the balance in the Fund for the replacement of hire plant and machinery was £1,206,028.

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

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

Funds for capital works by the Authorities have been provided by advances made available by the State. Works have also been financed by the Authorities from debenture loans raised under the provisions of the Sewerage Districts Act. Interest in excess of 3 per cent. on debenture loans is recouped to Authorities by the State. Expenditure under this heading for the year was £165,625.

Advances by the State in 1960–61 totalled £267,216. Repayments in respect of advances amounted to £5,341 and the Authorities were relieved of liability to the extent of £344,626 which the Governor in Council directed to be borne by the State so that the net decrease in the Authorities' indebtedness for State loans was £82,751.

In addition, the Latrobe Valley Water and Sewerage Board received advances totalling £1,847,300 in connexion with works of water supply and treatment or disposal of waste.

Eildon Sewerage District.—During the year, the Commission continued to exercise and discharge the powers and duties of the Eildon Sewerage Authority. Expenditure on the sewerage works amounted to £249,905 of which £103,800 only was allocated as the capital liability of the sewerage district.

Rates and miscellaneous charges levied in 1960–61 totalled £7,205 of which £6,978 or 95·5 per cent. was paid during the year. Costs chargeable to the district amounted to £4,171 plus depreciation £998.

TRUST AND SPECIAL ACCOUNTS.

Itemized Trust Funds and Special Accounts are included in the Treasurer's Finance Statement. The balances of all funds and accounts are held by way of investment or on general account and the operations of many are regulated by statute. The transactions recorded annually are numerous and, in total, of considerable magnitude, debits to all funds and accounts aggregating in 1960-61, £155,359,975 and credits, £161,461,774.

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

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

Account.	Purpose for which Established.	1960-61.		Balance 30th June, 1961.
		Debits.	Credits.	
		£	£	£
Department of Agriculture Film Production Account	To account for the receipt and disbursement of moneys lodged with the Department of Agriculture by various bodies to defray the cost of producing certain films.	..	500	500
Home Builders' Special Loans Trust Account	To record advances by bodies other than the Commonwealth Government for loans to Co-operative Housing Societies.	340,000	340,000	..
Interest and Sinking Fund Reserve Account	To account for moneys appropriated by Parliament for the sole purpose of recouping the Consolidated Revenue of any future year in respect of portion of the annual charges on the Public Debt.	..	1,300,000	1,300,000
Monash University (Com- monwealth Subsidy) Account	To record the receipt and disbursement of moneys made available for the purposes of the Monash University by the Commonwealth Government under the <i>States Grants (Universities) Act 1960</i> .	1,345,342	1,345,342	..
National Heart Campaign Victoria Trust Account	To account for voluntary contributions, by way of deductions during the months of May and June, 1961, from the pay of officers and employees of the Victorian Public Service, together with the proceeds of the sale of tickets in specified raffles. The total amount at credit of the account is to be paid to the organizers of the appeal.	..	2,345	2,345
Pensioners' Rental Relief Trust Account	To record transactions relating to subsidies to pensioners. Particulars of the sources of the credits to this account and other relevant details are given at page 95.	4,348	39,419	35,071
Public Works Agency Account	To account for moneys lodged with the Public Works Department by other bodies to defray the cost of works to be carried out on behalf of such bodies.	29,744	36,592	6,848
Railways Equalization Account	To account for moneys made available by Parliament to meet, as required, Railways working expenses of future years.	..	920,347	920,347
Totalizator Agency Board Trust Account	To receive that portion of the commission deducted from off-course investments with the Totalizator, which, pursuant to the <i>Racing (Totalizator Extension) Act 1960</i> is payable to racing clubs, and to record the disbursement of such moneys. Further reference to this account is made under the heading of "Totalizator".	6,938	11,613	4,675

Account.	Purposes for which Established.	1960-61.		Balance 30th June, 1961.
		Debits.	Credits.	
University Residential Colleges Maintenance (Commonwealth Ac- count)	To record the receipt and disbursement of moneys made available by the Commonwealth pursuant to the <i>State Grants (Universities) Act 1960</i> for financial assistance to residential colleges and halls of residence.	£ 18,000	£ 18,000	£ ..
Victorian Wheat Industry Trust Account	To account for the receipt and disbursement of moneys made available by the Commonwealth Government pursuant to the <i>Commonwealth Wheat Research Act 1957</i> .	5,701	10,437	4,736

For convenience in explaining the funds and accounts within the Trust Fund, the relevant figures for 1960-61 are set out under broad classifications in the table below:—

	Balance Forward. General Account. <i>Investments.</i>	1960-61.		Balance 30th June, 1961. General Account. <i>Investments.</i>
		Debits.	Credits.	
	£	£	£	£
Compensation and Insurance	10,537,665	9,775,707	11,648,263	12,410,221
	1,046,641	..	..	1,046,641
Superannuation and Pension	636,060	1,978,161	1,723,898	381,797
	10,162,113	4,145	1,235,350	11,393,318
Depreciation	1,103,676	1,327,164	1,433,884	1,210,396
	747,650	..	..	747,650
Deposit	272,542	109,729	161,555	324,368
	231,276	10,000	..	221,276
Railways	2,003,913	51,878,641	53,394,759	3,520,031
Commonwealth	1,832,615	34,227,133	34,422,618	2,028,100
Commonwealth-State	345,438	63,274	51,244	333,408
	6,704,847	47,400,625	47,326,311	6,630,533
Other—Regulated by Statute	354,760	5,150	..	349,610
	778,559	8,579,446	9,982,742	2,181,855
Other—Not Regulated by Statute	45,694	..	2,030	47,724
	24,215,315	155,339,880	160,145,274	29,020,709
	12,588,134	19,295	1,237,380	13,806,219
Securities Lodged with Treasurer	7,379,207	800	79,120	7,457,527
	24,215,315	155,339,880	160,145,274	29,020,709
	19,967,341	20,095	1,316,500	21,263,746

Compensation and Insurance.

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

Fund or Account.	Page Reference No.
Closer Settlement Insurance Fund	55
Soldier Settlement Insurance Fund	57
Railway Accident and Fire Insurance Fund	70
State Accident Insurance Fund	96
State Motor Car Insurance Fund	98

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

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

The Government Buildings Fire Insurance Fund was set up under the Special Funds Act, No. 2297 of 1910, by the transfer of £15,000 from the Assurance Fund. That Act provides also for a yearly charge against revenue of £2,000, and for the crediting of the Fund with the interest on the balance of the Fund in excess of £15,000. Initially, this was considered to be sufficient provision for costs resulting from the restoration of buildings damaged by fire, but in 1942–43, it was deemed necessary to increase the Fund to £100,000. In recent years, additional contributions totalling £397,000 have been provided from Consolidated Revenue, and, during the year under review, a further sum of £250,000 was made available from Treasurer's Advance pending the passing of the Supplementary Estimates.

The following statement shows expenditure from the Fund and the balances at credit thereof from 1956–57 to 1960–61:—

Year.	Expenditure.	Balance at 30th June.		
		Investments.	Cash.	Total.
	£	£	£	£
1956–57.. .. .	6,823	35,000	328,245	363,245
1957–58.. .. .	4,119	35,000	327,264	362,264
1958–59.. .. .	6,061	35,000	324,340	359,340
1959–60.. .. .	48,934	35,000	278,543	313,543
1960–61.. .. .	78,773	35,000	453,215	488,215

In terms of the Act establishing the Fund, the present cash balance in excess of £15,000 should be invested, but, on past experience, a maximum of £15,000 available cash is insufficient for current requirements. However, prudent management of a fund of this nature requires that cash balances be invested to the maximum extent possible in order to obtain additional income to meet claims and to assist in maintaining the capital of the Fund.

Application of the Fund is restricted to buildings, no provision being made in regard to stores, equipment or the contents of buildings. As stated in previous reports, a revision of the 1910 Act is desirable.

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

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

Receipts for the year, including £3,732 recouped from certain estate agents, totalled £49,677 and claims paid amounted to £14,422. The surplus of £35,255 on the year's operations was transferred to revenue leaving the statutory maximum in the Fund, namely, £25,000.

Motor Car Hospital Payments Fund.—The revenue of this Fund is derived from an amount of 1s. 9d. deducted from each premium paid under the third party insurance provisions of the *Motor Car Act* 1958. An annual distribution is made to public hospitals in respect of motor accident cases where costs of treatment exceed the amounts received on behalf of the patients concerned.

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

Year.	Receipts.	Payments.	Balance.
	£	£	£
1940-56	533,279	451,447	81,832
1956-57	62,907	71,793	72,946
1957-58	65,903	60,767	78,082
1958-59	68,279	78,050	68,311
1959-60	75,449	68,279	75,481
1960-61	77,984	75,448	78,017

Superannuation and Pension.

The major funds included in this group are the Police Superannuation Fund, Police Pensions Fund, Parliamentary Contributory Retirement Fund, and the Port Phillip Pilot Sick and Superannuation Fund. The Superannuation Fund and the Married Women Teachers' Pensions Fund do not form part of the Public Account and reference to these funds will be found in the supplementary report on the accounts of certain statutory bodies which I am required by law to audit.

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

Contributions by the State and all penalties and damages awarded to members of the Force are credited to the Fund, together with a statutory annual contribution of £23,000 from the Licensing Fund. The State's contribution is fixed at £2,000 annually, plus any further amount directed by Parliament to be applied to the liquidation of pensions authorized. No additional contribution was provided in 1960-61. Penalties and damages awarded amounted to £51,469, and a further sum of £377 was received from fines imposed upon members of the Force.

Pension payments from the Fund totalled £26,041 which was £2,672 less than the figure for the previous year notwithstanding increased pensions granted from 30th December, 1960.

There is a continuing diminution in the annual commitments of the Fund, and, as a result, the balance at credit of the Fund is progressively increasing. During the year an amount of £306,125 was invested, and the interest on the securities purchased will further accelerate the accumulation of moneys surplus to requirements.

The unexpended balance of the Fund at 30th June, 1961, was £356,202.

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

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

Contributions by the State in 1960-61 totalled £869,650, an increase of £17,400 on the figure for the previous year.

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

	Year Ended 30th June, 1961.	Total.
	£	£
<i>Receipts.</i>		
Deductions from pay	216,665	2,225,676
Deductions repaid by ex-officers on reinstatement	1,044	9,281
Contributions from Consolidated Revenue	869,650	9,833,447
Interest on investments	452,037	4,297,776
Underwriting Commission	3,000	3,000
Balance in hand—1st July, 1960	277,430	..
	1,819,826	16,369,180
<i>Disbursements.</i>		
Pensions	614,765	5,130,694
Gratuities	18,715	89,740
Deductions refunded	22,913	172,518
	656,393	5,392,952
Balance 30th June, 1961	1,163,433	10,976,228
Represented by—		
Investments	877,350	*10,690,145
Cash	286,083	286,083
	1,163,433	10,976,228

* Face Value of Investments £10,694,550

The *Police Pensions Fund (Investment) Act 1956*, now consolidated under the *Police Regulation Act 1958*, extended the authority for investment of surplus funds by including certain securities under the *Trustee Act 1958*, and debentures or inscribed stock of the State Electricity Commission of Victoria. At 30th June, 1961, investments comprised—Commonwealth Government Inscribed Stock, £8,804,550, and securities of the Melbourne and Metropolitan Board of Works, £400,000, Melbourne and Metropolitan Tramways Board £155,000, State Electricity Commission £885,000, Gas and Fuel Corporation £405,000, and the Melbourne Harbor Trust £45,000.

Parliamentary Contributory Retirement Fund.—The *Constitution Act Amendment Act 1958* authorizes the establishment of this Fund from which certain payments are made to persons ceasing to be members of the Parliament of Victoria and to the widows or personal representatives of deceased members or ex-members who were in receipt of a pension. Contributions by members are made by way of deductions from salary, and, as the necessity arises, contributions are made from Consolidated Revenue.

A statement of transactions on the Fund for the years 1959–60 and 1960–61 is :—

	1959–60.	1960–61.
	£	£
<i>Receipts—</i>		
Members' Contributions	15,582	15,456
Contributions from Consolidated Revenue	27,016	29,087
	42,598	44,543
<i>Expenditure—</i>		
Payment of Pensions	42,598	44,543

Port Phillip Pilot Sick and Superannuation Fund.—To provide retiring and sick pay benefits to sea pilots of the port of Port Phillip, the *Marine Act* 1958 provides that, before the monthly division of the Pilots' Salary Fund is made between the pilots eligible to share therein, there is payable to the Port Phillip Pilot Sick and Superannuation Fund 6 per cent. of the amount at credit of the said Salary Fund. The Governor in Council is empowered to increase or decrease this percentage by not more than 2 per cent. Provision is made for moneys in the Fund to be invested.

Under the authority of section 86 of the *Marine Act*, the Governor in Council, during 1957–58, approved the sum of £100,000 being advanced to the sea pilots of the port of Port Phillip on the security of a registered first mortgage debenture over the pilot vessel "Akuna". Interest is charged at the rate of 10s. per cent. per month on the outstanding balance. Of the total advanced (£100,000), the sum of £5,832 had been repaid at 30th June, 1961.

The following summary sets out the transactions in the Fund during 1960–61 :—

Balance 1st July, 1960—		£	£	£
Investments		344,913		
General Account		19,324		
		364,237		
Receipts—				
Deductions from Earnings			31,349	
Interest on Investments			16,976	
			48,325	412,562
Payments—				
Pensions			17,307	
Sick Pay			137	
			17,444	
Balance 30th June, 1961—				
Investments			388,768	
General Account			6,350	
			395,118	
				412,562
				412,562

Investments comprise inscribed stock of the Commonwealth Government £156,800, the State Electricity Commission £90,500, the Melbourne and Metropolitan Board of Works £27,300, the Melbourne Harbor Trust £20,000, and a Registered First Mortgage over the Pilot Vessel "Akuna" £94,168.

Depreciation.

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

Fund.	Page Reference No.
Forests Plant and Machinery Fund	47
Printing Machinery Depreciation Fund	49
Public Works Plant and Machinery Fund	63
Railway Renewals and Replacement Fund	68
Water Supply Plant and Machinery Depreciation Fund	79
Water Supply Works Depreciation Fund	75
Irrigation Districts Maintenance Equalization and Renewals Account	76

The Maffra Sugar Factory Depreciation Fund, with a balance of £61,070, consisting of cash, £41,420. and investments, £19,650, is also included in this group. As pointed out in previous reports, the balance of this Fund is available for transfer to Consolidated Revenue. At 30th June, 1957, the cash balance at that date was so transferred but the investments were left to the credit of the Fund. Interest and proceeds from the redemption of investments accounted for the cash balance at 30th June, 1961.

Deposit.

Items under this heading comprise securities lodged by Insurance and Trustee Companies £80,000; Contractors and timber cutters deposits £167,156; Municipalities Loan Repayment Account £269,012, which includes investments totalling £140,105; Municipalities Sinking Fund £1,171; and Sundry Investments—Interest Account £28,305.

Railways.

The following major items in this group are discussed at the pages shown:—

	Page Reference No.
Railway Charges in Suspense Account	68
Railway Stores Suspense Account	68
Railways Equalization Account	4 and 65

The Railway Charges in Suspense Account has previously been shown in the Treasurer's Statement under a separate head but this year has been included with "Trust Funds".

Commonwealth.

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

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

Fund.	Page Reference No.
Commonwealth Aid Roads Nos. 1 and 3 Accounts	99
" " " No. 2 Account	63
Uniform Railway Gauge Trust Fund	70
Rural Rehabilitation Fund—See under Rural Finance Corporation in Supplementary Report.	

Other funds in this group are:—

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

The following statement sets out the transactions of the Account during the years 1959-60 and 1960-61:—

—	1959-60.	1960-61.
	£	£
Balance 1st July	13,223	53,651
Received from Commonwealth during the year	690,000	1,310,000
	703,223	1,363,651
Reimbursements to Public Hospitals	649,572	1,294,034
Balance 30th June	53,651	69,617

The substantial increases in both receipts and disbursements were due mainly to a new determination by the Commonwealth Minister of Health which altered considerably the basis of reimbursement to public hospitals in 1960-61.

Hospital Benefits Fund.—Under the terms of the Hospital Benefits Agreement, ratified by the *Hospital Benefits Act 1952*, now consolidated under the *Hospital Benefits Act 1958*, the Commonwealth pays to the State an amount of 8s. per day for each qualified patient maintained in a public or non-public ward of a public hospital and a further 4s. per day in respect of certain pensioner patients who are not privately insured for hospital benefits. The State must ensure that the charges per day payable by

qualified patients are reduced by the relevant Commonwealth Hospital Benefit Rate. As a condition of the Agreement, it was necessary for the State to make arrangements whereby hospital revenues would be increased. To meet this condition, the Act provided for a fee of 18s. per day or such higher rate as fixed by the Governor in Council to be charged to in-patients of public wards in public hospitals. The fee has been fixed at 60s. per day.

