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VICTORIA

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SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1961

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*Ordered by the Legislative Assembly to be printed, 31st October, 1961*

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*By Authority:*

A. C. BROOKS, GOVERNMENT PRINTER, MELBOURNE.

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# REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT PRESENTED ON 10<sup>TH</sup> OCTOBER, 1961 IN  
RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 1961.

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

## CANCER INSTITUTE.

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

Maintenance expenditure of the Institute is met substantially from moneys appropriated by Parliament under a Health Department vote. Payments from the vote for the year ended 30th June, 1961, totalled £630,000.

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

1959-60.		1960-61.
£		£
395,781	Medical Departments .. .. .	443,261
42,002	Catering .. .. .	43,658
42,301	Housekeeping .. .. .	35,594
36,237	Engineer's Department .. .. .	39,605
16,752	Tasmanian Services .. .. .	22,677
21,099	Transport .. .. .	21,345
21,214	Laundry .. .. .	18,987
75,220	Administration .. .. .	89,441
245	Miscellaneous.. .. .	948
650,851		715,516

The revenue for the past two years was:—

560,000	Government Grant .. .. .	630,000
1,258	Donations .. .. .	935
16,772	Recoup by Tasmanian Government .. .. .	22,479
7,884	Charges for Treatment of Doctors' Private Patients .. .. .	8,400
13,132	Pharmaceutical Benefits .. .. .	15,234
11,321	Hospital Benefits .. .. .	10,925
37,219	Patients' Fees .. .. .	51,166
30,678	Amount formerly charged to Depreciation—now written back .. .. .	..
3,521	Miscellaneous.. .. .	4,191
681,785		743,330

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

The following abridged balance-sheets set out the financial position of the Institute at 30th June, 1960 and 1961.

## The Liabilities and Funds of the Board were :—

30.6.1960.		30.6.1961.	
£		£	£
	<b>Current Liabilities—</b>		
34,354	Creditors .. .. .		35,719
	<b>Deferred Liability—</b>		
..	Anti-Cancer Council .. .. .		150,000
	<b>Funds—</b>		
44,957	Maintenance Fund .. .. .	72,771	
82,842	Depreciation Fund .. .. .	84,109	
58,873	Other Funds (including various bequests) .. .. .	58,940	
		<hr/>	215,820
	<b>Capital—</b>		
1,326,936	Loan Fund Acts Nos. 6213, &c. .. .. .	1,446,819	
36,764	Queen Victoria Hospital, donors, &c. .. .. .	44,685	
		<hr/>	1,491,504
<hr/>			<hr/>
1,584,726			1,893,043
<hr/>			<hr/>

## The Assets were :—

30.6.1960.		30.6.1961.	
£		£	£
	<b>Current Assets—</b>		
15,317	Cash at Bank .. .. .	46,418	
15,754	Debtors and Prepayments .. .. .	16,979	
31,015	Stores and Materials on Hand .. .. .	25,457	
		<hr/>	88,854
	<b>Investments—</b>		
82,842	Depreciation Fund .. .. .	84,109	
57,385	Other Funds .. .. .	57,607	
		<hr/>	141,716
	<b>Fixed Assets at cost—</b>		
932,984	Buildings and Improvements .. .. .	1,198,486	
17,196	Motor Cars .. .. .	17,606	
28,465	Furniture and Furnishings .. .. .	29,226	
403,389	Equipment .. .. .	414,648	
		<hr/>	1,659,966
379	Loss on disposal of assets .. .. .	..	2,507
<hr/>			<hr/>
1,584,726			1,893,043
<hr/>			<hr/>

The deferred liability of £150,000 to the Anti-Cancer Council is in respect of property at 289 William-street acquired by the Board during 1960-61. The loan is repayable over five years by annual instalments of £30,000 and is subject to interest at the rate of 2½ per centum per annum.

## COAL MINE WORKERS PENSIONS TRIBUNAL.

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

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

Actually, the contributions were not assessed on the basis of the Actuary's new estimate (£88,500) until 1st June, 1960, from which date the specified proportions of the sum payable by the parties concerned were varied under the authority of the *Coal Mines (Pensions Contributions) Act 1960*. Further, the pension rates had been increased by 7s. 6d. per week from 9th October, 1959, and were again increased by 5s. per week from 7th October, 1960.

Due to the aforementioned factors, the deficiency in the Fund will not be eliminated by the estimated date, namely, 31st December, 1961.