Operations on the Fund were :—

	£	£
Balance at 1st July, 1960	68,695	
Received from Commonwealth during the year	1,685,028	
	<hr/>	1,753,723
Expenditure during the year—		
Hospital Benefits allowed		1,668,425
		<hr/>
Leaving a balance of		85,298
		<hr/>

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

The total advances to the Account by the Commonwealth for the five years since the inception of the Agreement to the 30th June, 1961, amounted to £13,300,000. The interest rate charged by the Commonwealth was 4 per cent. for advances made prior to the 22nd February, 1961, and 4½ per cent. for advances made since that date.

From time to time, advances are made from Public Account under the authority of the Public Account Act No. 6345, pending receipt of funds from the Commonwealth, and the Home Builders' Account is charged interest on these advances at the rate allowed by the contracting banks on the Public Account. In calculating interest charged against the Account no allowance was made for the sums held to its credit in the Public Account. All advances from the Public Account under this Act were repaid in the year.

Repayments by the co-operative housing societies are an additional source of funds for the Home Builders' Account and form a “revolving fund” within the Account. To 30th June, 1961, these repayments totalled £3,128,634.

The moneys in the Home Builders' Account, other than those required for payment of principal and interest to the Commonwealth and the State, are available for the financing of home building by means of loans to building societies including co-operative housing societies. To 30th June, 1961, £14,739,899 had been advanced to co-operative housing societies, at an interest rate of 4½ per cent.

Interest charged to the societies for the year exceeded interest paid from the Home Builders' Account to the Commonwealth and the State by £34,670. The accumulated interest surplus for the five years to 30th June, 1961, was £102,692.

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

Source of Funds—

	£
Balance 1st July, 1960	39,682
Advanced by Commonwealth Government	3,100,000
Interest and Repayments of Principal	1,066,679
	<hr/>
Total Funds Available	4,206,361

Disbursement of Funds—

Advances to Registry from Home Builders' Account	3,465,000
Interest and Redemption—Commonwealth Advances	518,579
Repayment of Advances from Public Account	150,000
Interest on Advances from Public Account	4,618
	<hr/>
Total Disbursements	4,138,197
Balance 30th June, 1961	68,164
	<hr/>
	4,206,361

Commonwealth—State.

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

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

Other funds included in this group are :—

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

To 30th June, 1961, State contributions from the Loan Fund totalled £500,000 and Commonwealth contributions amounted to £490,123. Recoups of expenditure incurred on emergency flood protection works aggregated £222,322, expenditure on restoration of roads and bridges totalled £756,354 and £1,253 was returned to the Commonwealth Government. The balance in the Fund at 30th June was £10,194.

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

Other—Regulated by Statute.

The balances of funds under this heading aggregated £6,980,143. Transactions are governed by the relevant legislation.

Unexpended balances of amounts appropriated under Surplus Revenue Acts Nos. 5047 of 1944 and 5093 of 1945, amounting to £16,180, previously shown in the Treasurer's Statement under a separate head, were this year included with "Trust Funds".

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

Fund.	Page Reference No.
Country Roads Board Fund	99
Dried Fruits Fund	109
Forestry Fund	44
Forest Stores Suspense Account	46
Licensing Fund	20
Milk Board Fund	109
Municipalities Assistance Fund	92
Public Works Stores Suspense Account	62
Tourist Fund	107
Transport Regulation Fund	104
Water Supply Stores Suspense Account	77
Workers Compensation Board Fund	105

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

Aborigines Welfare Fund—The *Aborigines Act* 1958 authorizes the Aborigines Board, with the consent of the Minister, to apportion, distribute and apply moneys appropriated by Parliament and any other funds or property under its control for the relief or benefit of aborigines or for the purpose of assisting aborigines to become assimilated into the general life of the community.

Transactions during 1960-61 in relation to this Fund were:—

	£	£
Balance, 1st July, 1960		37,587
Receipts—		
Loan Fund Contribution	30,000	
Revenue Contribution	25,000	
Revenue from Operations (Canteen and Produce Sales, &c.)	3,617	
Child Endowment, &c.	2,197	
Donations	124	
Maintenance Payments	916	
Rent	923	
Miscellaneous Revenue	1,005	
	63,782	
		101,369
Payments—		
Assistance to Aborigines	70,841	
Administration, &c. Costs	18,031	
	88,872	
Balance, 30th June, 1961		12,497
		101,369

Adult Education Fund.—This Fund is administered by the Council of Adult Education established to advise the Minister on matters of general policy relating to adult education and to plan and supervise the administration and development of adult education in Victoria. The Council may also organize and conduct such lectures, classes, courses, vacation schools and other activities as it thinks necessary or desirable in connexion with the promotion and encouragement of adult education and, subject to the approval of the Minister, make payments or advances to local advisory committees.

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

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

	1959-60.	1960-61.
	£	£
<i>Source of Funds—</i>		
Balance from previous years	1,991	295
Special Appropriation—Act No. 6240	25,000	25,000
Departmental Vote—Education	31,500	43,023
Class Fees, proceeds of Community Arts Service, &c.	51,556	35,187
Adult Education Centre, Russell-street—Proceeds of Productions .. .. .	..	6,352
	110,047	109,857
<i>Disbursement of Funds—</i>		
Salaries (Administration)	33,696	37,977
Classes, Discussion Groups, Community Arts Service, &c.	75,209	53,765
Adult Education Centre, Russell-street—		
Maintenance and Operating Costs	433	12,714
Equipment and Improvements	414	5,320
	109,752	109,776
<i>Leaving a Balance of</i>	295	81
	110,047	109,857

The decrease in collections on account of "Class Fees, Proceeds of Community Arts Service, &c." was the result, mainly, of reduced activities in connexion with the community arts service. On the other hand, there was a reduction in expenditure for this purpose and revenue from classes and lectures was higher than in the previous year.

The year 1960–61 was the first full year of operation of the new Adult Education Centre, Russell-street, and the proceeds of productions thereat were credited to the Fund. Additional revenue of £4,523 from rentals of the Centre was paid to Consolidated Revenue. However, by arrangement with the Treasurer, an equivalent amount is made available to the Fund under the Education Vote.

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

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

As stated in previous reports, there are practical difficulties associated with the preparation of estimates embodying allocations to a large number of individual institutions and societies twelve months in advance. Because of these difficulties, grants are being made to institutions and societies for some months each year without the requisite authority. It is again suggested that the procedure could be made practicable if the estimates in relation to allocations were made in respect of shorter periods than a financial year. Amending legislation would be necessary to give effect to this suggestion.

Subject to administrative and other costs, a total of £14,178,090 was available in the Hospitals and Charities Fund for distribution. This amount was provided by:—

	£
Special Appropriation, Act No. 6274	800,000
Special Appropriation, Act No. 6353—Totalizator Receipts	956,807
Special Appropriation, Act No. 6390—Tattersall Receipts	3,134,202
Grants—Division 65	9,000,000
	<hr/>
	13,891,009
Balance forward from 1959–60	287,081
	<hr/>
	14,178,090
	<hr/>
Expenditure for the year	12,996,557
	<hr/>
Leaving a balance of	1,181,533
	<hr/>

It will be noted that there was a substantial balance at credit of the Fund as at the close of the year. Allocations to hospitals and other institutions were based upon an estimate of £13,000,000 being available in the Fund. Actually, receipts credited to the Fund during the year amounted to £13,891,009, and with the balance brought forward, £287,081, made available for distribution the sum of £14,178,090. Factors contributing to the difference between the estimate and the sum available were:—

- (i) Revenue from Totalizator was under-estimated by £56,807; and
- (ii) Receipts from Tattersall Duty were under-estimated by £1,121,202, of which sum £934,202 was allocated to the Fund by the Treasurer on 30th June, 1961.

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Maintenance—			
Hospitals	10,142,438	11,228,093	11,254,492
Benevolent Homes	485,580	668,975	796,777
Children's Homes	116,757	116,178	128,165
Foundling Homes and Refuges	59,111	60,180	71,139
Philanthropic Associations	49,650	47,705	50,909
Ladies' Benevolent Societies	4,700	4,700	5,300
Medical Dispensaries	16,902	16,864	17,598
Ambulance Services	167,309	172,540	193,133
Hostels for the Aged	43,551	45,545	40,881
Other Institutions	106,280	109,344	119,347
Public Risk Insurance .. .. .	..	4,260	14,935
	<hr/>	<hr/>	<hr/>
	11,192,278	12,474,384	12,692,676
Other—			
Transfer of Patients to Country Hospitals	33	1	4
Costs Associated with Totalizator Receipts	4,917	5,548	6,538
Training of Officers	8,149	8,493	8,602
Recruitment and Training of Nurses	15,193	8,076	4,755
Preliminary Schools for Nurses	130,755	140,049	111,063
Post-graduate Training of Nurses	12,515	10,100	13,167
Administration Costs	132,846	150,570	158,646
Hospital Magazine	2,450	2,018	1,106
	<hr/>	<hr/>	<hr/>
	11,499,136	12,799,239	12,996,557

It would seem that the comparatively small increase, £26,399, as between 1959-60 and 1960-61, which the Fund was called upon to bear for hospital maintenance was due, largely, to the availability to hospitals of additional receipts from other sources as outlined below :—

- (i) An increase in the fees charged to patients from May, 1960 ;
- (ii) Additional payments from the Commonwealth Pharmaceutical Benefits Trust Account as a result of the revision of the formula under which hospitals are paid the cost of medicines, &c., supplied to patients ; and
- (iii) An increase from £3 to £4 in the daily payment received for the treatment of patients subject to the provisions of the Workers Compensation Act.

In addition to the assistance provided to hospitals and other institutions shown in the table, grants have been made to many of these bodies under various Public Works Loan Application Acts for the erection of public hospitals, the purchase of land and buildings, and other items. The amount expended from this source during the year under review was £4,590,669. Details of payments to individual hospitals, &c., are shown in the Treasurer's Finance Statement.

Level Crossings Fund.—Under the *Country Roads Act* 1958 the Fund is credited with one-third of the moneys received by way of additional registration fees under Section 8 of the *Motor Car Act* 1958, and moneys provided for the purpose under any other Act. These funds are available for the purposes of the elimination of level crossings and for associated works.

The amount available for expenditure in 1960-61 was £603,255, comprising receipts from additional registration fees £296,151, and the balance brought forward from 1959-60, £307,104.

Expenditure from the Fund in 1960-61, on works approved by the Treasurer, amounted to £583,519, of which £388,328 was incurred by the Railway Department and £195,191 by the Country Roads Board. The balance in the Fund at 30th June, 1961, was £19,736.

Mallee Land Account.—In accordance with the provisions of the Financial Agreement Act No. 3554, the Treasurer is empowered to use Mallee Land Account receipts to assist contributions from revenue to the National Debt Sinking Fund. The Account was last called upon for this purpose in 1945–46. At 30th June, 1961, the accumulated balance of the Account was £917,416.

Mental Hospitals Fund.—The *Tattersall Consultations Act* 1958 provides, in respect of each financial year, for the payment from Consolidated Revenue into the Hospitals and Charities Fund and the Mental Hospitals Fund, in such proportions as the Treasurer determines, of an amount equivalent to the duty paid by the promoter. During 1960–61, duty paid amounted to £3,256,702 of which £122,500 was allocated and paid to the Mental Hospitals Fund and the balance to the Hospitals and Charities Fund.

The Mental Hospitals Fund may be applied as the Treasurer determines towards the establishment and maintenance of mental hospitals and private mental homes within the meaning of the Mental Hygiene Act and institutions within the meaning of the Mental Deficiency Act. The Fund is also available for expenditure in connexion with the administration of these Acts.

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

The following statement sets out the transactions for the year and the gross amounts from the inception of the Fund until the 30th June, 1961 :—

<i>Receipts.</i>	<i>During the Year.</i>	<i>Total.</i>
	£	£
Balance 1st July, 1960	263,128	..
Special Appropriations Acts Nos. 5705/6390—		
Capital Works .. .. .	..	311,000
Maintenance Works .. .. .	..	150,000
General Expenditure (State Institutions) .. .. .	..	1,606,000
Maintenance Grants (Other Institutions)	116,500	456,500
Mental Health Research	6,000	39,000
Capital Grants (Other Institutions) .. .. .	..	335,173
	385,628	2,897,673
<i>Payments.</i>	<i>During the Year.</i>	<i>Total.</i>
	£	£
Capital Works .. .. .	..	311,000
Maintenance Works .. .. .	..	150,000
General Expenditure (State Institutions)	15,585	1,392,680
Maintenance Grants (Other Institutions)	104,393	433,260
Mental Health Research (University of Melbourne)	6,000	39,000
Capital Grants (Other Institutions) .. .. .	..	312,083
	125,978	2,638,023
Balance 30th June, 1961	259,650	259,650

Municipalities Assistance Fund.—Reference has already been made on page 59 under the Local Government section of this report to subsidies to municipalities and other public bodies, from loan moneys, amounting to £372,303. Funds are also applied towards the assistance of municipalities through the Municipalities Assistance Fund.

The authority for this Fund is to be found in the *Local Government Act* 1958. The Fund has two functions—to provide subsidies towards the cost of approved works of municipalities and other public bodies, and to relieve certain municipalities of their former obligation to contribute towards the operating costs of the Country Fire Authority and to the Casual Fire Fighters Compensation Fund, whenever at 30th April in any year the balance of such compensation fund, less commitments, falls below £1,000.

One-half of the fees paid for motor car drivers' licences, less the costs of collection, provides the normal funds required to carry out the purposes of the Act. Where the amount standing to the credit of the Fund is at any time insufficient to meet the sums and contributions authorized to be paid out of the Fund, moneys may be issued and applied from the Consolidated Revenue to meet such insufficiency.

A summary of operations in the Fund is:—

	1959-60.		1960-61.	
	£	£	£	£
Balance 1st July .. .. .	..	20,515	..	223,793
Contribution—Public Works Loan Application Acts Nos. 6602 and 6701 .. .. .	..	150,000	..	150,000
Receipts from fees—Motor Car Drivers' Licences	452,324		256,673	
Less Costs of Collection	116,928		49,363	
		<u>335,396</u>		<u>207,310</u>
		505,911		581,103
Expenditure—				
Amount contributed to Country Fire Authority		182,345		201,079
Amount contributed to Casual Fire Fighters Compensation Fund		Nil		Nil
Subsidies to various Municipalities for works		99,773		153,317
		<u>282,118</u>		<u>354,396</u>
Balance, 30th June		223,793		226,707
		<u>505,911</u>		<u>581,103</u>

In previous reports, it was indicated that:—

- (i) the normal revenue of the Fund, after deduction of costs, had been insufficient to meet the annual statutory commitment to the Country Fire Authority ;
- (ii) a contribution of £400,000 from Consolidated Revenue had been made to the Fund in 1953-54 ; and
- (iii) in 1957-58, 1958-59, and 1959-60, loan moneys amounting to £120,000, £100,000, and £150,000, respectively had been allocated to the Fund.

Again it is emphasized that the financing of the Fund partly from loan moneys is a significant departure from the original intention of Parliament that any shortage in the Fund should be met from Consolidated Revenue.

The higher level of receipts from motor car drivers' licences in 1959-60 was due mainly to the immediate benefit arising from the change-over in currency of such licences from one year to three years. Prior to 1st April, 1959, all such licences had a currency of one year only. As from and inclusive of that date, the system of issuing licences for periods up to three years has been progressively introduced. Until the new system has general application, the annual revenue of the Fund from this source will tend to fluctuate.

National Parks Fund.—Pursuant to the *National Parks Act 1958* the National Parks Authority controls certain areas proclaimed to be national parks.

Moneys appropriated by Parliament for the purposes of the Authority, together with gifts, bequests or other moneys received by the Authority are paid into the National Parks Fund and are available to meet costs incurred by the Authority in the exercise of its functions, and, to the extent approved by the Minister, costs of administration.

A summary of the operations of the National Parks Fund for the year ended 30th June, 1961, is given hereunder:—

	£	£
Balance, 1st July, 1960		19,945
Receipts—		
From Consolidated Revenue	10,000	
Loan Fund	50,000	
Tourist Fund (Advance to be Repaid)	6,000	
	<u>66,000</u>	66,000
		<u>85,945</u>
Payments—		
Subsidies to Committees of Management of National Parks and Advances for Works to the Public Works Department, Forests Commission, and Country Roads Board	63,440	
Administration Costs	14,841	
	<u>78,281</u>	78,281
Balance 30th June, 1961		<u>7,664</u>

In addition to the balance of £7,664 at credit of the Fund, unexpended advances to the Public Works Department, the Forests Commission, and the Country Roads Board for works amounted to £13,406 as at 30th June, 1961.

Other—Not Regulated by Statute.

Decentralization Fund.—A major portion of the year's expenditure of £42,563 consisted of freight subsidies and loans to decentralized industries.

Credits to the Fund have been:—

	£
To 30th June, 1960	1,505,498
During the year—	
From Consolidated Revenue	115,000
	<u>1,620,498</u>

The Fund has been utilized as follows:—

	£
Expenditure to 30th June, 1960	1,422,737
During the year—	
Power and Light Subsidies	3,998
Freight Subsidies	29,670
Loans to Decentralized Industries	6,700
Removal of Plant, Machinery, Furniture, &c.	1,477
Bus Subsidies	294
Miscellaneous	424
	<u>1,465,300</u>
The balance at 30th June, 1961, was	155,198
	<u>1,620,498</u>

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

	Advanced to 30th June, 1961.	Repaid. &c.	Outstanding 30th June, 1961.	Arrears.	
				Interest.	Principal.
				£	£
Fishermen's Co-operative Societies	100,920	5,500	95,420	..	..
Brickworks	* 22,049	5,286	16,763	3,249	6,231
Textile Industries	66,538	32,493	34,045	1,317	1,000
Moyne Portland Cement Ltd.	202,034	45,924	156,110	..	..
Other Industries	157,160	66,772	90,388	2,097	4,972
	<u>548,701</u>	<u>155,975</u>	<u>392,726</u>	<u>6,663</u>	<u>12,203</u>

* Includes interest capitalized, £549.

Concessions in regard to the repayment of loans and the payment of interest have been allowed in the majority of these cases, e.g., advances to Fishermen's Co-operative Societies are, in the main, interest free and repayment of principal is not to commence for at least five years from the date of granting the loan.

Pensioners' Rental Relief Trust Account.—The *Landlord and Tenant (Fair Rents) Act* 1959, operative from the 1st April, 1960, amended the *Landlord and Tenant Act* 1958, and, *inter alia*, required any Fair Rents Board when determining the fair rent of any "ordinary dwelling" to have regard to the capital value of the premises at the date of the application for determination of such rent. The operation of this amendment led to increases in rents.

A Committee of Inquiry was appointed to inquire into the incidence of hardship created by the increases in rents to tenants who were pensioners or to other tenants who were in receipt of small incomes.

Following on the report of the above-mentioned Committee, rental subsidies have been granted to certain classes of pensioners. For the purpose of payment of these subsidies, a Pensioners' Rental Relief Trust Account has been established at the Treasury. The receipts of this Account in 1960–61 consisted of the following amounts:—

	£
(i) moneys from a public appeal conducted by the <i>Herald</i> and <i>Sun</i> newspapers amounting to	19,702
(ii) a like amount from Consolidated Revenue	19,702
and	
(iii) an anonymous donation of	15
Total	39,419

Rental subsidies granted from the Account amounted to £4,348, leaving a balance of £35,071 to the credit of the Account as at the close of the year. It should be mentioned that administration costs of the scheme were defrayed from Votes of the Law Department.

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

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

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

	£	£
Balance 1st July, 1960—		
General Account	9,463	
Investments	23,200	
	32,663	
Receipts—		
Interest on Investments		725
		33,388
Payments—		
Liquidator's Fee	125	
Other	1	
	126	
Balance 30th June, 1961—		
General Account	10,062	
Investments	23,200	
	33,262	

Reference to other accounts in this group may be found at the pages shown below:—

Account.	Page Reference No.
Bennison Roading Trust Account	45
Country Roads Board Special Works Account	102
State Rivers and Water Supply Commission Agency Trust Account	77
Tourist Bureaux Trust Account	108

Securities Lodged with Treasurer.

The major items included in this category relate to shares of the Gas and Fuel Corporation of Victoria purchased by the State under the provisions of Act No. 5507, now incorporated in the *Gas and Fuel Corporation Act* 1958, £7,305,332, and to a Geelong Harbor Trust debenture securing the outstanding balance of an advance, £147,401.

STATE ACCIDENT INSURANCE OFFICE.

Operation of this Office for the year showed a net profit of £585,040. The statements herein are submitted subject to completion of audit.

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

	1956-57.	1957-58.	1958-59.	1959-60.	1960-61.
	£	£	£	£	£
Income—					
Premiums earned	1,777,381	2,390,011	2,593,580	2,778,195	2,762,531
Interest	58,366	61,520	74,526	119,336	145,360
Rents (Net)	4,400	1,881	1,785	2,573	1,663
Surplus—Sale of property ..	325	224	140	..	..
	1,840,472	2,453,636	2,670,031	2,900,104	2,909,554
Expenditure—					
Claims	2,078,442	1,917,650	2,004,526	2,250,675	2,136,654
Management	95,604	104,348	121,340	201,860	147,020
Agents' Commission and Expenses	51,857	50,952	45,578	40,311	40,661
Loss—Sale of property .. ..	..	..	..	53	179
	2,225,903	2,072,950	2,171,444	2,492,899	2,324,514
Net profit .. .. .	..	380,686	498,587	407,205	585,040
Net loss	385,431	..	..	..	..
	%	%	%	%	%
Loss ratio to earned premium income ..	116·9	80·2	77·3	81	77·3

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

It should be pointed out that the expenditure on "Management" in 1959-60 included the licence fee which the Commissioner was required to pay under an amendment to the *Stamps Act* 1958, operative from the 1st January, 1960, and which he was unable to recoup from policy holders.

Outstanding claims have been assessed by the "case" method, all claims being individually examined by experienced claims officers with all known factors and circumstances taken into account. For the purpose of arriving at the figure under this head, at balancing date, the aggregate obtained by the aforementioned method of assessment has been supplemented by additional amounts to provide for certain contingent liabilities.

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

30.6.60.						30.6.61	
£						£	£
		<i>Assets.</i>					
	Current—						
4,943,643	Cash at Treasury	..	..	..	..	5,819,982	
224,397	Sundry Debtors, <i>Less</i> Bad Debts Provision	..	..	..	..	272,855	
						6,092,837	
	Fixed—						
45,631	Furniture, Office Machines, and Cars— <i>Less</i> Depreciation	..	..	..	..	46,874	
	Investments—						
115,665	Property—Offices	..	..	..	..	116,053	
893,137	Inscribed Stock	..	..	..	..	893,137	
						1,009,190	
6,222,473							7,148,901
		<i>Liabilities.</i>					
	Current—						
707,670	Unearned Premiums	..	..	..	..	894,664	
3,665,389	Claims Outstanding	..	..	..	..	4,016,704	
17,853	Sundry Creditors	..	..	..	..	32,528	
						4,943,896	
	Deferred—						
641,014	Bonus Equalization Reserve	..	..	..	..	428,545	
15,547	Building Depreciation and Maintenance Provision	..	..	..	..	16,420	
						444,965	
	Funds—						
1,160,000	General Reserve	..	..	..	..	1,160,000	
15,000	Building Improvement Reserve	..	..	..	..	15,000	
..	Profit and Loss Account—Balance	..	..	..	..	585,040	
						1,760,040	
6,222,473							7,148,901

The above statement, insofar as it relates to the balances as at the close of the year under review, is submitted subject to decisions in regard to the appropriation of the balance at credit of the Profit and Loss Account. In conformity with past practice, any such decisions will be given effect to in the accounts by entries as at 30th June, 1961.

STATE MOTOR CAR INSURANCE OFFICE.

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

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

The operations for the year resulted in a profit of £17,699 compared with a loss of £49,762 in 1959–60. The statements herein are submitted subject to completion of the audit.

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

	1959–60.			1960–61.		
	Third-Party.	Comprehensive.	Total.	Third-Party.	Comprehensive.	Total.
	£	£	£	£	£	£
Net Premiums earned	1,442,956	608,389	2,051,345	1,632,751	716,536	2,349,287
Stamp Duty recouped .. ..	..	16,973	16,973	..	42,734	42,734
	1,442,956	625,362	2,068,318	1,632,751	759,270	2,392,021
Claims	1,593,716	424,792	2,018,508	1,665,940	576,697	2,242,637
Management	94,928	51,980	146,908	103,436	70,187	173,623
Licence Fee .. .. .	..	15,295	15,295	..	33,138	33,138
	1,688,644	492,067	2,180,711	1,769,376	680,022	2,449,398
Operating—						
Profit .. .. .	..	133,295	..	..	79,248	..
Loss	245,688	..	112,393	136,625	..	57,377
Interest—Fund at Treasury .. ..	..	..	62,595	..	..	75,070
Sale of Property .. .. .	..	..	36	..	..	6
	..	..	62,631	..	..	75,076
Net Profit .. .. .	..	..	..	..	..	17,699
Net Loss .. .. .	..	..	49,762	..	..	..
Loss Ratio to earned premium income	% 110·5	% 69·8	..	% 102·0	% 80·5	..

Earned premiums were calculated on the “time” basis, using the monthly method of apportionment. Premium rates for Comprehensive insurance were increased as from 1st January, 1961, while those for “Third Party”, as previously stated, came into operation on 1st October, 1955.

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

COUNTRY ROADS BOARD.

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

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

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

- (i) *Fees and Fines under the Motor Car Act.*—Receipts for the year under this heading amounted to £10,271,514 and the cost of collection was shown to be £693,800. These figures compare respectively with the 1959–60 totals of £10,092,093 and £698,513.
- (ii) *Road Charges—Commercial Goods Vehicles Act 1958.*—Receipts for the year from these charges, credited to the Roads Maintenance Account within the fund, amounted to £2,254,421.

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

Loan Fund.—Under the authority of Section 31 of the *Country Roads Act 1958*, the Treasurer, in 1960–61, allocated from Loan Fund a sum of £283,000 for the purpose of permanent works as defined in the said Act. This sum was expended as follows :—

	£
On State highways and main roads	250,000
As the second of six annual instalments towards the cost of widening and strengthening the Anglesea and Ocean tourist roads to facilitate the development of brown coal resources at Anglesea	33,000
	283,000

Commonwealth Aid Roads Acts.—Victoria's share of the sum of £42,000,000 allocated in 1960–61 to the States pursuant to the provisions of Section 4 of the *Commonwealth Aid Roads Act 1959* was £8,384,857.

An amount of £798,558 was also received in the year, being the sum determined as Victoria's quota of the additional assistance aggregating £4,000,000 granted to the States under Section 6 of the Act.

The additional assistance as aforementioned was made available to the States under certain conditions. Insofar as Victoria was concerned, conformity with these conditions in 1960–61, meant that :—

- (i) the sum of the amounts allocated by it for expenditure on roads from its own resources in the year had to exceed the sum of £10,618,645 so allocated by it in the base year, viz., 1958–59; and
- (ii) in the event of the excess calculated as in (i) above being less than the statutory quota, the difference is to be repaid to the Commonwealth.

Section 6 of the Act also requires that I certify the correctness of the information furnished by the State to the Commonwealth in verification of its fulfilment of the above conditions. This information has yet to be prepared and furnished for my certification.

It will be noted that the sum of the amounts received, in 1960-61, by Victoria under the Act, was £9,183,415. Of this sum, £8,983,776 was made available to the Country Roads Board to meet expenditure on the construction, reconstruction, repair, and maintenance of roads in the State with the proviso that part thereof amounting to £3,673,370 was to be reserved for works upon roads in rural areas or for the purchase of road-making plant for use in those areas.

Commonwealth-State Flood Protection and Restoration Account.—The Country Roads Board was assigned the responsibility for the restoration of roads, bridges and allied works following the 1956 floods in the River Murray Basin and, for this purpose, £766,000 was provided on a £1 for £1 basis by the Commonwealth and State Governments. During 1960-61, municipalities were recouped for expenditure on these works to the amount of £966, making the total expenditure to 30th June, 1961, £756,354.

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

FUNDS AVAILABLE.

1959-60.		1960-61.
£		£ £
	<i>Country Roads Board Fund</i>	
336,403	Balance from previous year	643,678
9,394,623	Net Taxes (including £559 fines other than Motor Car Acts) ..	9,578,273
723,803	Municipal Contributions	788,663
2,117,494	Road Charges—Commercial Goods Vehicles Act	2,254,421
42,952	General Receipts	49,663
<hr/>		<hr/>
12,615,275		13,314,698
	<i>Loan Moneys—</i>	
127,000	Act No. 6229—State Highways and Main Roads	250,000
33,000	Tourist Roads	33,000
<hr/>		<hr/>
160,000		283,000
	<i>Commonwealth Aid Roads Acts</i>	
351,460	Balance from previous year	—
4,996,664	For Roadworks Generally	5,310,406
3,463,910	For Rural Roads	3,673,370
<hr/>		<hr/>
8,812,034		8,983,776
	<i>Commonwealth-State Flood Restoration Account</i>	
5,124	Restoration of Roads and Bridges	966
<hr/>		<hr/>
21,592,433		22,582,440

EXPENDITURE.

1959-60.		1960-61.
£		£
	Principal items of expenditure by the Board may be classified as follows:—	
17,219,910	Construction and Maintenance of Roads, &c.	19,089,259
797,873	Payment of Interest (including exchange)	812,195
43,892	Sinking Fund Contributions and Loan Conversion Expenses	42,414
33,269	Repayment to Loan Fund	33,635
151,737	Transfer to Tourist Fund	187,872
1,023,175	Plant Purchase (net)	708,141
1,678,899	General Expenditure including Administration, Stores and Materials, &c. ..	1,706,024
<hr/>		<hr/>
20,948,755		22,579,540
<hr/>		<hr/>
643,678	Unexpended Balance at 30th June	2,900

General expenditure includes—£452,275 in 1959–60 and £528,122 in 1960–61 expended on the erection of the Board's new office building at Kew. The total expenditure to the 30th June on this project was £1,014,484. This sum has been provided from the Country Roads Board Fund under the authority of the *Country Roads Act 1958* as amended by the *Country Roads (Offices and Buildings) Act 1959*, No. 6546.

FUNDS CHARGED WITH EXPENDITURE UPON ROADWORKS.

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

—	Total.	Country Roads Board Fund.	Commonwealth Aid Roads Acts.		Loan Fund.	Commonwealth State Flood Protection and Restoration Account.
			Roads Generally.	Rural Roads.		
	£	£	£	£	£	£
State Highways ..	6,878,183	3,499,844	3,187,022	..	191,317	..
By-pass Roads ..	1,096,742	1,096,742	..	..	..	..
Main Roads ..	5,922,521	4,458,270	1,405,568	..	58,683	..
Forest Roads ..	275,365	113,413	..	161,952	..	..
Tourists' Roads ..	600,132	567,132	..	..	33,000	..
Unclassified Roads ..	4,227,704	..	715,319	3,511,419	..	966
Murray River Bridges and Punts ..	88,612	88,612	..	..	..	..
	19,089,259	9,824,013	5,307,909	3,673,371	283,000	966

RELIEF TO MUNICIPALITIES.

Municipalities which have benefited from permanent works upon main or developmental roads or from maintenance works upon main roads are required to pay to the Board an annual contribution in respect of the funds expended. In certain circumstances, the required contribution may be reduced or waived, and for 1960–61 these concessions amounted to £808,818. Details are—

(a) *Permanent Works.*

Of the proportion charged to municipalities for permanent works on main roads, £68,496, relief was granted to the extent of £36,121 as provided in Act No. 6229. The legislation requires the amount of such relief to be paid to the Treasurer out of the Country Roads Board Fund. It is considered that until such time as such legislation is amended appropriately, this amount should be paid to the credit of Consolidated Revenue as required by the Audit Act.

In respect of the interest on developmental roads assessed at £23,282, the whole was remitted. The total of these amounts did not exceed the statutory limit of £250,000.

(b) *Maintenance.*

Of the sum of £1,505,703, apportioned to municipalities, being one-third of the cost of maintenance of main roads in respect of the year 1959–60, the Governor in Council remitted £749,415 as excessive maintenance not due to local traffic. The net amount due was paid to the Board prior to 30th June, 1961.

TOURIST FUND.

For particulars of the operation of this Fund see page 107.

The *Tourist Act* 1958 as amended by the *Tourist (Amendment) Act* 1960, No. 6682, requires that an amount equal to 2 per centum of the amount of fees and fines under the Motor Car Act credited to the Country Roads Board Fund shall be paid from the Country Roads Board Fund to the Tourist Fund each year. The principal Act further provides that the amount of such payment shall in every year be certified by the Auditor-General and that the certificate of the Auditor-General shall be final and conclusive for all purposes.

Prior to the amendment of the *Tourist Act* 1958 in 1960, the annual transfer to the Tourist Fund from the Country Roads Board Fund was determined on the basis of the *net* fees and fines under the Motor Car Act credited to the latter Fund. For the purpose of arriving at the *net* sum, it was necessary to deduct from the gross collections from the sources mentioned the "costs and expenses of administration of the Country Roads Act". As pointed out in previous reports, these costs and expenses were not capable of precise definition and, accordingly, it was almost impossible to determine with certainty, for the purpose of the transfer, the *net* sum. For this reason, I have not given my certificate in respect of the transfer in each of the years 1956-57 to 1959-60.

The amending legislation of 1960, by substituting the *gross* sum of such fees and fines as the basis of calculation of the amount of the transfer, has simplified the position and removed my previous objections. Accordingly, I have issued my certificate in respect of the transfer for 1960-61. The altered basis of calculation was the main reason for the increase in the amount of the transfer from £151,737 in 1959-60 to £187,872 in 1960-61.

WORKS CARRIED OUT FOR COMMONWEALTH AND STATE AUTHORITIES.