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

INCOME.		1959-60.	1960-61.
		£	£
Contributions—Acts Nos. 6221/6622—			
	Government .. .. .	36,708	40,121
	Mine Owners .. .. .	23,580	39,773
	Mine Workers .. .. .	7,575	8,178
		67,863	88,072
Act No. 6475 (Early Retirement Pensions)—			
	Government .. .. .	1,583	428
		69,446	88,500
	Government Recoup—Act No. 6475 Section 4. .. .. .	10,421	1,800
	Interest on Investments .. .. .	20,085	20,717
		99,952	111,017
EXPENDITURE.			
	Pensions .. .. .	84,583	81,044
	Refunds of Contributions .. .. .	391	1,547
	Administration .. .. .	3,665	3,558
		88,639	86,149
	Surplus for year .. .. .	11,313	24,868

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

30.6.1960.		30.6.1961.
£		£
434,762	Accumulated Funds .. .. .	460,094
	Represented by—	£
9,483	Current Assets less Liabilities .. .. .	12,815
279	Fixed Assets .. .. .	279
425,000	Investments at cost .. .. .	447,000
434,762		460,094

## COUNTRY FIRE AUTHORITY.

The annual audit of the accounts of this Authority has been completed by an officer acting under my direction. A continuous audit of the Authority's receipts and payments is carried out by a firm of Chartered Accountants. This audit and that conducted by my officer are, by arrangement, complementary in character.

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

To determine the total contributions from these sources an estimate of expenditure, which is subject to the approval of the Governor in Council, has to be prepared annually by the Authority. The amount approved for the year ended 30th June, 1961, was £603,237. The expenditure for the year was in excess of the estimate by £27,182, but miscellaneous receipts £28,000, including refunds, offset the excess.

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

—	1957-58.	1958-59.	1959-60.	1960-61.
<i>Receipts.</i>	£	£	£	£
Surplus from previous year .. .. .	..	..	5,121	151
Statutory contributions .. .. .	498,876	525,737	547,023	603,237
Other receipts .. .. .	33,306	30,086	28,597	28,000
Deficit carried forward to next year .. ..	256	..	..	..
	532,438	555,823	580,741	631,388
<i>Payments.</i>				
Deficit from previous year .. .. .	15,549	256	..	..
Salaries, wages, and maintenance .. .. .	315,344	328,394	350,331	364,481
Loan repayments .. .. .	34,924	37,729	40,564	43,519
Loan interest .. .. .	29,766	31,645	33,724	35,137
Land, buildings, rolling-stock, and equipment ..	36,138	45,858	40,906	55,205
Motor replacement fund .. .. .	40,068	44,441	49,275	53,780
Compensation fund .. .. .	7,500	10,000	10,000	10,000
Other payments .. .. .	53,149	52,379	55,790	68,297
Surplus carried forward to next year .. ..	..	5,121	151	969
	532,438	555,823	580,741	631,388

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

30.6.1960.		£		£	30.6.1961.	£	£
	<i>Source of Funds—</i>						
	<i>External—</i>						
690,782	Loan Liability .. .. .					719,263	
6,852	Less unexpended .. .. .					7,452	
<u>683,930</u>						<u>711,811</u>	
	<i>Internal—</i>						
	Excess of assets over liabilities transferred from Country Fire Brigades Board .. .. .					138,136	
138,136							
318,430	Income and Expenditure Account—accumulated balance					389,157	
622,056	Reserves .. .. .					684,833	
	Funds .. .. .					352,844	
	Less invested on account of Compensation, Superannuation and other Trust purposes ..					245,681	
106,285						<u>107,163</u>	
<u>1,184,907</u>							<u>1,319,289</u>
<u>1,868,837</u>							<u>2,031,100</u>
	<i>Represented by —</i>						
	<i>Current Assets—</i>						
151	Cash .. .. .					969	
1,624	Sundry Debtors .. .. .					6,296	
48,125	Stocks—including uniforms issued .. .. .					55,668	
<u>49,900</u>						<u>62,933</u>	
	<i>Less</i>						
	<i>Current Liabilities—</i>						
25,538	Sundry Creditors .. .. .					26,225	
<u>24,362</u>						<u>36,708</u>	
	<i>Investments—</i>						
106,285	Motor Replacement and Sale of Property Funds .. .. .					107,163	
	<i>Fixed Assets—</i>						
68,114	Land .. .. .					81,368	
586,372	Buildings .. .. .					629,638	
873,887	Rolling-stock .. .. .					962,228	
199,827	Plant and Machinery .. .. .					203,984	
9,990	Other .. .. .					10,011	
<u>1,738,190</u>						<u>1,887,229</u>	
<u>1,868,837</u>						<u>2,031,100</u>	

### EGG AND EGG PULP MARKETING BOARD.

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

The audit has been completed to the close of the pool period ended 1st July, 1961. The period ended with a net excess of proceeds over advances to producers of £801.