Act No. 6229 authorizes the Board, with the consent of the Governor in Council, to undertake at the request and at the expense of the Commonwealth of Australia, the State of Victoria or any municipality or public authority any works for which the Board is suitably equipped. Amounts expended on such works during the year are set out in the statement below, expenditure in the previous year being shown for the purposes of comparison :—

1959-60.		1960-61.
£		£
30,406	Commonwealth Works—Aerodromes and other construction works	16,190
40,966	Department of Crown Lands and Survey—Roads	29,665
78,104	State Electricity Commission—Roads—Hernes Oak Deviation	183,449
59,375	Soldier Settlement Commission—Roads	91,608
122,228	State Rivers and Water Supply Commission—Roads and Bridgeworks	26,651
23,868	Housing Commission—Roads	30,427
—	Latrobe Valley Water and Sewerage Board—Gould Deviation	88,689
17,021	Other Works	17,121
<u>371,968</u>		<u>483,800</u>

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

At 30th June, 1961, an amount of £965 was held in Treasury Trust Fund—Country Roads Board Special Works Account—representing unexpended balances of advances made by Government Departments and State authorities for works to be carried out by the Board.

LOAN OPERATIONS.

Loan expenditure amounting to £283,000 during the year increased the Board's loan liability which, at 30th June, was as set out in the following statement:—

	Main Roads.	Developmental Roads.	Total.
	£	£	£
Net loan liability at 30th June, 1960 ..	10,002,472	4,185,627	14,188,099
Add—Discount and Expenses	4,884	836	5,720
Expenditure—Act No. 6229	283,000	..	283,000
	10,290,356	4,186,463	14,476,819
Less—Repayments	33,635	..	33,635
	10,256,721	4,186,463	14,443,184
Deduct—Increase in equity in National Debt Sinking Fund	115,683	103,601	219,284
Net loan liability at 30th June, 1961 ..	10,141,038	4,082,862	14,223,900

KING-STREET BRIDGE.

The King-street Bridge Act 1957 (No. 6156) authorized the construction by the Board of a bridge, including ancillary works, across the River Yarra at King-street. The legislation provided for payments, in the first place, to be met from the Loan Fund and for the cost, estimated at £3,700,000, to be borne as to 65 per centum by the Government and as to the balance 30 per centum and 5 per centum by the Cities of Melbourne and South Melbourne respectively. Repayments by the municipalities concerned are required to be by instalments, together with interest at 5 per centum in respect of the capital indebtedness outstanding and are to be each of such sum that the whole liability will be discharged within the 32 years next after 30th June, 1961. To 30th June, 1961, contributions by these Councils amounted to £20,709.

Expenditure in 1960–61, amounting to £1,029,722, brought the total at 30th June to £4,043,127 which may be summarized as under:—

	£
Contract Payments (Utah Australia Ltd.)	2,532,961
Land Resumption and Demolition	545,215
Service Alterations	390,284
Miscellaneous	574,667
	<u>4,043,127</u>

COAL CANAL BRIDGE.

The Board has been authorized as from the 10th May, 1960, pursuant to the provisions of the *Coal Canal Bridge Act 1960*, No. 6613, to:—

- (a) construct and in due course remove a temporary bridge over the Railway Coal Canal at West Melbourne adjacent to the existing bridge; and
- (b) demolish the existing bridge and in its place erect a new bridge to be known as the Coal Canal Bridge.

The cost of these works is to be borne as follows:—

	%
Government of Victoria	50
City of Melbourne	30
Victorian Railway Commissioners	10
Melbourne Harbor Trust	10

TRANSPORT REGULATION BOARD.

Functions of the Board are to improve and co-ordinate transport and, for these purposes, it has, pursuant to the provisions of the *Transport Regulation Act 1958*, and Part I of the *Commercial Goods Vehicles Act 1958*, jurisdiction over all commercial goods and passenger vehicles operating within the State.

Fees (other than road charges) and fines under these Acts and fees under the Motor Car Acts for the registration of certain omnibuses are paid into the Transport Regulation Fund. Costs of administration and other authorized charges are met therefrom. The balance in the fund at 30th June, 1961, was £539,806.

In my last report, it was pointed out that certain fees received in accordance with the provisions of the *Commercial Goods Vehicles Act 1958*, mainly permit fees on commercial goods vehicles, had been paid to the credit of the fund without legislative authority. The position remains unaltered. These receipts should be credited to Consolidated Revenue as required by the Audit Act.

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

1959-60.					1960-61.	
£	<i>Receipts.</i>				£	£
372,669	Balance of Transport Regulation Fund at 1st July	..	..	..	..	458,663
278,210	Licences and Additional Fees on Licences	..	..	..	289,467	
323,821	Permits	..	..	..	346,331	
5,548	Motor Omnibus Registration Fees	..	..	..	5,821	
47,164	Fines	..	..	..	60,954	
15,777	Miscellaneous	..	..	..	16,661	
					<hr/>	719,234
<hr/>						<hr/>
1,043,189						1,177,897
						<hr/>
	<i>Payments.</i>				£	
	<i>Head Office—</i>					
249,016	Salaries and Overtime (including Pay-roll Tax)	..	..	..	268,993	
59,036	Other Expenses	..	..	..	65,063	
					<hr/>	334,056
	<i>Country Offices—</i>					
73,102	Salaries and Overtime (including Pay-roll Tax)	..	..	..	82,048	
15,428	Other Expenses	..	..	..	17,494	
					<hr/>	99,542
	<i>Inspection Staff—</i>					
99,074	Salaries and Overtime (including Pay-roll Tax)	..	..	..	116,649	
10,676	Police Services	..	..	..	11,563	
11,273	Other Expenses	..	..	..	12,052	
					<hr/>	140,264
	<i>Purchase and Maintenance of Motor Cars—</i>					
7,139	Purchase of Motor Cars	..	..	..	11,604	
17,297	Maintenance and Insurance	..	..	..	17,509	
					<hr/>	29,113
						602,975
	<i>Works—</i>					
2,193	Offices—Head Office and Regional Residences	..	..	..	556	
2,295	Contributions towards erection of Comfort Stations and Bus Shelters	..	..	..	2,508	
3,769	Inspection Depot—Port Melbourne	..	..	..	16	
					<hr/>	3,080
34,228	Amounts distributed to Municipalities	..	..	..	..	32,036
<hr/>						<hr/>
584,526						638,091
<hr/>						<hr/>
458,663	Balance of Transport Regulation Fund at 30th June	..	..	..	..	539,806
						<hr/>

Revenue for the year rose by £48,714, due mainly to an increase in receipts from licences, permit fees, and fines.

Road Charges.—Part II. of the *Commercial Goods Vehicles Act 1958* requires the owners of commercial goods vehicles to pay to the Board specified road charges by way of compensation for wear and tear caused by such vehicles to public highways and directs that the moneys received are to be paid into the Country Roads Board Fund to the credit of the Roads Maintenance Account. The amount so paid in 1960-61 was £2,254,421 as compared with £2,117,494 in the previous year.

WORKERS COMPENSATION BOARD.

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

Particulars of Income and Expenditure for the years 1959-60 and 1960-61 are as follow :—

	1959-60.	1960-61.
	£	£
<i>Income—</i>		
Contributions from Insurers and others	49,833	57,138
	49,833	57,138
<i>Expenditure—</i>		
Salaries	26,675	32,763
Rent	7,812	7,812
General	9,438	11,258
Claims on uninsured employers paid from the Fund (net) ..	5,417	6,665
	49,342	58,498
Excess Income over Expenditure for the year	491	..
Excess Expenditure over Income for the year .. .. .	..	1,360
	491	1,360

The balance of the Fund at the Treasury at 30th June, 1961, was £2,073.

All amounts of compensation granted under awards of the Board in cases of death or to minors (other than weekly payments) are payable into the custody of the Board to be invested, applied, or otherwise dealt with, in the Board's discretion, for the benefit of the persons entitled thereto. Generally, moneys in the custody of the Board are invested in a Common Fund and interest on the investments is equitably apportioned over all the constituent accounts. However, when requested, the Board will make a specific investment.

Receipts and Payments of the Common Fund for the years 1959-60 and 1960-61 are summarized below:—

	1959-60.	1960-61.
	£	£
Receipts	1,489,977	1,470,857
Payments	1,020,927	1,173,528
	469,050	297,329
Excess of receipts over payments	469,050	297,329
Balance at beginning of year	3,444,040	3,913,090
	3,913,090	4,210,419
Balance at close of year	3,913,090	4,210,419

Investments, &c., controlled by the Board at 30th June, 1961, are shown hereunder :—

Common Fund—	£	£
Cash State Savings Bank of Victoria .. .. .	.. ..	154,647
Commonwealth Securities (face value)	2,005,910	
<i>Less</i> Discount	251	
	<hr/>	2,005,659
State Electricity Commission Debentures .. .. .	.. ..	1,250,000
Melbourne and Metropolitan Board of Works Debentures .. .. .	.. ..	700,000
Geelong Waterworks and Sewerage Trust Debentures .. .. .	.. ..	100,000
Temporary Advances .. .. .	.. ..	113
		<hr/>
		4,210,419
		<hr/>
Specific Investments—		
Commonwealth Securities .. .. .	.. ..	18,000
State Electricity Commission Debentures .. .. .	.. ..	2,400
Melbourne and Metropolitan Board of Works Debentures .. .. .	.. ..	3,500
Geelong Waterworks and Sewerage Trust Debentures .. .. .	.. ..	2,000
		<hr/>
		25,900
		<hr/>

TOURIST DEVELOPMENT AUTHORITY.

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

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

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

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

In addition, the Authority is responsible for the administration of eight Victorian Government Tourist Bureaux. Three of these are outside Victoria, located respectively, at Adelaide, Sydney, and Brisbane. The Bureau at Brisbane was opened in June, 1961, and, therefore, operated for a short period only in the past financial year.

The annual credits to the Tourist Fund include a cash levy on the Country Roads Board Fund. Prior to the year under review, this levy was determined on the basis of 2 per centum of the "net total amount" of the credit to that Fund under paragraph (d) of sub-section (1) of section 38 of the *Country Roads Act* 1958. As from 1960-61, the levy is being calculated on the basis of the gross amount so credited. This change in procedure is authorized by amending legislation, the *Tourist (Amendment) Act* 1960, No. 6682, of 29th November, 1960. This Act also relieves the Tourist Authority of its obligation to meet debt charges on loan moneys applied for tourist purposes.

The amendments outlined above have had the effect of making available to the Authority additional moneys for the purpose of the discharge of its primary functions. This aspect will be readily understood on perusal of the comparative summary furnished herein of the credits to and disbursements from the Tourist Fund in 1959-60 and 1960-61.

The moneys in the Tourist Fund are applied, not only for the purposes already stated, but also to meet the Authority's costs and expenses of administration.

Credits to the Fund in each of the past two years were:—

1959-60		1960-61	
£		£	£
169,568	Balance forward .. .. .	..	140,962
151,737	Contribution from Country Roads Board Fund .. .. .	..	187,872
35,000	Contribution under Public Works Loan Application Act No. 6169 .. .. .	..	35,000
6,881	Contributions by Municipalities—Share of cost of works, &c. .. .. .	..	1,155
115	Interest on loans to certain Bodies .. .. .	..	981
1,550	Loan repayments by certain Bodies .. .. .	..	1,499
	Tourist Bureaux operations—		
43,874	Revenue from Commissions, &c.	49,514	
	From Consolidated Revenue—Share of cost of operations—		
57,000	Premier's Vote	99,500	
87,200	Railway Working Expenses	96,810	
		245,824	
			472,331
552,925			613,293

Disbursements from the Fund are summarized below:—

£		£	£	£
11,603	Recoup of Consolidated Revenue on account of debt charges.. .. .	..	..
	Expenditure on works authorized by the Tourist Resorts Committee prior to proclamation of the Tourist Act, and including			
7,661	administration charges of the Public Works Department .. .. .	..	1,433	
*142,752	Developmental and maintenance works authorized under the Act	..	*121,795	
	Publicity—net (including contribution to the Australian National			
16,996	Travel Association) .. .. .	..	26,908	
7,550	Loans to certain Bodies .. .. .	..	51,940	
	Costs and administrative expenses—			
23,277	Head Office	29,494		
202,124	Tourist Bureaux	247,338		
		276,832		
411,963	Disbursements for year .. .. .	..		478,908
140,962	Balance at the close of the year .. .. .	..	..	134,385
552,925				613,293

* Includes advances to the Public Works Department—1959-60 £47,042, of which £20,644 was unexpended at 30th June, 1960; 1960-61 £14,617, of which £4,589 was unexpended at 30th June, 1961.

Included in the item, "Publicity" (1960-61)—£26,908— is an amount of £2,900, paid to a film company for the production of a tourist film. Of this amount, a Body interested in tourist activities has since contributed a sum of £1,150.

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

	Account Credited.					Total Collections.
	Railway Income.	Tourist Bureaux Trust Account.	Tourist Fund.	Revenue—No. 9—Miscellaneous.	Treasury Trust—Unclaimed Moneys.	
	£	£	£	£	£	£
Collections by—						
Head Office .. .. .	..	39,651	111,379	..	25	151,055
Tourist Bureaux—						
Melbourne	665,964	443,753	..	111	..	1,109,828
Sydney	28,092	34,382	..	..	..	62,474
Adelaide	29,231	37,166	..	..	..	66,397
Brisbane	52	195	..	..	..	247
Ballarat	13,006	40,129	..	..	..	53,135
Bendigo	11,671	38,964	..	..	..	50,635
Geelong	15,506	53,424	..	..	..	68,930
Mildura	3,636	6,263	..	..	..	9,899
	767,158	693,927	111,379	111	25	1,572,600

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

MARKETING BOARDS.

ASSOCIATED WITH PUBLIC ACCOUNT.

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

Victorian Dried Fruits Board.—The Board is responsible for the control of the marketing, in Victoria, of dried fruits produced in the State, the registration of packing houses, and the establishment and maintenance of standards in the industry.

The Board's operations are financed from the Dried Fruits Fund, and its accounts are based on a calendar year. The revenue of the Fund is derived almost entirely from statutory contributions made annually by packing-houses.

The following summary sets out the transactions of the Board for the years 1959 and 1960.

1959.		1960.	
£	£	£	£
16,882		Contributions	13,785
140		Other Income	138
<hr/>	17,022		<hr/>
		Payments—	
2,023		Allowances, Board Members	2,139
3,190		Salaries, Office Staff	4,311
4,469		Inspection and Grading	5,492
3,731		General Expenses	2,683
<hr/>	13,413		<hr/>
(Surplus)	3,609	Deficit for Year	702

At 30th June, 1961, the balance at credit to the Fund amounted to £15,005 and comprised cash £10,625 and investments £4,380.

Milk Board.—Trading operations for 1960–61 resulted in a revenue surplus of £18,051, an increase of £11,435 over the comparable figure for 1959–60. This increase was due mainly to additional revenue arising from the licensing of milk shops, as from 1st July, 1960, under the *Milk Board (Milk Shops) Act 1959*.

A summarized statement of the Board's operations for the year together with comparative figures for the previous year is set out hereunder. The figures shown are subject to completion of the annual audit.

1959–60.		Revenue.		1960–61.	
£		£		£	£
126,906	Milk Trading Revenue	131,793			
42,722	Less Transfer to Publicity Account	45,218			
<hr/>		<hr/>			
84,184		86,575			
..	Milk Shop Licence Fees	11,318			
237	Milk Shop Licence Transfer Fees	1,179			
<hr/>		<hr/>			
84,421					99,072
		Expenditure.			
37,866	Salaries	40,706			
593	Pay-roll Tax	853			
8,381	Rental of Premises	4,641			
3,168	Travelling Expenses	4,406			
2,469	General Expenses	4,205			
21,361	Promotion—Consumption of Milk	22,609			
1,000	Promotion—Production of Milk .. .. .	..		
2,500	Improving Quality of Milk—Paid to Department of Agriculture	2,500			
..	Building Maintenance	40			
215	Interest	336			
252	Depreciation	725			
<hr/>		<hr/>			
77,805					81,021
<hr/>		<hr/>			
6,616	Surplus for the Year				18,051

The item "Promotion—Consumption of Milk, £22,609," represents the Board's contribution towards expenditure on publicity. Additional funds for this purpose, £45,218, were obtained from a levy at the rate of 0·16d. per gallon on dairy farmers and dairymen, and were transferred to the Publicity Account. This Account was also credited with cash contributions amounting to £7,645 from milk depots and carriers.

Expenditure on the campaign to promote the consumption of milk, amounting to £62,135, was met from the Publicity Account and the unexpended balance of the Account at 30th June, 1961 was £13,337.

The Board's balances as at 30th June, 1960 and 30th June, 1961, were:—

30.6.60.								30.6.61.
£								£ £
957,035	Sundry Creditors—Trade	..	..	..	..	..	..	995,896
3,731	Sundry Creditors—Other	..	..	..	..	..	..	15,271
8,396	Milk Shop Licences Paid in Advance	..	..	..	..	..	..	8,471
51	Bank Overdraft	..	..	..	..	..	..	..
<hr/>								<hr/>
969,213								1,019,638
	Accumulated Funds—							
	Accumulation Fund—							
367,538	Balance Brought Forward	..	..	..	..	..	..	374,154
6,616	Revenue Surplus for the Year	..	..	..	..	..	..	18,051
<hr/>								<hr/>
374,154								392,205
..	Publicity Account ..	..	..	..	..	..	..	13,337
<hr/>								<hr/>
374,154								405,542
<hr/>								<hr/>
1,343,367								1,425,180
<hr/>								<hr/>
329,990	Milk Board Fund—Balance at Treasury	..	..	..	..	..	..	354,879
..	Milk Board Fund—Cash in Hand	..	..	..	..	..	..	4,862
1,007,280	Sundry Debtors—Trade	..	..	..	..	..	..	1,011,077
..	Sundry Debtors—Other	..	..	..	..	..	..	475
1,273	Office Equipment and Furniture Less Depreciation	..	..	..	..	..	..	1,569
3,990	Pasteurization Plant Less Depreciation (Publicity Account)	..	..	..	..	..	..	3,600
834	Motor Vehicles Less Depreciation	..	..	..	..	..	..	2,018
..	Land and Buildings at Cost	..	..	..	..	..	..	46,700
<hr/>								<hr/>
1,343,367								1,425,180
<hr/>								<hr/>

Trade debtors and creditors for the most part represented trading operations for the month of June, 1961. Two dairymen were in arrears to the extent of approximately one month's purchases.

The *Milk Board (Powers) Act 1960* extended the powers of the Milk Board to enable it, as a corporate body, to deal in land or any real or personal property. Under the authority of this Act a property was purchased at Hawthorn, for the sum of £46,700, to provide office accommodation for the Board.

GUARANTEES.

In certain instances, authorities for guarantees have been provided by specific legislation such as that relating to Co-operative Housing Societies. But, on other occasions, the State has been committed in respect of guaranteed bank overdrafts by the Executive without the specific authority of Parliament.

Particulars are given below of guarantees not authorized by statute and current at 30th June, 1961, showing the contingent liability of the State under each guarantee at that date.

	Guarantee.	Contingent Liability.
	£	£
Ballarat Agricultural and Pastoral Society	3,500	3,500
Ballaarat City Council	15,000	15,000
Bendigo City Council	10,000	10,000
Exhibition Trustees	30,000	3,000
Olympic Park Committee of Management	100,000	65,000
Royal Agricultural Society of Victoria	430,000	376,502
Wonthaggi Cotton Mills Pty. Ltd.	30,000	30,000
A. V. Page Pty. Ltd., Wonthaggi	27,000	27,000
College of Pharmacy	50,000	50,000

The guarantee in respect of the College of Pharmacy, given by the State to enable bank overdraft accommodation to be obtained to provide funds for the completion and furnishing of the new college at Parkville was reduced from £100,000 to £50,000 during the year.

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

Set out below are the details of those guarantees, authorized by statute, where there was a contingent liability at 30th June, 1961.

	Guarantee.	Contingent Liability.
	£	£
Co-operative Housing Societies	66,117,500	60,609,168
Co-operative Societies	384,810	183,977
Home Finance Trust	5,374,646	4,580,528

The repayment of loans made by approved bodies to registered Co-operative Housing Societies has been guaranteed by the Treasurer under the provisions of the *Co-operative Housing Societies Act 1958* which now provides a limit of £80,000,000 to the liability which may be incurred by the State under this heading. At 30th June, 1961, 551 guarantees were current in respect of loans made or to be made.

The Treasurer has also entered into agreements with societies to indemnify them against losses they may incur by making advances in excess of 80 per cent., but not exceeding 95 per cent., of the total value of the land and the buildings to be erected thereon or the amount of £2,850, whichever is the lesser. At 30th June, there were 2,464 indemnities in force, the contingent liability upon which was £441,240.

The *Co-operation Act 1958* as amended by Act No. 6749 provides a limit of £2,000,000 to the liability which the State may incur under guarantees given in respect of societies registered under this Act. To 30th June, guarantees to the extent of £384,810 had been given in relation to the loans of thirty-two societies, and the contingent liability under the guarantees amounted to £183,977.

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

It is provided in the *Home Finance Act 1958* that the Treasurer may, with the approval of the Governor in Council, execute guarantees in favour of the Commissioners of the State Savings Bank or other approved bodies or corporations which, on security of a first mortgage of a dwelling-house, lend moneys beyond a specified maximum limit, or which deposit moneys with the Home Finance Trust to enable that body to make loans on similar security.

To 30th June, the Treasurer had executed 480 guarantees amounting to £299,646 in respect of loans beyond the specified maximum, and 40 guarantees totalling £5,075,000 in respect of amounts to be deposited with the Trust. The contingent liability, at 30th June, under these 520 guarantees was £4,580,528.

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

Building Societies Act 1958.—This Act as amended by the *Building Societies (Amendment) Act 1961*, No. 6765, authorizes the Treasurer to guarantee the repayment by building societies of advances to them by banks, not exceeding in respect of any one society, a sum of £100,000. Up to and inclusive of 30th June, 1961, no such guarantees had been given.

THE STATE'S DEBTORS.

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

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

—	1959.	1960.	1961.
	£	£	£
Railways and State Coal Mine	1,374,043	1,594,525	1,993,783
Taxation—			
Income	1,470	1,934	811
Unemployment Relief	600	754	298
Land	642,078	659,514	909,856
Entertainments	13,833	5,491	14,517
Probate Duty	182,163	289,403	441,342
Water Supply	522,721	579,727	484,270
Lands Department	41,799	26,833	51,116
Soldier Settlement Commission	237,730	203,302	212,398
Forests Commission*	158,653	157,674	229,123
Government Printer (excluding amounts due from State Departments)	28,177	34,022	32,057
Other Departments	66,758	67,916	31,999
Trading Activities—			
Victoria Dock Cool Stores	61,022	78,420	66,813
Lighterage and Storage of Explosives	1,632	1,415	1,109
Erica Sawmill	16,876	15,064	13,108
Miscellaneous	27,102	24,217	55,099
	3,376,657	3,740,211	4,537,699

* Includes Timber Seasoning Works, Newport.

The arrears of Probate Duty do not include the amount of £559,494 which represents assessments issued during June, but not due and payable until after 30th June.

Collections of Land Tax during July reduced the arrears by approximately £302,960.

Amounts due to the Children's Welfare Department have not been included in the statement of arrears as the debtors are, in most instances, persons without the means to pay, or whose whereabouts are unknown, and substantial collections in respect of these arrears are unlikely.

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

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

Advances additional to those from loan or revenue moneys have been provided—from the Decentralization Fund, £548,151; and from the Tourist Fund, £59,490. Of these advances, repayments amounting to £155,974 and £3,049 respectively have been made. Further reference to this expenditure is made under appropriate headings in this report.

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Corporations and other Bodies	1,014,957	1,366,660	1,872,432
Settlers .. .. .	..	2,061	2,571
Various	40,700	65,800	57,800
Total	1,055,657	1,434,521	1,932,803

In some cases, repayment of advances has not been in accordance with the agreed conditions and, at 30th June, instalments of redemption and interest charges due and unpaid amounted to £60,547. Following is a concise statement of the balances of advances and amounts overdue, together with brief comments in respect of the larger items:—

	Balance of Advances at 30th June, 1961.			Overdue at 30th June, 1961.				
	Loan.	Revenue.	Total.	Redemption.			Interest.	Total.
				Loan.	Revenue.	Total.		
	£	£	£	£	£	£	£	£
Co-operative Companies ..	2,464	..	2,464	..	..	..	..	..
Municipalities	1,030,475	..	1,030,475	..	..	..	..	..
Corporations and other Bodies	10,128,227	600,000	10,728,227	4,901	..	4,901	25,391	30,292
Unemployment Relief Advances	109,858	..	109,858	15,736	..	15,736	..	15,736
Advances to Settlers	16,466	37	16,503	9,883	16	9,899	1,183	11,082
Various	765,275	3,254	768,529	1,839	254	2,093	1,344	3,437
Total	12,052,765	603,291	12,656,056	32,359	270	32,629	27,918	60,547

Included in the total of £60,547 overdue is an amount of £1,183 in respect of advances to settlers which is not shown in the Treasurer's Statement of Sundry Debtors to Revenue.

MUNICIPALITIES.

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

Expenditure from the Loan Fund to 30th June, 1960, totalled £4,043,127 of which roundly £1,400,000 is to be borne by the municipalities. Repayments to 30th June, amounted to £24,217.

CORPORATIONS AND OTHER BODIES.

Local Governing Bodies.—To assist in the development of the waterworks controlled by certain municipalities, the State has made advances of £4,082,986 from loan and £4,000 from revenue. Repayments and amounts written off or transferred have left a balance to be repaid, at 30th June, of £2,418,998. Instalments of redemption and interest charges overdue at the same date totalled £6,607.

Superannuation Board.—At 30th June, a loan of £600,000 was made to the Superannuation Board from Treasurer's Advance to make cash available to the Board to enable it to meet refunds to certain officers of the Railway Department, in accordance with the *Superannuation (Railways Service) Act 1961*. No redemption date has been fixed but interest is payable over the currency of the loan at the long term Commonwealth Bond rate.

Sewerage Authorities.—Advances of £1,544,077 have been made from loan for capital works of country sewerage authorities, but £738,563 of this amount has been transferred to the Capital Expenditure Borne by the State Account. Repayments amount to £136,110, and the balance of liability at 30th June was £669,404.

Irrigation Trusts, &c.—Loan advances to Mildura Irrigation and Water Trusts amount to £1,595,954 of which the Trusts have repaid £62,199. Liability to the extent of £1,112,703 has been transferred to the State and £18,416 has been written off, leaving the balance of advances at 30th June, £402,636.

Waterworks Trusts.—Of advances of £8,983,897 from loan and £33,625 from revenue, £5,840,415 was still to be repaid at 30th June.

At the same date 55 trusts between them owed £20,372 for redemption and interest charges. (For further reference to these trusts see under State Rivers and Water Supply Commission).

River Improvement Trusts.—Provision has been made in the *River Improvement Act 1958* for advances to be made to river improvement authorities for expenditure on approved works. At 30th June, total advances from loan funds, including £2,547 transferred from a Waterworks Trust, amounted to £1,208,576, but liability to the extent of £1,119,532 has been borne by the State. Further reference is made to these trusts under State Rivers and Water Supply Commission.

UNEMPLOYMENT RELIEF ADVANCES.

Advances made to various bodies for purposes associated with the relief of unemployment totalled £2,478,032, of which £839,386 has since been treated as a grant and £27,824 has been written off. The balance of advances at 30th June, was £109,858 including £15,736 overdue instalments of redemption.

VARIOUS.

Yarra Bend National Park Trustees.—A loan of £25,000 has been made to the Trustees for the purpose of effecting improvements to the Park and purchasing machinery for its maintenance. The loan is to be repaid in annual instalments of £1,000 with interest added at the rate of £3 per centum per annum.

SURCHARGES.

In conformity with the provisions of Section 47 (1) (a) (v) of the *Audit Act* 1958, I furnish hereunder particulars of all surcharges unsatisfied as at 30th June, 1960.

Date.	Department, &c.	Amount.	Particulars.
1. <i>Treasurer's Accounts.</i>			
		£ s. d.	
9.12.1960	Education	52 3 5	Deficiencies in the Official Account (£11 13s.) and the Works and Buildings Account (£40 10s. 5d.) of State School No. 891. Dixie.
24.2.1961	Education	6 4 6	Deficiency in the Official Account of State School No. 793. Eddington.
2. <i>Other.</i>			
5.3.1959	Housing Commission ..	210 0 0	Deficiency in a rental officer's collections; restitution made to the extent of £169 4s. 6d. Balance being repaid at the rate of £2 per fortnight.

UNSATISFIED AUDIT QUERIES, ETC.**TREASURER'S ACQUITTANCE.**

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

In accordance with the provisions of this Section the Treasurer has not been acquitted for expenditure to the extent of £4,139 in 1958-59, £2,488 in 1959-60 and £41,056 in 1960-61.

Advances to Departments, &c., in 1960-61 and not adjusted at 30th September, 1961, in respect of which the Treasurer had not been acquitted amounted to £489,620.

PAYMENTS ALLOWED ON IMPERFECT VOUCHERS.

Searches in the offices of the Law Department, Treasury and Audit Office failed to disclose the whereabouts of Law Department sub-vouchers amounting to £2,604 7s. 5d. After examination of relevant departmental records and related paid cheques, I decided, as empowered by Section 42 of the *Audit Act* 1958, to admit such records and such paid cheques as sufficient discharge of the Paymaster, Melbourne, and to allow to his credit the said sum of £2,604 7s. 5d.

Defalcations and Irregularities, 1960-61.

Particulars as required by Section 47 of the *Audit Act* 1958 of cases in which default has been made in delivering or sending accounts or accounting for public or other moneys or stores, and of relevant proceedings taken.

(Amounts are shown to the nearer £1.)

Chief Secretary.

Motor Registration Branch.—A senior male assistant failed to account for moneys amounting to £73. This officer resigned and restitution was made from superannuation contributions due to him.

Education Department.

Eddington State School.—An inspection of the School's Official Account disclosed a deficiency of £6. Other moneys of an extraneous nature were also in question. The teacher concerned was charged before the Teachers' Tribunal and fined £10. He is making restitution at the rate of £3 per fortnight.

Willung State School.—An inspection of the accounts of the School disclosed a deficiency of £33 in the Official Account. Inquiries are proceeding.

University of Melbourne.

University Union.—Cafeteria.—Bank notes to the amount of £95 were missing from cafeteria cash takings. Audit investigation failed to determine personal responsibility for the shortage.

University Union.—Book Exchange.—It was considered by the audit after investigation that sums amounting to £178 had been misappropriated. An ex-employee of the Union has admitted responsibility for misappropriation of £104, being part of the sum, and has offered to make restitution to this extent by monthly instalments.

Law Department.

Court of Petty Sessions, Bairnsdale.—Two amounts of £5 each were shown in copies of accounts to have been paid for jurors' fees. Audit investigation established that the alleged recipients did not perform jury service on the days stated. Departmental inquiries are in course.

Courts of Petty Sessions, Richmond and Footscray.—A clerk assisting at each of these Courts misappropriated at Richmond a sum of £172 and at Footscray an amount of £31. Restitution of these amounts was made. The clerk concerned was charged before the Court of General Sessions and released on a five-year good behaviour bond.

Court—Wangaratta.—Jury fees amounting to £7 were shown in the relevant voucher as having been paid to and acknowledged by a person whose name did not appear on the jury roll. Inquiries are proceeding.

Office of the Registrar-General and Registrar of Companies.—A cash register operator misappropriated a sum of £13. Restitution was made and the officer concerned was charged before the Public Service Board and reduced in status.

Treasurer.

Housing Commission.—Heidelberg District Office.—An estate officer admitted converting to his own use an amount of £51. Restitution was made and the officer resigned.

State Superannuation Board.—An amount of £2 was stolen from the safe of the Office. Police investigation was inconclusive.

Railway Department.

Forty-eight officers and employees were guilty of offences involving money or other property. In five instances, the losses exceeded £100, whereas the deficiencies in the remaining cases were comparatively small. Twenty-nine of the charges were heard by the Courts, and nineteen were dealt with by the Railways Board of Discipline.

Melbourne and Metropolitan Board of Works.

An officer of the Board's Legal Branch misappropriated sums amounting to £10, being change due to the Board from the Victorian Stamps Office. Restitution was made and the officer's services terminated by the Board.

State Electricity Commission.

Central Store, Footscray.—A special investigation disclosed that an amount of £977, comprising £255 cash and £722 cheques, had not been properly brought to account. The officer responsible admitted using the cash portion (£255) for payment of personal debts. Restitution was made and the officer concerned demoted and transferred to other duties.

Paymaster's Branch.—A pay docket was forged, the amount involved being £33. A subsequent police investigation failed to disclose the person who perpetrated the fraud.

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

Department or Authority.	Location.	Items Lost or Stolen.	Value.	Remarks.
			£	
Agriculture	Bairnsdale	Sundry stores ..	Not given	Referred to Police for inquiry
"	Fruit Inspection Depot, Melbourne	Tools, equipment, stores	"	" " "
"	Dookie College ..	2 Carcasses of meat ..	8	" " "
"	"	2 Pneumatic tyred wheels	12	" " "
Country Fire Authority	Geelong	Trickle charger ..	4	" " "
Gas and Fuel Corporation	Altona	Sundry items of equipment	251	" " "
"	Reservoir	Pipe trailer ..	300	" " "
"	West Melbourne ..	Sundry materials ..	232	" " "
Government Printer ..	Melbourne	Type metal ..	250	" " "
Mental Hygiene ..	Mont Park	Riding saddle and bridle	Not given	" " "
		3 Electric razors ..	"	" " "
		television set ..	"	" " "
Public Works	Architect's Branch ..	Sundry stores ..	"	Written off
"	Port Melbourne ..	21 Fire extinguishers	129	Thief convicted—Fined £25
"	Salmon-street Depot	Office equipment ..	Not given	Referred to Police for inquiry
State Rivers and Water Supply Commission	Central Gippsland ..	Tools, &c.	10	Where theft involved Police advised. Value of stores, &c., lost or stolen written off by the Commission
"	Cobram	"	2	
"	Cohuna	Distillate	6	
"	Eppalock	Electric drill	11	
"	Frankston	Battery, sundry stores	35	
"	Hopetoun	Sundry stores, &c. ..	7	
"	Maffra	Tools, &c.	2	
"	Murtoa	Wheel from watercart	17	
"	Pyramid Hill	Flashing lamp ..	7	
"	Tatura	Sundry stores, tools, equipment	479	
"	Tullaroop	Sundry stores, tools, &c.	286	
"	Werribee	Tools, &c.	5	

ACKNOWLEDGMENT.