The operations of the pools during the accounting periods for 1959-60 and 1960-61 are set out in the summary hereunder:—

1959-60.		1960-61	
£		£	£
6,017,645	Advances to Producers (Current production) .. .. .	6,274,793	
<hr/>			
	<i>Less</i> Producers' Contributions on Account of—		
577,055	Pool Expenses .. .. .	838,056	
441,844	Grading and Selling Expenses .. .. .	476,491	
82,024	Dockage .. .. .	91,979	
<hr/>			
1,100,923		1,406,526	
<hr/>			
4,916,722	Net Advances to Producers .. .. .	4,868,267	
<hr/>			
	Disposal of Eggs:—		
4,826,696	Sold in Shell on Local Market .. .. .	4,477,860	
15,331	Sold in Shell on Overseas Market .. .. .	138,161	
65,974	Sold in Shell on Interstate and Other Markets .. .. .	147,661	
734,626	Converted to Pulp and Sold .. .. .	1,053,921	
110,096	Increase in Stock in Hand .. .. .	20,880	
<hr/>			
5,752,723	Total Value of Disposals .. .. .	5,838,483	
<hr/>			
	<i>Less</i> Expenses—		
410,649	Grading and Selling .. .. .	446,782	
150,879	Packing, Storage, and Transport .. .. .	208,630	
88,579	Pulp Manufacturing .. .. .	124,153	
85,363	General .. .. .	115,314	
<hr/>			
735,470		894,879	
<hr/>			
5,017,253		4,943,604	
<hr/>			
	Deduct—		
72,799	Cost of Administration of Board .. .. .	87,620	
11,634	<i>Less</i> Administration Charged to Producer/Agents .. .. .	13,084	
<hr/>			
61,165		74,536	
<hr/>			
4,956,088	Net Proceeds of Pool .. .. .	4,869,068	
<hr/>			
39,366	Excess of Proceeds over Advances to Producers .. .. .	801	
<hr/>			



The following is a statement of the Board's balances at 1st July, 1961. Comparative figures at the end of the preceding pool period are also given:—

The Board's Funds were—

2.7.1960.		1.7.1961
£		£
164,794	Reserve Fund .. .. .	256,230
234,065	Surplus Distribution 1947-48 ( <i>ex</i> Commonwealth) .. .. .	234,065
	Undistributed Pool Balances—	
12,930	1957-58 .. .. .	..
35,808	1958-59 .. .. .	..
39,366	1959-60 .. .. .	..
..	1960-61 .. .. .	801
486,963		491,096
Represented by—		
<i>Current Assets—</i>		
61,671	Cash on Hand and at Bank.. .. .	127
<i>Stocks on Hand—</i>		
166,805	Eggs and Egg Products at valuation .. .. .	187,685
42,222	Packing materials at valuation .. .. .	44,776
2,530	Supplies at cost or valuation .. .. .	8,055
211,557		240,516
99,096	Debtors .. .. .	154,400
1,500	Less Provision for Doubtful Debts .. .. .	1,000
97,596		153,400
370,824		394,043
<i>Less Current Liabilities—</i>		
110,523	Creditors .. .. .	118,836
1,815	Provision for Long Service Leave .. .. .	2,226
..	Reserve Bank of Australia .. .. .	61,996
112,338		183,058
258,486	Working Capital .. .. .	210,985
<i>Fixed Assets—</i>		
71,391	Freehold Properties .. .. .	71,822
124,556	Leasehold Properties .. .. .	159,856
20,925	Plant and Equipment .. .. .	28,479
..	Display Equipment .. .. .	68
6,955	Motor Vehicles .. .. .	12,620
4,650	Office Machinery and Equipment .. .. .	7,266
228,477		280,111
486,963		491,096

### ELECTRICITY COMMISSION.

The profit for the year, as shown in the Commission's Profit and Loss Account, was £219,995. This was the result after charging the year's income with £1,250,000 in reduction of expenditure capitalized in previous years on account of interest and other expenses in respect of works under construction. Further reference to the "special write-off" of £1,250,000 is made in this section of the report under the head of "Deferred Interest and Other Expenditure on Works under Construction".

Other important factors which influenced the year's result were—substantial increases in the Commission's commitment for salaries and wages and in its charges for depreciation and interest.

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

1959-60.		1960-61.
£		£            £
50,426,165	Operating Income .. .. .	55,340,628
35,055,304	Operating Expenditure .. .. .	40,093,914
15,370,861	Excess of Operating Income over Operating Expenditure .. .. .	15,246,714
28,024	Add—Miscellaneous Income .. .. .	39,277
15,398,885		15,285,991
	Deduct—	
11,853,702	Interest .. .. .	12,973,963
400,000	Loan Flotation Expenses .. .. .	400,000
434,751	Miscellaneous Expenditure .. .. .	442,033
12,688,453		13,815,996
2,710,432	<i>Profit for year before Special Write-off</i> .. .. .	1,469,995
2,250,000	Deduct—Deferred Interest and Other Expenditure on Works under Construction Written Off .. .. .	1,250,000
460,432	<i>Profit for year after Special Write-off</i> .. .. .	219,995
253,000	Add—Transfer from Rural Development Reserve to meet year's loss on Marginal Rural Extensions .. .. .	281,250
713,432		501,245
	Appropriations—	
250,000	Rural Development Reserve .. .. .	250,000
463,432	Contingency and General Reserve .. .. .	251,245
713,432		501,245

In amplification of the preceding statement, sectional results for the past two years are compared below :—

1959-60.		1960-61.	
£		£	£
5,713,111	Profit on Electricity Supply .. .. .	3,570,459	
148,406	Profit on Brown Coal Sales .. .. .	89,352	
			3,659,811
-107,474	Loss on Briquetting .. .. .	450,659	
-169,582	Loss on Tramways .. .. .	179,779	
			630,438
<u>5,584,461</u>			<u>3,029,373</u>
<i>Less—</i>			
406,727	Excess of Miscellaneous—Expenditure over Income .. .. .	402,756	
2,467,302	Interest during Construction .. .. .	1,156,622	
2,250,000	Writing off of Deferred Interest and Other Expenditure on Works under Construction .. .. .	1,250,000	
			2,809,378
<u>5,124,029</u>			<u>219,995</u>
460,432	<i>Surplus for year</i>		

*Electricity Supply.*—The upward trends in the number of consumers and in average consumption are reflected in the improvement in income from sales of electricity. However, as previously indicated, increased interest and depreciation charges contributed to the reduction in profit for the year under review. Tariff rates remained unchanged.

Although total sales increased from £46·6 million in 1959-60 to £50·3 million in 1960-61, rising costs without a commensurate increase in tariff rates have caused a fall in profit from £5·7 million to £3·6 million.

Operational statements of this branch for the past three years show :—

Sales—	1958-59.	1959-60.	1960-61.
	£	£	£
Domestic .. .. .	13,303,092	14,586,520	16,018,923
Commercial .. .. .	5,984,526	6,535,517	7,352,726
Industrial .. .. .	10,717,035	11,893,196	12,645,488
Traction .. .. .	2,052,480	1,979,805	1,970,808
Bulk Supplies .. .. .	9,846,581	11,057,986	11,707,309
Public Lighting and Miscellaneous .. .. .	492,803	550,601	601,345
	<u>42,396,517</u>	<u>46,603,625</u>	<u>50,296,599</u>
<i>Operating Charges—</i>			
Power Generation .. .. .	20,813,647	23,672,173	27,307,852
Purchased Electricity .. .. .	1,866,394	2,455,482	2,334,763
Transmission, Transformation, and Distribution	13,001,084	14,762,859	17,083,525
	<u>35,681,125</u>	<u>40,890,514</u>	<u>46,726,140</u>
Profit .. .. .	<u>6,715,392</u>	<u>5,713,111</u>	<u>3,570,459</u>

The following statement shows the annual income from sales of electricity at the various branches over the past three years:—

Branch.	1958-59.	1959-60.	1960-61.
	£	£	£
Metropolitan .. .. .	17,452,345	18,794,219	20,273,384
Ballarat .. .. .	955,788	1,023,173	1,092,508
North Western Region .. .. .	1,556,491	1,731,601	1,935,491
Eastern Metropolitan .. .. .	4,235,852	4,875,069	5,529,984
Geelong .. .. .	1,739,095	2,023,058	2,156,337
Gippsland .. .. .	2,418,042	2,606,729	2,845,246
Midland .. .. .	542,443	588,862	638,633
North Eastern .. .. .	2,489,129	2,644,765	2,739,416
South Western .. .. .	1,336,981	1,466,358	1,598,941
Yallourn .. .. .	65,662	72,398	80,715
Kiewa .. .. .	21,206	21,054	22,241
	<u>32,813,034</u>	<u>35,847,286</u>	<u>38,912,896</u>
Metropolitan Bulk Supplies .. .. .	9,583,483	10,756,339	11,383,703
	<u>42,396,517</u>	<u>46,603,625</u>	<u>50,296,599</u>
Expenditure .. .. .	35,681,125	40,890,514	46,726,140
Profit .. .. .	6,715,392	5,713,111	3,570,459

Expenditure shown does not take into account charges for interest during construction, special writings-off and miscellaneous expenses.

*Brown Coal Production and Sales.*—The tonnage of coal won for the year—15,221,385 tons, exceeded 1959-60 production by almost two million tons. The major proportion of this excess was utilized for manufacture of briquettes.