I desire to record my thanks to all members of the staff of the Audit Office for their wholehearted support and assistance during the year and to acknowledge the helpful co-operation extended to me by officers of the Treasury and the other Departments within the ambit of my audit responsibility.

I should add, in conclusion, that the supervisory and experienced section of the staff of the Audit Office has, by its efforts in recent years, contributed substantially to the progress being made in overtaking audit arrears and meeting current audit requirements, but an entirely satisfactory position in relation to the statutory work of the Office will not be achieved until a higher proportion of qualified and experienced staff is available. The ready response of younger members of the staff to the encouragement given to them to qualify and acquire practical experience quickly, inspires the belief that staff stability at a high level of experience and skill will be gradually attained over the next two or three years.

R. W. GILLARD,
Auditor-General.

Melbourne, 9th October, 1961.

STATEMENT No. 1.

RECEIPTS AND EXPENDITURE FOR THE YEAR 1960-61.

A statement of the Receipts and Expenditure of the Consolidated Revenue, Surplus Revenue, Loan Moneys and Advances on account of Loan Moneys* for the financial year 1960-61.

		Receipts.			Expenditure.		
		£	s.	d.	£	s.	d.
<i>Balances brought forward—</i>							
Surplus Revenue	..	16,179	12	9	Under Parliamentary Authority	..	180,287,109 18 9
Loan Fund	..	1,266,180	13	2	From Treasurer's Advance	..	4,644,462 7 9
		<hr/>					<hr/>
		1,282,360	5	11			184,931,572 6 6
<i>Revenue for the year</i>		..	184,787,865	8 7			
Surplus for 1959-60 applied to 1960-61	..	313,537	11	4	Charged to Loan Fund	..	51,915,059 8 5
		<hr/>			Deduct—Charged to Treasurer's Advance, 30.6.60	..	502,541 4 4
		185,101,402	19	11			<hr/>
<i>Proceeds of Loans raised for Works &c.</i>		..	48,805,000	0 0	Add—Charged to Treasurer's Advance, 30.6.61	..	51,412,518 4 1
Less Flotation Expenses	..	347,292	2	11			292,462 19 9
		<hr/>					<hr/>
		48,457,707	17	1			51,704,981 3 10
Loan Repayments	..	..	..	..			<hr/>
		3,116,681	10	9			
<i>Advance from Treasurer's Advance—</i>							
Debit balance at 30.6.60	..	502,541	4	4			..
” ” 30.6.61	..	292,462	19	9			..
		<hr/>					..
		Cr. 210,078	4	7			..
		<hr/>					..
		237,748,074	9	1			..
		<hr/>					..
		1,111,520	18	9			..
		<hr/>					..
		236,636,553	10	4			..
		<hr/>					..
		169,830	13	5†			..
		<hr/>					..
		16,179	12	9			..
		<hr/>					..
		925,510	12	7			..
		<hr/>					..
		1,111,520	18	9			..
		<hr/>					..
		237,748,074	9	1			..
		<hr/>					..

* Does not include £10,660,000 advances from Commonwealth Government for Housing, including £3,100,000 for the Home Builders' Account.

† Subject to the passing of the Supplementary Estimates for the year.

STATEMENT No. 2.

Comparison, on a monetary and proportional basis, of expenditure from Consolidated Revenue and Loan in the first year of the past decade with that in the final year of the decade.

Note.—1960-61 shown in heavy type; 1951-52 shown in light type.

Nature of Expenditure.	Revenue.		Loan.		Total.	
	—	Percentage of Gross Revenue.	—	Percentage of Loan Funds Available.	—	Percentage of Total.
Social—						
Education, Health, Child Welfare, payments to Hospitals and Charities Fund, &c.	£ 23,744,554 66,515,030	28·47 35·93	£ 6,602,298 19,515,482	10·72 37·08	£ 30,346,852 86,030,512	20·93 36·19
Law and Order—						
Law, Police, Penal, &c.	5,212,728 11,502,634	6·25 6·21	320,520 690,929	·52 1·31	5,533,248 12,193,563	3·82 5·13
Debt Charges	11,072,238 31,992,712	13·27 17·29	..	..	11,072,238 31,992,712	7·64 13·46
Commonwealth-State Housing (Interest and Repayments)	1,354,301 5,244,936	1·62 2·83	..	..	1,354,301 5,244,936	·93 2·21
Railways and State Coal Mine—						
Working Expenses and Loan Expenditure	29,440,885 40,224,598	35·29 21·73	10,500,000 7,563,610	17·06 14·37	39,940,885 47,788,208	27·55 20·10
Interest Subsidy	1,754,641	2·10	..	..	1,754,641	1·21
Pensions	1,872,496 4,791,807	2·25 2·59	..	..	1,872,496 4,791,807	1·29 2·01
Primary Production—						
Agriculture, Lands, Soldier Settlement Forests, Country Water Supply, &c.	6,407,828 10,383,934	7·68 5·61	17,888,065 11,411,324	29·06 21·68	24,295,893 21,795,258	16·76 9·17
Advances to State Electricity Commission	..	..	9,000,000 6,750,000	14·62 12·83	9,000,000 6,750,000	6·21 2·84
Advance to State Superannuation Board	600,000	·32	..	..	600,000	·25
Other Public Works	..	..	1,320,978 3,594,930	2·15 6·83	1,320,978 3,594,930	·91 1·51
Other Expenditure	4,962,431 11,130,574	5·95 6·02	9,452,468 2,178,706	15·35 4·14	14,414,899 13,309,280	9·94 5·60
In Aid of Revenue	..	..	2,000,000	3·25	2,000,000	1·38
Transfers to Trust Accounts to meet expenditure in future years	2,545,347	1·38	..	..	2,545,347	1·07
Total Expenditure from Consolidated Revenue and Loan	85,822,102 184,931,572	102·88 99·91	57,084,329 51,704,981	92·73 98·24	142,906,431 236,636,553	98·57 99·54
Loan Funds carried forward	..	..	4,477,776 925,511	7·27 1·76	+ 4,477,776 + 925,511	3·09 ·39
Revenue Deficit	2,406,742	2·88	..	..	— 2,406,742	1·66
Revenue Surplus	169,831	·09	..	..	+ 169,831	·07
Total Revenue and Loan Proceeds available to meet expenditure	83,415,360 185,101,403	100·00 100·00	61,562,105 52,630,492	100·00 100·00	144,977,465 237,731,895	100·00 100·00

STATEMENT No. 3.

LOAN FUND.

ABSTRACT OF TRANSACTIONS FOR THE YEAR 1960-61.

	£	s.	d.	£	s.	d.
<i>Balance</i> of Loan Fund at 30th June, 1960 ..	1,266,180	13	2			
<i>Receipts—</i>						
Proceeds of Loans Raised—						
For Works, &c.	48,805,000	0	0			
,, Redemption	54,689,327	10	0			
Loan Repayments	3,116,681	10	9			
Charges to Treasurer's Advance at 30th June, 1961	292,462	19	9			
				108,169,652	13	8
<i>Disbursements—</i>						
Works, &c.	51,704,981	3	10			
Moneys applied to Redemption	54,597,755	0	0			
Repayment to Treasurer's Advance	502,541	4	4			
Flotation Expenses	347,292	2	11			
Conversion Bonus	91,572	10	0			
				107,244,142	1	1
<i>Balance</i> of Loan Fund at 30th June, 1961 ..				925,510	12	7

LIABILITY FOR LOANS.

State's Liability to Commonwealth at 30th June, 1960	594,122,015	14	5			
Loans raised in 1960-61—	£	s.	d.			
For Works, &c.	45,900,541	15	6			
,, Redemption	54,915,732	10	0			
	100,816,274	5	6			
				694,938,289	19	11
<i>Less Loans Repurchased or Redeemed—</i>						
By Redemption Loans	54,821,535	0	0			
,, National Debt Sinking Fund	7,108,176	12	10			
				61,929,711	12	10
State's Liability to Commonwealth at 30th June, 1961 ..				*633,008,578	7	1
Charges to Treasurer's Advance at 30th June, 1961 ..				292,462	19	9
				633,301,041	6	10
<i>Less</i> Cash at credit of National Debt Sinking Fund	213,565	10	1			
Unexpended balance of Loan Fund ..	925,510	12	7			
				1,139,076	2	8
Net Liability for Loans at 30th June, 1961 ..				*632,161,965	4	2
Net Liability for Loans at 30th June, 1960 ..				593,172,114	18	9
The increase during the year was ..				38,989,850	5	5

* Does not include £123,660,447 advanced by the Commonwealth for Housing purposes nor £7,045,520 advanced for special assistance for Soldier Settlement.

STATEMENT No. 4.

TRUST FUNDS.

The Treasurer's liability on account of the Trust Fund, at 30th June, 1961, was :—

Amounts lodged and invested—	£	£	£
Various funds as per Treasurer's Statement .. .. .	..	..	13,726,219
Securities lodged .. .. .	..	..	7,537,527
General Account balances—			
Various funds as per Treasurer's Statement .. .. .	..	..	29,020,709
			<u>50,284,455</u>
Represented by :—			
Stock and Securities—			
Commonwealth Government Inscribed Stock, &c. ..		11,889,072	..
Melbourne and Metropolitan Board of Works Stock .. .. .	..	427,300	..
Melbourne and Metropolitan Tramway Board Stock .. .. .	..	155,000	..
State Electricity Commission Stock .. .. .	..	978,630	..
Gas and Fuel Corporation Registered Debenture Stock .. .. .	..	405,000	..
Grain Elevators Board Stock .. .. .	..	200	..
Geelong Harbor Trust Debentures .. .. .	..	147,401	..
Kyabram Co-operative Fruit Preserving Co. Ltd.—Shares .. .. .	..	3,634	..
Gas and Fuel Corporation of Victoria—Shares ..	..	7,305,332	..
Blue Moon Fruit Co-operative Ltd.—Shares ..	..	10	..
Melbourne Harbor Trust Stock .. .. .	..	65,000	..
State Savings Bank Deposit Stock .. .. .	..	575,000	..
Pilot Vessel <i>Akuna</i> —Registered Mortgage Debenture .. .. .	..	94,167	..
		<u>22,045,746</u>	
Cash Advanced—			
For Revenue deficits .. .. .	..	1,877,173	..
For Other advances .. .. .	..	1,546,733	..
		<u>3,423,906</u>	
Cash as per Treasurer's Statement .. .. .	..	25,617,681	..
<i>Deduct—</i>			
Loan Fund—Credit Balance .. .. .	..	925,510	..
Less amount charged to Treasurer's Advance pending loan authority .. .. .	..	292,463	..
		<u>633,047</u>	
Declared Revenue Surplus .. .. .	..	169,831	..
		<u>802,878</u>	
		<u>24,814,803</u>	
		<u>50,284,455</u>	

* Sum after taking into consideration transfers from Consolidated Revenue amounting to £2,566,121 charged to Treasurer's Advance pending the passing of the Supplementary Estimates.

STATEMENT No. 5—continued.

DEBT CHARGES : STATISTICAL ANALYSIS.

Year.	Loan Liability (Average for each Year).†	Debt Charges Paid in each Year.	Net Amount Avail- able for Payment of Debt Charges.	Amount with which Taxation, &c., was Charged.	Average Debt Charge Rate on Loan Liability— Per Cent.	Rate of Receipts— Per Cent.	Provided by Taxation, &c.—Per Cent.
	£	£	£	£	£ s. d.	£ s. d.	£ s. d.
1951-52	276,715,871	11,072,870	2,568,106	8,504,764	4 0 0	0 18 7	3 1 5
1952-53	321,009,225	12,297,027	2,911,742	9,385,285	3 16 7	0 18 2	2 18 5
1953-54	358,241,674	14,327,243	3,333,905	10,993,338	4 0 0	0 18 7	3 1 5
1954-55	394,081,484	16,782,943	3,926,577	12,856,366	4 5 2	0 19 11	3 5 3
1955-56	428,456,232	19,160,720	4,269,329	14,891,391	4 9 5	0 19 11	3 9 6
1956-57	463,766,048	21,102,752	4,708,362	16,394,390	4 11 0	1 0 4	3 10 8
1957-58	500,015,672	23,918,452	4,896,071	19,022,381	4 15 8	0 19 7	3 16 1
1958-59	536,612,245	26,215,694	5,207,850	21,007,844	4 17 8	0 19 5	3 18 3
1959-60	574,566,917	29,645,507	5,695,985	23,949,522	5 3 2	0 19 10	4 3 4
1960-61	613,565,297	31,992,712	6,315,902	25,676,810	5 4 3	1 0 7	4 3 8

† Excludes advances from Commonwealth Government for Housing and certain advances for Soldier Settlement.

RAILWAYS.

Year.	Loan Liability (Average for each Year).	Debt Charges on Railway Loans.	*Earnings Available for Payment of Debt Charges.	Amount Provided by Taxation, &c.	Average Debt Charge Rate on Railway Loans—Per Cent.	Rate Earned—Per Cent.	Provided by Taxation, &c.—Per Cent.
	£	£	£	£	£ s. d.	£ s. d.	£ s. d.
1951-52	†60,052,441	2,348,108	..	2,348,108	3 18 2	..	3 18 2
1952-53	†63,675,808	2,432,161	..	2,432,161	3 16 5	..	3 16 5
1953-54	†67,561,535	2,596,477	..	2,596,477	3 16 10	..	3 16 10
1954-55	†71,778,229	2,852,905	429,460	2,423,445	3 19 6	0 12 0	3 7 6
1955-56	†75,294,197	3,184,557	..	3,184,557	4 4 7	..	4 4 7
1956-57	†78,174,890	3,333,739	..	3,333,739	4 5 3	..	4 5 3
1957-58	†81,027,669	3,596,499	..	3,596,499	4 8 9	..	4 8 9
1958-59	†83,578,198	3,812,797	..	3,812,797	4 11 3	..	4 11 3
1959-60	†85,782,483	4,002,165	..	4,002,165	4 13 4	..	4 13 4
1960-61	†88,349,530	4,179,748	..	4,179,748	4 14 8	..	4 14 8

* Including recoups by Treasury from Vote for non-paying lines, &c., but excluding Subsidy towards payment of interest from 1951-52 till 1954-55.

† Excluding Rehabilitation Works, the interest on which is borne by General Revenue.

COUNTRY WATER SUPPLY.

Year.	Loan Liability (Average for each Year).	Debt Charges on Water Supply Loans.	Net Earnings Available for Payment of Debt Charges.	Amount Provided by Taxation, &c.	Average Debt Charge Rate, on Water Supply Loans —Per Cent.	Rate Earned—Per Cent.	Provided by Taxation, &c.—Per Cent.
	£	£	£	£	£ s. d.	£ s. d.	£ s. d.
1951-52	52,013,832	1,970,877	..	1,970,877	3 15 9	..	3 15 9
1952-53	60,677,092	2,193,884	..	2,193,884	3 12 4	..	3 12 4
1953-54	68,292,379	2,507,318	..	2,507,318	3 13 5	..	3 13 5
1954-55	77,002,616	3,096,235	..	3,096,235	4 0 5	..	4 0 5
1955-56	84,957,069	3,490,361	72,220	3,418,141	4 2 2	0 1 8	4 0 6
1956-57	91,579,468	3,814,836	..	3,814,836	4 3 4	..	4 3 4
1957-58	98,040,683	4,264,713	401,130	3,863,583	4 7 0	0 8 2	3 18 10
1958-59	104,864,693	4,640,190	322,656	4,317,534	4 8 6	0 6 2	4 2 4
1959-60	111,855,889	5,063,370	239,871	4,823,499	4 10 6	0 4 3	4 6 3
1960-61	119,230,446	5,483,647	268,932	5,214,715	4 12 0	0 4 6	4 7 6

STATEMENT No. 6.

RAILWAY ACCOUNTS.

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

Receipts.

	£	s.	d.
<i>Revenue</i> —			
Railway Income	42,370,546	16	3
Treasury credit for concessions in certain Country Freight Charges ..	143,000	0	0
Recoup Kerang-Koondrook Tramway Act	10,626	0	0
Recoup Pensioners' Fares Concessions	100,000	0	0
	<u>42,624,172</u>	<u>16</u>	<u>3</u>

Expenditure.