The summary which follows shows in comparative form the annual tonnage output from the various open cuts over the past three years and, in parenthesis, in respect of each year, the production costs per ton to the nearer penny. It will be noted that generally, over the three year period, production costs have decreased.

	1958-59. Tons.	1959-60. Tons.	1960-61. Tons.
Morwell .. .. .	*296,064 (16s. 1d.)	1,013,756 (15s. 2d.)	2,515,773 (15s. 1d.)
Yallourn .. .. .	9,710,662 (7s. 6d.)	10,911,827 (7s. 4d.)	11,864,704 (7s. 4d.)
Yallourn North .. .. .	996,118 (14s. 1d.)	955,940 (13s. 9d.)	} 840,908 (12s. 3d.)
Yallourn North Extension	461,016 (16s. 2d.)	367,973 (14s. 11d.)	
	<u>11,463,860</u>	<u>13,249,496</u>	<u>15,221,385</u>

\* Operations commenced 1st January, 1959.

Distribution of the output was as follows:—

	1958-59. Tons.	1959-60. Tons.	1960-61. Tons.
Power Production .. .. .	8,281,358	9,183,549	9,399,597
Briquette Manufacture .. .. .	2,458,048	3,385,189	5,339,654
Sales to Public .. .. .	725,656	680,551	482,134
Stock—Adjustment .. .. .	— 1,202	+ 207	..
	<u>11,463,860</u>	<u>13,249,496</u>	<u>15,221,385</u>

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

	1958-59. £	1959-60. £	1960-61. £
Sales to Public .. .. .	720,952	747,469	556,951
Coal Winning and Distribution Costs.. .. .	563,042	599,063	467,599
Profit .. .. .	<u>157,910</u>	<u>148,406</u>	<u>89,352</u>

*Briquetting.*—Operations of this branch resulted in a loss of £450,659 compared with a loss of £107,474 in the preceding year—an increase of £343,185.

Using coal from Yallourn (3,123,611 tons) and operating at factory capacity since September, 1960, the new Morwell factory produced over the year 1,188,174 tons compared with 318,882 tons in 1959–60. Although there was a slight decrease in output at the Yallourn factory, the over-all production of 1,806,619 tons was, as disclosed in the summary furnished hereunder, substantially higher than the production figures of prior years.

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

	1958–59.	1959–60.	1960–61.
	Tons.	Tons.	Tons.
Sales .. .. .	517,167	641,108	860,980
Transferred to Works .. .. .	107,766	290,712	882,445
Losses—Deterioration, transit, &c. .. .. .	4,488	8,588	18,104
Stock Variation .. .. .	13,169	34,262	45,090
Production .. .. .	642,590	974,670	1,806,619

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

	1958–59.		1959–60.		1960–61.	
Sales—	£	£	£	£	£	£
Domestic .. .. .	800,409		1,435,970		2,051,501	
Industrial .. .. .	1,368,144		1,539,235		2,334,862	
	2,168,553		2,975,205		4,386,363	
Stock Variation—Increase .. .. .	68,310		229,744		282,656	
		2,236,863		3,204,949		4,669,019
Manufacturing Costs .. .. .	1,511,613		2,249,848		3,305,110	
Distribution and Selling .. .. .	663,150		1,062,575		1,814,568	
		2,174,763		3,312,423		5,119,678
Profit .. .. .	62,100		Loss	107,474	Loss	450,659

The main factors which contributed to the increase in the trading loss in this branch of the Commission's undertaking were :—

- (i) a reduction in average selling price of briquettes for industrial purposes ; and
- (ii) higher production costs including—
  - (a) an increase of £1,396,859 in interest and depreciation charges in respect of additional fixed assets brought into service, and
  - (b) the transport costs involved in the transfer of coal from Yallourn to the Morwell Factory.

In respect of the trading losses over the past two years, it should be mentioned that, to date, no formal opinion has been expressed by the Commission pursuant to the provisions of sub-section (5) of Section 16 of the *State Electricity Commission Act 1958*.

*Tramways.*—These activities, to the extent of their respective deficits, continue to be a charge on the general revenues of the Commission. The loss for the year was £179,779, compared with a loss of £169,582 in 1959–60.

Statistical figures disclose minor variations only as between the two years. Tram mileages totalled 843,868 as against 848,485 in 1959–60, while the total number of passengers carried in that year was 6,200,929 as compared with 6,071,150 in 1960–61.

Accumulated losses on operations, including those of the Geelong system which was discontinued in March, 1956, now amount to £2,904,873, to which sum may be added capital written off amounting to £175,763. On cessation of the Geelong system, the Commission agreed to contribute £294,828 in instalments over eight years towards the cost incurred by the municipalities concerned in the removal of the tram tracks and the

restoration of roads. Including £31,668 paid in 1960–61, contributions to date total £252,334. These contributions have, over the period, been charged to “Miscellaneous Expenditure” in the Commission’s books and are not included in the accumulated losses mentioned above.

There was no increase in fares during the year.

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

1959–60.			1960–61.		
£			Ballarat. £	Bendigo. £	Total. £
269,448	Operating charges .. .. .		155,172	125,322	280,494
99,866	Traffic Receipts, Advertising, &c. .. .. .		60,203	40,512	100,715
<hr/>			<hr/>	<hr/>	<hr/>
169,582	Loss .. .. .		94,969	84,810	179,779
<hr/>			<hr/>	<hr/>	<hr/>

*Depreciation.*—Depreciation provided and charged for the year amounted to £10,965,781 as compared with £8,391,623 in 1959–60. The main reasons for the increase of £2,574,158 in this item are outlined below :—

- (i) additional depreciation arising from new assets brought into service ;
- (ii) a variation in treatment of the unamortized balance of “Overburden Removal Expenditure”, particulars of which are furnished later in this report under the heading of “Development of Open Cuts” ;
- (iii) the resumption in 1960–61 of the practice suspended in 1948 of charging depreciation on distribution lines, &c. ; and
- (iv) an increase of £500,000 in the provision for accelerated depreciation of peak load steam power stations.

In respect of the last mentioned item, I stated in my previous report that the book values of the peak load steam power stations were, in accordance with Commission policy, “to be written off over five years, the annual write-off to be commensurate with the progressive decline of the assets as functional units”.

The following summary shows the variations over the year in the accumulated provision for depreciation :—

	£
Balance 30th June, 1960 .. .. .	43,852,614
Provision for year 1960–61 .. .. .	10,579,123
	<hr/>
Less—Retirements of construction plants, motor vehicles, accommodation facilities, &c.	54,431,737
	<hr/>
Balance 30th June, 1961 .. .. .	52,384,087
	<hr/>

It should be pointed out that the above provision does not include the direct charge of £386,658, the amount written off the item “Development of Open Cuts”.

*Interest.*—There was a net increase during the year of £1,167,096 in this item, the reasons for which were—an increase in the Commission’s loan liability and the conversion of maturing loans to new loans carrying higher interest rates offset by an increase in interest earned on short term investment of surplus funds.

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

	1959-60.	1960-61.
	£	£
On Capital Liabilities .. .. .	12,073,054	13,289,918
On Consumers' Advances for Construction .. .. .	490,266	615,301
On Current Liabilities .. .. .	9,632	130,948
	<hr/>	<hr/>
Deduct Interest earned on Sinking Fund and Temporary Investments	12,572,952	14,036,167
	321,414	617,533
	<hr/>	<hr/>
	12,251,538	13,418,634
	<hr/>	<hr/>

These totals were allocated in the accounts as under:—

	£	£
<b>Profit and Loss Account—</b>		
Interest on Assets in operation .. .. .	9,386,400	11,817,341
Interest during construction .. .. .	2,467,302	1,156,622
	<hr/>	<hr/>
	11,853,702	12,973,963
<b>Fixed Assets—</b>		
Indirect Interest included in charges for services .. .. .	397,836	444,671
	<hr/>	<hr/>
	12,251,538	13,418,634
	<hr/>	<hr/>

The Commission's balances as at 30th June, 1960, and 30th June, 1961, are summarized hereunder:—

30.6.60.		30.6.61.
£		£
279,749,313	<b>Fixed Assets—</b>	
43,852,614	Assets in Service at cost .. .. .	312,646,733
	Deduct Provision for Depreciation .. .. .	52,384,087
		<hr/>
235,896,699		260,262,646
1,002,011	Deduct—Consumers' Contributions .. .. .	1,201,722
		<hr/>
234,894,688		259,060,924
28,423,202	Assets not yet in service—at cost .. .. .	18,954,119
7,946,327	Development of Open Cuts—balance of cost .. .. .	8,340,578
		<hr/>
271,264,217		286,355,621
	<b>Deferred Assets and Charges—</b>	
731,318	Real Estate Debtors .. .. .	1,527,498
2,628,775	Interest and other Expenditure on Works under Construction .. .. .	1,378,775
911,865	Unamortized Loan Flotation Expense .. .. .	814,832
322,798	Other Deferred Charges .. .. .	1,227,275
		<hr/>
4,594,756		4,948,380
	<b>Investments at cost .. .. .</b>	
5,983,202		10,013,656
	<b>Current Assets—</b>	
288,357	Balances at Bank and Cash in hand .. .. .	343,093
4,610,395	Consumers' and other Accounts Receivable .. .. .	4,738,008
3,102,789	Unread Meters—Estimated Income .. .. .	3,392,199
4,632,522	Materials and Fuel at Cost .. .. .	5,145,447
		<hr/>
12,634,063		13,618,747
	<b>Less Current Liabilities—</b>	
288,507	Bank Overdraft .. .. .	30,717
5,432,271	Accounts Payable and Accruals (other than Interest) .. .. .	6,497,680
2,878,793	Interest Accrued .. .. .	3,067,425
448,690	Consumers' Deposits and Service Charges in advance .. .. .	476,967
		<hr/>
9,048,261		10,072,789
		<hr/>
285,427,977		304,863,615
		<hr/>