	£	s.	d.
<i>Charged to Revenue</i> —			
Working Expenses	38,876,565	9	1
Accident Fund	483,263	9	9
Renewals and Replacements Fund	200,000	0	0
Commissioners' Salaries	17,000	0	0
Pensions and Gratuities	2,126,997	8	0
Railways Equalization Account	*920,346	9	5
	<u>42,624,172</u>	<u>16</u>	<u>3</u>

National Debt Sinking Fund	211,232	8	1
Loan Conversion Expenses	1,017	2	9

<i>Loan</i> —			
Applied from the Loan Fund	7,563,609	15	7

	£	s.	d.
Interest	3,777,481	15	1
Exchange on Overseas Interest	190,016	9	8
	<u>3,967,498</u>	<u>4</u>	<u>9</u>

46,803,920 11 10

Charged to Loan—

Additions and Improvements	2,610,010	2	9
Rolling-stock, Equipment, Machinery, and other Works	206,795	0	11
Construction of new lines, &c.	172,895	4	3
Replacement (Rehabilitation) Works	4,573,909	7	8
	<u>7,563,609</u>	<u>15</u>	<u>7</u>

7,563,609 15 7

Total	54,367,530	7	5
---------------	------------	---	---

* Available as required to meet Railway working expenses in future years.

STATEMENT No. 6—continued.

The expenditure charged to Revenue for the last six years and the deficiency in the Railway Receipts are shown in the following statement:—

Expenditure.	1955-56.	Per cent. of Revenue.	1956-57.	Per cent. of Revenue.	1957-58.	Per cent. of Revenue.	1958-59.	Per cent. of Revenue.	1959-60.	Per cent. of Revenue.	1960-61.	Per cent. of Revenue.
Working Expenses	£ 36,141,584	96·9	37,185,983	99·3	36,054,257	100·4	35,777,135	93·9	36,957,974	94·7	38,876,566	91·2
Commissioners' Salaries	11,576		14,000		14,000		14,900		15,654		17,000	
Renewals and Replacements Fund	200,000	·5	200,000	·5	200,000	·6	200,000	·5	200,000	·5	200,000	·5
Railway Accident, &c., Fund	336,654	·9	335,875	·9	370,630	1·0	434,049	1·1	488,743	1·3	483,264	1·1
Pensions and Gratuities	1,579,131	4·2	1,620,954	4·3	1,712,623	4·8	1,845,153	4·8	1,969,664	5·1	2,126,997	5·0
National Debt Sinking Fund	178,151	·5	182,546	·5	186,878	·5	196,822	·5	208,036	·5	211,232	·5
Interest	2,877,910	7·7	3,023,161	8·1	3,283,262	9·1	3,466,653	9·1	3,605,250	9·2	3,777,482	8·9
Exchange on Interest Payments in London	128,189		124,133		123,180		147,284		173,882		190,016	
Loan Conversion Expenses	307	·4	3,898	·3	3,179	·3	2,037	·4	14,998	·5	1,017	·5
Railways Equalization Account .. .. .	..	..	..	..	..	..	..	..	..	..	920,347	2·1
Receipts	41,453,502	111·1	42,690,550	113·9	41,948,009	116·7	42,084,033	110·3	43,634,201	111·8	46,803,921	109·8
	37,299,906	..	37,463,316	..	35,947,810	..	38,141,702	..	39,031,893	..	42,624,173	..
Deficiency	4,153,596	..	5,227,234	..	6,000,199	..	3,942,331	..	4,602,308	..	4,179,748	..

APPENDIX A.

TREASURER'S ADVANCE 1960-61.

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

		<i>Pending Loan Application Act.</i>					
		£	s.	d.	£	s.	d.
Public Works—							
Building Grants—University Residential Colleges	11,000	0	0
Cowes Ferry Company	1,000	0	0
Melbourne and Metropolitan Board of Works—							
Advances for Water and Sewerage Services	4,956	1	3
Mentally Retarded Children's Centres	6,024	13	8
Migrant Hostel	18,362	16	4
National Art Gallery and Cultural Centre	36,000	0	0
Social Welfare Department	60,141	13	3
					<hr/>		
					137,485	4	6
 State Forests—							
Plant and Machinery	12,243	16 0
 Water Supply—							
		£	s.	d.			
Ballarat Water Commissioners	68,613	7	9
Bealiba Waterworks Trust	499	1	7
Beaufort Waterworks Trust	394	4	2
Cobram Waterworks Trust	2,895	4	6
Donald Waterworks Trust	194	7	1
Drouin Waterworks Trust	1,633	15	1
Euroa Waterworks Trust	408	18	1
Kerang Waterworks Trust	1,091	19	5
Kowree Waterworks Trust	81	9	10
Leongatha Waterworks Trust	15,649	14	3
Moe Waterworks Trust	10,526	18	3
Rochester Waterworks Trust	1,274	15	7
Trentham Waterworks Trust	382	0	3
Wodonga Waterworks Trust	9,526	8	5
					<hr/>		
					113,172	4	3
 Sewerage Authorities—							
Korumburra Sewerage Authority	29,561	15	0
					<hr/>		
					142,733	19	3
Total					<hr/>		
					292,462	19	9
					<hr/>		

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

Public Works Loan Application Act, £137,485 4s. 6d. Amount charged at 30th June, 1961, pending passing of the Public Works Loan Application Act.

State Forests Loan Application Act, £12,243 16s. Amount charged at 30th June, 1961, pending passing of the State Forests Loan Application Act.

Water Supply Loan Application Act, £142,733 19s. 3d. Amount charged at 30th June, 1961, pending passing of the Water Supply Loan Application Act.

APPENDIX B.

Copy, in abstract, of Orders of His Excellency the Governor in Council pursuant to the provisions of Section 25 of the *Audit Act* 1958.

Date of Order.	Vote.		Transferred—		£
	Division.	Sub-Division.	From Item.	To Item.	
DEPARTMENT OF PREMIER.					
14.2.61	2	2	No. 2—Office requisites, &c.	No. 3—Books, publications, other incidental expenses	600
	6	2	No. 1—Travelling and subsistence	No. 3—Books, publications, other incidental expenses	25
18.4.61	2	2	No. 2—Office requisites, &c.	No. 3—Books, publications, other incidental expenses	400
23.5.61	8	2	No. 6—Publicity	No. 1—Travelling and subsistence	400
	9	2	No. 1—Travelling and subsistence	No. 7—Entertainment of visitors, &c.	650
				No. 8—Air travel of Members of Parliament, Ministers, &c.	900
6.6.61	13	2	No. 3—Books, publications, other incidental expenses	No. 4—Postal and telephone expenses	60
14.6.61	5	2	No. 1—Travelling and subsistence	No. 6—Fuel, light, power and water	90
20.6.61	8	2	No. 6—Publicity	No. 2—Office requisites, &c.	370
	13	2	No. 3—Books, publications, other incidental expenses	No. 2—Office requisites, &c.	5
4.7.61	2	1	No. 3—Overtime and penalty rates	No. 7—Entertainment of visitors, &c.	250
	7	1	No. 2—Overtime	No. 5—Examination expenses	100
	8	1	No. 3—Overtime and penalty rates	No. 2—Salaries and allowances	148
	9	1	No. 1—Salaries and allowances	No. 1—Salaries and allowances	10
				No. 2—Salaries and allowances	340
				No. 2—Overtime and penalty rates	55
DEPARTMENT OF CHIEF SECRETARY.					
30.5.61	16	2	No. 2—Office requisites, &c.	No. 1—Travelling and subsistence	70
	17	1	No. 1—Salaries and allowances	No. 2—Overtime and penalty rates	170
	27	2	No. 8—Expenses, &c. State Wards in foster homes, private board, non-Government institutions, assistance to children	No. 1—Travelling and subsistence	1,650
				No. 3—Books, publications, other incidental expenses	1,570
				No. 4—Postal and telephone expenses	350
				No. 5—Motor vehicles—Purchase and running expenses	3,650
				No. 6—Fuel, light, power and water	600
6.6.61	33	2	No. 1—Travelling and subsistence	No. 4—Postal and telephone expenses	60
	24	2	No. 2—Office requisites, &c.	No. 3—Books, publications, other incidental expenses	2,200
	26	2	No. 1—Travelling and subsistence	No. 3—Books, publications, other incidental expenses	18
	28	2	No. 2—Office requisites, &c.	No. 4—Postal and telephone expenses	1,000
14.6.61	18	2	No. 6—Materials and equipment	No. 3—Books, publications, other incidental expenses	40
	19	2	No. 5—Motor vehicles—Purchase and running expenses	No. 1—Travelling and subsistence	150
	25	2	No. 1—Travelling and subsistence	No. 3—Books, publications, other incidental expenses	200
	33	2	No. 1—Travelling and subsistence	No. 6—Fuel, light, power and water	200
	29	2	No. 12—Burials	No. 2—Office requisites, &c.	70
	27	1	No. 3—Payments in lieu of long-service leave	No. 4—Postal and telephone expenses	10
				No. 6—Provisions, &c.—Migrant Reception Centre	440
				No. 10—Transport of prisoners, &c.	1,000
				No. 11—Training equipment and materials	180
				No. 2—Overtime and penalty rates	2,000
DEPARTMENT OF LABOUR AND INDUSTRY.					
20.6.61	34	1	No. 2—Salaries and allowances	No. 4—Payments in lieu of long-service leave	363
	34	3	No. 5—Industrial Safety Advisory Council	No. 1—Apprenticeship Commission	56
				No. 2—Industrial Appeals Court	138
DEPARTMENT OF ATTORNEY-GENERAL.					
9.5.61	37	2	No. 3—Books, publications, other incidental expenses	No. 4—Postal and telephone expenses	11,000
			No. 7—Allowances to witnesses	No. 6—Fuel, light, power and water	700
				No. 11—Appearance fees—Prosecutors for the Queen	800
			No. 8—Payments to Jurors	No. 4—Postal and telephone expenses	2,000
				No. 14—Court reporting	2,000
	38	2	No. 3—Books, publications, other incidental expenses	No. 4—Postal and telephone expenses	4,000
				No. 5—Fuel, light, power and water	1,400
				No. 9—Refund of fines	500
			No. 7—Post Mortems—Fees, &c.	No. 8—Allowances to witnesses	2,000
				No. 10—Remuneration to surgeons	3,200
23.5.61	38	2	No. 3—Books, publications, other incidental expenses	No. 6—Medical supplies, Coroner's Court, &c.	1,000
20.6.61	38	2	No. 7—Post Mortems—Fees, &c.	No. 9—Refunds of fines	1,000
27.6.61	37	1	No. 2—Salaries and allowances	No. 3—Overtime and penalty rates	7,200
	37	2	No. 10—Costs payable by the Crown	No. 2—Office requisites, &c.	2,400
	38	1	No. 3—Payments in lieu of long-service leave	No. 2—Overtime and penalty rates	300
4.7.61	37	1	No. 2—Salaries and allowances	No. 3—Overtime and penalty rates	582
	37	2	No. 8—Payments to Jurors	No. 1—Travelling and subsistence	226
				No. 14—Court reporting	542
DEPARTMENT OF TREASURER.					
26.4.61	43	2	No. 5—Transport, &c.	No. 2—Office requisites, &c.	250
23.5.61	48	1	No. 1—Salaries and allowances	No. 2—Overtime and penalty rates	5,000
6.6.61	46	2	No. 1—Travelling and subsistence	No. 2—Office requisites, &c.	1,250
				No. 1—Travelling and subsistence	1,500
				No. 2—Office requisites, &c.	175
14.6.61	48	2	No. 7—Purchase of paper, &c.	No. 3—Books, publications, other incidental expenses	130
				No. 4—Postal and telephone expenses	1,200
				No. 5—Motor vehicles—Purchase and running expenses	200
				No. 6—Fuel, light, power and water	1,450
11.7.61	41	3	No. 4—Country Racing Clubs' Fund Committee	No. 8—Working charges	4,580
			No. 6—Supplying statutes, &c. to other Governments	No. 1—Unforeseen	267
			No. 7—Refunds—permits, licences, &c.	No. 2—Payment to New Zealand Government—Tattersall	1,700
			No. 8—Armoured car service—cash deliveries	No. 2—Payment to New Zealand Government—Tattersall	6,720
			No. 22—Recoup—Railways Department—Act 5591 (7)	No. 5—Exchange	636
				No. 26—Railway passes, freight, &c.	1,182
DEPARTMENT OF LANDS AND SURVEY.					
14.2.61	51	2	No. 7—Tools, equipment, materials, &c.	No. 5—Motor vehicles—Purchase and running expenses	175
23.5.61	51	2	No. 2—Office requisites, &c.	No. 5—Motor vehicles—Purchase and running expenses	200
				No. 5—Motor vehicles—Purchase and running expenses	40
			No. 3—Books, publications, other incidental expenses	No. 6—Fuel, light, power and water	20
				No. 7—Tools, equipment, materials, &c.	150
			No. 4—Postal and telephone expenses	No. 7—Tools, equipment, materials, &c.	80
0.6.61	49	2	No. 8—Surveys of land	No. 4—Postal and telephone expenses	250
				No. 6—Fuel, light, power and water	100
	50	2	No. 1—Travelling and subsistence	No. 3—Books, publications, other incidental expenses	1,100
			No. 2—Office requisites	No. 5—Motor vehicles—Purchase and running expenses	1,000
				No. 3—Books, publications, other incidental expenses	290
			No. 4—Postal and telephone expenses	No. 6—Fuel, light, power and water	100
				No. 7—Rent	310
				No. 9—Commission residences—rates, &c.	100

APPENDIX B—continued.

Date of Order.	Vote.		Transferred—		£
	Division.	Sub-Division.	From Item.	To Item.	
DEPARTMENT OF PUBLIC WORKS.					
27.6.61	53	2	No. 3—Books, publications, other incidental expenses	No. 2—Office requisites, &c.	31
	53	3	No. 3—Lighterage of explosives	No. 1—Wharves, &c.—Repairs, maintenance, &c.	1,000
4.7.61	53	3	No. 3—Lighterage of explosives	No. 5—Life-saving services	40
26.7.61	52	3	No. 5—Storeyards—maintenance, &c.	No. 6—Murray levees—extension, &c.	2
DEPARTMENT OF LOCAL GOVERNMENT.					
16.5.61	54	2	No. 1—Travelling and subsistence	No. 4—Postal and telephone expenses	150
			No. 3—Books, publications, other incidental expenses	No. 4—Postal and telephone expenses	150
6.6.61	55	2	No. 3—Books, publications, other incidental expenses	No. 1—Travelling and subsistence	10
DEPARTMENT OF FORESTS.					
4.7.61	57	1	No. 1—Salaries and wages	No. 2—Overtime and penalty rates	6,270
DEPARTMENT OF WATER SUPPLY.					
27.6.61	58	1	No. 2—Overtime and penalty rates	No. 1—Salaries and allowances	4,000
			No. 3—Payments in lieu of long-service leave	No. 1—Salaries and allowances	2,000
	58	2	No. 3—Books, publications, other incidental expenses	No. 2—Office requisites, &c.	7,000
			No. 4—Postal and telephone expenses	No. 5—Fuel, light, power and water	1,000
			No. 8—Contour surveys, &c.	No. 7—Rent	1,500
DEPARTMENT OF AGRICULTURE.					
14.2.61	59	2	No. 4—Postal and telephone expenses	No. 6—Fuel, light, power and water	250
	61	2	No. 8—Lectures, demonstrations and exhibitions	No. 4—Postal and telephone expenses	300
14.6.61	59	2	No. 3—Books, publications, other incidental expenses	No. 1—Travelling and subsistence	250
	63	1	No. 1—Salaries and allowances	No. 2—Overtime and penalty rates	370
	63	2	No. 1—Travelling and subsistence	No. 3—Books, publications, other incidental expenses	150
20.6.61	63	2	No. 1—Travelling and subsistence	No. 5—Motor vehicles—Purchase and running expenses	1,500
DEPARTMENT OF HEALTH.					
16.5.61	66	2	No. 11—Pollomyelitis—Maintenance, &c., of sufferers	No. 6—State Health Laboratories	550
				No. 9—Plumbers' and Gasfitters' Board	109
27.6.61	69	1	No. 1—Salaries and allowances	No. 10—Cinematograph Operators' Board	85
18.7.61	69	2	No. 2—Office requisites, &c.	No. 2—Overtime and penalty rates	2,600
				No. 1—Travelling and subsistence	3,500
				No. 6—Fuel, light, power and water	1,070
			No. 4—Postal and telephone expenses	No. 6—Fuel, light, power and water	120
			No. 5—Motor vehicles—Purchase and running expenses	No. 6—Fuel, light, power and water	3,530
			No. 8—Medicines and drugs	No. 6—Fuel, light, power and water	190
				No. 7—Stores, provisions, &c.	570
			No. 10—Expenses of boarding out patients	No. 7—Stores, provisions, &c.	2,430
DEPARTMENT OF RAILWAYS.					
26.7.61	71	2	No. 7—Plant maintenance	No. 6—Pay-roll Tax	5
STATE COAL MINE.					
18.7.61	72	2	No. 1—Working expenses	No. 3—Pay-roll Tax	85
	72	3	No. 2—Coal Mine Workers' Pensions Fund—Contribution	No. 3—Superannuation Charges	28

APPENDIX C-1.