## The Funds from which the Commission's balances were financed are :—

30.6.1960.		30.6.1961.
£		£            £
54,217,050	State Treasury (net) .. .. .	63,202,283
209,859,217	Commission Loans (net) .. .. .	218,132,057
924,947	Loans of Acquired Undertakings .. .. .	921,160
<hr/> 265,001,214		<hr/> 282,255,500
10,711,351	Consumers' and other Advances for Construction .. .. .	12,664,988
	Reserves—	
1,809,217	Obsolescence .. .. .	1,663,793
885,886	Rural Development .. .. .	854,636
7,020,309	Contingency and General .. .. .	7,424,698
<hr/> 9,715,412		<hr/> 9,943,127
<hr/> 285,427,977		<hr/> 304,863,615

NOTE.—State Treasury Loans include the undermentioned amounts raised in London and repayable in sterling :—  
at 30th June, 1960, £3,690,458—at 30th June, 1961, £4,022,199.

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

	As at 30.6.1959.	As at 30.6.1960.	As at 30.6.1961.
<i>Fixed Assets.</i>	£	£	£
Coal Production .. .. .	19,222,510	20,861,302	21,944,081
Briquette Production .. .. .	19,129,114	20,341,176	20,119,615
Power Production—			
Thermal Stations .. .. .	75,063,107	83,679,066	91,993,069
Hydro Stations.. .. .	38,163,030	39,322,103	39,566,050
Transmission System .. .. .	22,890,372	25,507,551	28,106,901
Terminal Transformation System .. .. .	16,516,947	18,813,904	21,913,038
Distribution System .. .. .	54,721,633	61,500,368	68,925,151
General Service Assets .. .. .	37,395,057	38,147,045	39,032,947
	<hr/> 283,101,770	<hr/> 308,172,515	<hr/> 331,600,852
Deduct Provision for Depreciation .. .. .	36,651,436	43,852,614	52,384,087
	<hr/> 246,450,334	<hr/> 264,319,901	<hr/> 279,216,765
Deduct Extensions payable by Consumers .. .. .	790,679	1,002,011	1,201,722
	<hr/> 245,659,655	<hr/> 263,317,890	<hr/> 278,015,043
* Development of Open Cuts—Balance of Cost .. .. .	7,642,406	7,946,327	8,340,578
	<hr/> 253,302,061	<hr/> 271,264,217	<hr/> 286,355,621

\*Prior to 1st July, 1960, this expenditure was shown under Unamortized Charges—Overburden Removal and Disposal.

“ *Development of Open Cuts* ”.—An account under this head and under the general classification of “ Fixed Assets ” was opened in the Commission's books on 1st July, 1960. As at that date, the Account styled “ Overburden Removal and Disposal ” was closed and the unamortized balance, £7,946,327, standing as a charge thereto, was transferred to the new Account.

As from the 1st July, 1960, all expenditure associated with the development of open cuts, e.g., the cost of land acquired, the deviation of highways and the rehabilitation of townships, is being charged to the new Account. The expenditure so charged is being written off annually over an extended period of years. The amount of the write-off included in the charge for depreciation in 1960–61 was £386,658, and the balance of the Account as at the close of the year was £8,340,578.

*Real Estate Debtors.*—For the first time, this item is shown separately in the Balance Sheet. Previously, the amount due to the Commission under this head was included in “ Consumers and other Accounts Receivable ”. The balance of the new Account at 30th June, 1961, was £1,527,498. This sum represents the amounts due by purchasers of Commission properties at Mount Beauty and in the Latrobe Valley.



*Deferred Interest and Other Expenditure on Works under Construction.*—The balance of this Account as at the 30th June, 1960, £2,628,775, was reduced, as already mentioned, by a special write-off of £1,250,000. Therefore, the balance of the Account as at the 30th June, 1961, was £1,378,775.

In the summary of the Account given at page 11 of my Supplementary Report to the Legislative Assembly for the year 1959–60, it was shown that the Account was charged with £1,150,000, adjustment as between the cost and the current value of unused briquetting plant in course of sale. The contract in respect of this sale was signed in March, 1961, and percentage payments are being made by the purchaser against shipments up to June, 1963. It is estimated that, up to the time of completion of delivery, further loss amounting to £70,701 will be involved in the sale of this plant and, in anticipation thereof, the sum of £70,701 has, in 1960–61, been transferred to “Other Deferred Charges” pending writing off.