ENDOWMENTS AND GRANTS.

	1959-60.	1960-61.	Increase + Decrease -
	£	£	£
Social—			
Alexander Miller Memorial Homes Trust	2,000	2,000	..
Australia Day Council	1,250	1,250	..
Australian Association for United Nations	500	500	..
Australian Red Cross Society for After-care Treatment of Poliomyelitis Sufferers	16,000	16,000	..
Ballarat Youth Centre	800	800	..
Boys' Employment Movement	1,100	1,100	..
Boy Scouts Association	2,000	2,000	..
Bush Nursing	80,925	89,000	+ 8,075
College of Optometry	3,000	11,500	+ 8,500
Father and Son Welfare Movement	500	600	+ 100
Girl Guides Association	2,000	2,000	..
Lord Mayor's Children's Camp Fund	5,000	5,000	..
Marriage Guidance Council of Victoria	1,500	2,500	+ 1,000
National Fitness Council	17,500	17,500	..
National Safety Council	1,500	5,750	+ 4,250
Occupational Therapy	1,500	1,500	..
Over Fifty Association	400	400	..
Playgrounds and Recreation Association of Victoria	5,000	5,000	..
Probation Officers' Association	100	100	..
Rotary Youth Club at Bendigo	500	500	..
Royal Humane Society	10	10	..
Royal Life Saving Society	2,500	2,500	..
St. John's Ambulance Brigade	1,450	1,450	..
Salvation Army	500	500	..
State Relief Committee	15,000	22,000	+ 7,000
Surf Life Saving Association of Australia	3,000	3,000	..
Victorian Amateur Swimming Association	750	1,000	+ 250
Victorian Council of Pedal Clubs	750	400	- 350
Victorian Council for Social Services	1,450	1,700	+ 250
Victorian Family Council	500	500	..
Victorian Nursing Council—Training Schools for Nurses	14,000	..	- 14,000
Walter and Eliza Hall Research	13,000	16,000	+ 3,000
Young Christian Workers Movement	1,000	1,000	..
Young Farmers' Clubs Association	11,350	12,000	+ 650
Young Men's Christian Association	2,000	2,000	..
Youth Unlimited .. .. .	..	500	+ 500
Cultural—			
Bands	1,750	1,950	+ 200
Children's Free Libraries	5,000	5,000	..
Country Art Galleries	3,500	3,500	..
Country Free Libraries	9,000	9,000	..
Cultural Development	35,065	43,230	+ 8,165
Municipal and Regional Libraries	264,376	295,000	+ 30,624
Orchestral Concerts	13,000	14,150	+ 1,150
Victorian Symphony Orchestra	25,000	25,000	..
Sundry—			
Animal Welfare League	500	500	..
Australian Publicity Council	5,000	5,000	..
Ballarat Fish Acclimatization Society	1,200	1,200	..
British Commonwealth Youth Sunday	3,000	4,298	+ 1,298
British Memorial Foundation	400	100	- 300
Cemeteries, Improvement and Maintenance	6,000	7,000	+ 1,000
Commonwealth Parliamentary Association—Victorian Branch	14,441	700	- 13,741
Congress of International Council of Nurses .. .. .	..	1,500	+ 1,500
Exhibition Trustees	1,000	1,000	..
Exhibition Buildings, repair and renewal works	15,000	..	- 15,000
Female Prison Reform—Grant to Consultative Council	50	50	..
Guide Dog owners and Friends Association .. .. .	..	500	+ 500
Melbourne Medical Post-Graduate Committee	2,000	2,000	..
National Association of Testing Authorities	250	250	..
National Trust of Australia (Victoria) .. .. .	..	6,000	+ 6,000
Natural Resources Conservation League of Victoria .. .. .	..	5,000	+ 5,000
Phillip Island Koala Reserve Committee of Management	1,200	1,200	..
Royal Society for the Prevention of Cruelty to Animals	500	500	..
Save the Forests Campaign	5,000	5,000	..
Standards Association of Australia .. .. .	..	1,500	+ 1,500
Trustees, Shrine of Remembrance	985	1,000	+ 15
Victorian Piscatorial Council	1,000	800	- 200
War Nurses Memorial Centre	2,000	2,000	..
Water Research Foundation of Australia Ltd. .. .. .	..	5,000	+ 5,000
Zoological Board of Victoria	13,500	15,000	+ 1,500
Total	640,052	693,488	+ 53,436

The Treasury vote for cultural development is included in total in the above statement. A dissection of the allocations from this vote is given in Appendix C-2.

APPENDIX C-2—*continued.*

	£
Latrobe Valley Eisteddfod	200
“ Library Week ”	50
Malvern Arts Council	50
Maryborough Arts Society	100
Melba Memorial Conservatorium of Music	750
Mildura City Sculpture Exhibition	100
“ Moomba ” Festival	2,000
Mordialloc City Philharmonic Society	100
Mornington Eisteddfod	100
Morwell Players	50
National Theatre Movement of Australia	10,500
National Theatre Movement of Australia (Ballarat Branch)	200
National Theatre Movement of Australia (Swan Hill Branch)	300
Newtown and Chilwell Highland Gathering Committee	50
Nhill Music and Drama Society	25
Northcote Dramatic Society	50
Orbost Drama Group	25
Oriana Madrigal Choir	50
Orpheon Choristers	25
Peninsula Arts Society	50
Portland C.E.M.A.	100
“ Q ” Theatre Guild	50
Quambatook Music and Dramatic Club	25
Rochester Music and Drama Circle	25
St. Arnaud Drama Group	50
St. Arnaud Society for the Enjoyment of the Arts	25
St. John’s Competitions, Ballarat	125
Sale Eisteddfod Society	200
Sale Repertory Group	50
Sandringham City Choral Society	50
Sandringham Symphony Orchestra	100
Seymour Music Club	50
Shepparton and District Highland Gathering Society	100
Shepparton Drama Group	25
Shepparton Musical Advancement Society	150
Shepparton Symphony Orchestra	215
South-street Society	1,500
Stawell Choral Society	50
Stawell Drama Group	25
Strathmore Theatrical Arts Group	25
Terang Choral Group	25
Thespians (Yallourn) Dramatic Society	25
Thorpdale Drama Group	25
Tongala Musical Appreciation Club	50
Toora Music and Speech Festival	50
Traralgon Music Drama and Art Society	150
Victorian Artists’ Society	600
Victorian Drama League	750
Victorian Highland Pipe Band Association	250
Wangaratta Arts Council	500
Wangaratta Choral Society	100
Wangaratta Eisteddfod Society	25
Wangaratta Players	50
Warrandyte Arts Association	150
Warrnambool Ballet Society	25
Wendouree Arts Council	25
West End Eisteddfod (Footscray)	100
Western District Eisteddfod	200
Williamstown Light Opera Company	100
Williamstown Little Theatre Movement	150
Wonkana Choral Society	50
Yallourn Little Theatre	50
Total	43,230

APPENDIX D.

STATEMENT OF STORES HELD FOR ISSUE BY GOVERNMENT DEPARTMENTS AND PUBLIC AUTHORITIES.

Department or Public Authority.	Nature of Stores.	Value as at 30th June, 1961.
1. Departments—		£
Agriculture	Machinery and Equipment Parts, Fuel, Seed, Publications ..	98,292
Chief Secretary—		
(a) Children's Welfare Branch	Clothing, Bedding, Crockery, Hardware	80,518
(b) Penal and Gaols Branch	Clothing, Bedding, Tools, Crockery	106,745
(c) Police Department (including Motor Registration Branch)	Radio and Vehicle Parts, Clothing, Office Requisites ..	167,680
Crown Lands and Survey	Implements, Equipment, Plans, Photographic Materials, Chemicals	339,089
Education	School Requisites, Books, and Equipment	259,746
Forests	Vehicle Parts, Tools, Fuel	249,068
Health (including Mental Hygiene Authority)..	Furniture, Hardware, Linen, Instruments, Clothing, Drugs	412,663
Mines	Machinery, Tools, Tubing, Chemicals	154,082
Public Works	Mechanical and Electrical Equipment, Spare Parts, Furniture, Building Materials	368,047
Railways (including State Coal Mine)	Engineering, Refreshment Services, and General Stores ..	4,440,782
Treasurer—Government Printer	Paper, Stationery, Publications	558,724
Water Supply	Machinery Parts, Tools and General Stores	1,077,842
2. Public Authorities—		
Cancer Institute Board	Medical and Domestic Supplies	25,456
Council of Adult Education	Theatrical Equipment	5,710
Country Fire Authority	Fire Appliances, Hose, Spare Parts, Uniforms	29,115
Country Roads Board	Vehicle Parts and Accessories, Camping Equipment, General Stores	626,139
Egg and Egg Pulp Marketing Board	Eggs, Packing Materials, Spare Parts	240,630
Gas and Fuel Corporation	Gas Appliances, Fittings, and General Stores	1,667,113
Geelong Harbor Trust	Engineering, Marine, and Maintenance Stores	11,094
Grain Elevators Board	Mechanical Parts, Steel, Fuel	4,659
Housing Commission	Building Materials, Spare Parts	240,281
Latrobe Valley Water and Sewerage Board ..	Construction Materials, Spare Parts, Seed, Fertilizer ..	40,979
Melbourne and Metropolitan Board of Works ..	Engineering Stores, Spare Parts, Pipes, Meters	1,002,000
Melbourne and Metropolitan Tramways Board ..	Engineering Stores and Parts, Uniforms, and Stationery ..	483,966
Melbourne Harbor Trust	Maintenance and Engineering Stores	435,441
Metropolitan Fire Brigades Board	Fire Appliances, Electrical and Engineering Stores, Uniforms	78,300
Portland Harbor Trust	Maintenance and Engineering Stores	63,919
Soldier Settlement Commission	Constructional Materials and General Stores	94,040
State Electricity Commission	Engineering, Maintenance, and General Stores	3,139,043
State Relief Committee	Clothing, Bedding, Hardware, Provisions	54,471
Transport Regulation Board	Stationery and Office Requisites	8,899
University of Melbourne	Building Materials and Stationery	22,200
Victorian Inland Meat Authority	Livestock, Meat, Packing Materials, General Stores ..	46,000
Total		16,632,733

APPENDIX E

EDUCATION DEPARTMENT
Comparative Analysis of Expenditure from Loan and Revenue

NOTE:—1960-61 shown in heavy type,
1959-60 shown in light type.

	Adminis- tration	Central Schools and Classes	Corres- pondence School	Girls' Secondary Schools	High Schools	Higher Elementary Schools	Primary Schools	Registered Schools	Special Schools and Hostels attached thereto	Special Activities (Library, Music, Visual Education, &c.)	Technical Schools	Teachers' Colleges	Teachers' Colleges Hostels	Universi- ties	Pensions, &c.	Miscel- laneous	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
EXPENDITURE,																	
Salaries (including Pay-roll Tax) ..	641,931 547,779	..	..	..	..	..	..	..	..	27,555 30,056	..	..	..	..	..	..	669,486 577,835
Salaries (including Pay-roll Tax) Teachers	214,449 208,661	94,514 91,593	423,492 381,596	5,675,481 4,646,093	137,433 149,594	13,948,000 12,714,816	..	374,558 309,128	710,650 560,181	3,711,288 3,332,830	691,228 573,033	..	..	..	..	25,981,093 22,967,525
Salaries (including Pay-roll Tax) Teachers, &c., in Charge of Hostels	2,946 2,120	..	..	..	15,619 14,386	..	..	..	18,565 16,506
Salaries (including Pay-roll Tax) Clerical Assistance	4,943 4,509	10,569 8,550	12,457 12,214	158,714 132,118	2,887 3,403	5,637 6,563	..	..	17,438 16,458	..	22,882 19,415	1,621 1,982	..	..	..	237,148 205,212
Wages—Domestic Staff	3,343 3,394	7,053 5,100	..	..	138,073 132,138	..	..	..	148,469 140,632
Allowances to Students in Training	2,556,629 2,277,186	..	..	..	..	2,556,629 2,277,186
Buildings (including Residences), Furniture, &c. (including Maintenance)	4,884 3,987	3,019 269	149,899 92,539	3,451,924 3,225,834	85,868 103,473	4,177,422 3,894,780	..	111,236 84,898	4,181 27,409	2,394,462 2,219,489	474,497 741,293	212,332 128,499	1,531,000 728,350	..	..	12,600,724 11,250,820
Buildings—Rentals	563 624	14,900 21,140	918 1,117	15,979 20,706	..	28 38	..	12,453 7,177	..	1,500 1,935	..	..	..	46,341 52,737
School Cleaning, Equipment, &c.	25,350 20,897	14,187 11,354	68,860 58,914	572,802 490,612	17,958 19,641	1,116,020 1,031,512	..	25,646 25,324	75,268 67,406	..	150,006 118,617	..	..	..	..	2,066,097 1,844,277
Domestic Arts and Manual Training—class materials, &c.	487 219	..	19,149 17,991	121,020 104,088	5,826 6,551	11,593 10,214	..	2,705 1,443	..	..	..	..	..	..	..	160,780 140,506
Conveyance of Pupils	3,629 1,636	..	33,507 26,914	784,354 642,823	57,573 56,794	800,952 782,617	392,062 345,255	25,247 24,614	3,821 1,490	292,276 237,702	..	..	..	..	..	2,393,421 2,119,845
Bursaries, Scholarships, and Maintenance allowances	2,221 2,464	26 26	12,707 14,599	154,085 146,845	1,695 2,061	663 692	87,904 75,178	..	..	64,903 58,336	..	..	11,300* 11,784	..	..	335,504 311,985
Fees—University and Other	93,876 62,968	..	..	..	..	97,124 64,195
Office requisites, postage, &c. ..	86,446 96,734	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3,248 1,227	86,446 96,734

APPENDIX F.

SUMMARY OF RECEIPTS AND PAYMENTS FOR YEAR ENDED 30TH JUNE, 1961, OF AGRICULTURE DEPARTMENT—EDUCATIONAL, RESEARCH, AND EXPERIMENTAL INSTITUTIONS.

	Receipts.				Payments.				Net Cost.
	Students' Fees.	Sale of Produce, &c.	Rents and Other Receipts.	Total Receipts.	Salaries and Wages.	Maintenance and Other Working Expenses.	Capital Expenditure.	Total Payments.	
	£	£	£	£	£	£	£	£	£
Burnley Horticultural College ..	1,780	..	259	2,039	31,739	6,918	6,926	45,583	43,544
Dookie Agricultural College ..	17,729	31,845	15,505	65,079	115,534	76,721	318,053	510,308	445,229
Glenormiston Dairy College ..	..	10,740	993	11,733	9,610	10,033	6,176	25,819	14,086
Longerenong Agricultural College ..	7,607	21,830	5,953	35,390	59,199	27,971	10,155	97,325	61,935
School of Dairy Technology, Werribee	201	5,142	744	6,087	7,255	12,378	930	20,563	14,476
Ellinbank Dairy Research Centre ..	..	6,268	906	7,174	15,919	7,555	10,621	34,095	26,921
Potato Research Station, Healesville ..	..	1,799	322	2,121	8,229	7,421	4,704	20,354	18,233
Horticultural Research Station, Mildura	..	..	..	..	2,226	1,453	2,559	6,238	6,238
Tobacco Research Station, Myrtleford	..	8,680	704	9,384	14,529	9,697	12,039	36,265	26,881
Rutherglen Research Station..	..	15,090	2,312	17,402	21,128	12,826	17,782	51,736	34,334
Rutherglen Viticultural Station ..	..	1,744	170	1,914	9,467	1,979	1,527	12,973	11,059
Horticultural Research Station, Scoresby	..	3,261	289	3,550	16,317	11,844	7,578	35,739	32,189
State Research Orchard, Tatura ..	..	10,553	3,012	13,565	17,236	13,391	3,752	34,379	20,814
Mallee Research Station, Walpeup ..	..	8,153	2,359	10,512	12,315	6,791	4,971	24,077	13,565
State Research Farm, Werribee ..	..	26,633	2,902	29,535	52,016	33,858	48,715	134,589	105,054
Hamilton Pastoral Research Station ..	..	5,079	91	5,170	5,041	4,885	12,283	22,209	17,039
Kyabram Irrigation Research Station..	..	2,785	333	3,118	5,566	4,039	13,408	23,013	19,895
Total	27,317	159,602	36,854	223,773	403,326	249,760	482,179	1,135,265	911,492

In connexion with the Tobacco Research Station at Myrtleford, the above figures do not include a Commonwealth contribution of £30,815 which was credited to an Account within the Treasury Trust Fund, and a contributory payment of £3,375 to the Commonwealth.

Further, for the purpose of a Pastoral Research Centre, the Commonwealth Government through Wool Research Funds made available £3,000, the third of three annual instalments, for maintenance and salary costs. The actual contribution, £1,500, is not shown in the receipts for Hamilton Research Station in the above summary.