It is of interest to note that, in the period since 1st July, 1958, special write-offs against revenue under the head of “Interest and Other Expenditure on Works under Construction” have reached the sum of £6,700,000.

*Other Deferred Charges.*—The balance of this Account increased in the year from £322,798 to £1,227,275. This balance is a net figure representing the difference between the gross charges and the credits to the Account during the year.

Substantial items charged to the Account in the year were:—

	£
Net amount calculated to be due from purchaser of unused briquetting plant ..	812,359
Further estimated loss on sale of above plant to which reference has already been made	70,701
Proportion of accommodation fee paid contractor in respect of erection of Yallourn “E” Power Station—such fee being in consideration of the payment of the contract price over an extended period .. .. .	401,344

It is estimated that the gross amount of the accommodation fee mentioned above will be £655,344. Of this sum, an amount of £109,000 was charged to operations in 1960–61 and the balance is to be similarly written off annually over the next five years.

*Consumers’ and Other Advances for Construction.*—The Commission’s liability on account of these advances increased during the year from £10,711,351 to £12,664,988.

The substantial amount of the liability gives some indication of the extent to which this particular method has been used by the Commission in recent years to finance certain capital works. The Commission considers that its general statutory powers provide the necessary legal authority for its adoption of this system of finance.

*Loans.*—The aggregate of the loan raisings for the year was £34,645,412. However, the loan liability increased by £17,254,286 only. The difference of £17,391,126 between the aforementioned figures is accounted for by the sum of £16,266,685, maturing loans converted and the amount of £1,124,438, redemption payments in reduction of current loans.

The following summary is furnished in further explanation of the increase in the Commission’s loan liability:—

	£	£
Loan Liability at 30th June, 1960 .. .. .		265,001,214
Net increase in Treasury Loans .. .. .	8,985,232	
Net increase in Commission Loans .. .. .	8,272,841	
	<hr/>	
	17,258,073	
Less Decrease in Municipal Loans .. .. .	3,787	
	<hr/>	17,254,286
Loan Liability at 30th June, 1961 .. .. .		<hr/> 282,255,500 <hr/>

The loan liability as at 30th June, 1961, shown above does not include £750,000 advanced by the Treasury on that date. This sum was not received by the Commission until early in the new financial year.

The Commission’s loan liability of £63,202,283 to the Treasury, as shown in the Balance Sheet, has been determined after deduction of £6,731,647, the Commission’s equity in the National Debt Sinking Fund. The increase in this equity during 1960–61 was £595,143, in respect of which a credit of £153,144 was made to the Contingency and General Reserve on account of Commonwealth contributions to the Fund.

## GAS AND FUEL CORPORATION OF VICTORIA.

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

More exact costing has led to a variation in the components of each of three items in the Profit and Loss Account. Accordingly, it has been necessary, for comparative purposes, to present herein the previous year's figures on a similar basis.

1959-60. £	Income—	1960-61. £	£
	Sales—		
10,064,864	Gas .. .. .	10,458,724	
4,138,769	Residual Products and Appliances .. .. .	4,191,182	
14,203,633		14,649,906	
	Expenditure—		
	Gas—		
6,443,563	Manufacture .. .. .	6,445,608	
206,673	Transmission .. .. .	204,748	
2,938,544	Distribution .. .. .	3,223,487	
3,322,257	Residual Products, Appliances and Gas Promotional Expenses ..	3,593,897	
376,289	Management .. .. .	474,113	
3,984	Audit Fees .. .. .	4,841	
5,500	Directors' Fees .. .. .	5,500	
243,454	Planning, Research, and Development .. .. .	308,262	
183,791	Superannuation and Retiring Allowances .. .. .	209,806	
47,805	Long Service Leave .. .. .	79,206	
52,976	Other Costs .. .. .	60,462	
13,824,836		14,609,930	
378,797	Profit on Trading .. .. .	39,976	
75	Income from General Investments .. .. .	75	
378,872		40,051	
25,000	Contingency Reserve .. .. .	..	
17,491	Provision for Special Repairs to Generators, Morwell .. .. .	..	
..	Profit on Sale of Freeholds (see explanatory note No. 1 herein) ..	29,384	
336,381	Net Profit for year carried to Profit and Loss Appropriation Account..	69,435	

Due to changes in the method of the manufacture of town gas, the quantity of gas sold is no longer measured in cubic feet. Such sales are now expressed in therms. On this basis, the quantity of gas sold for the year was 69,102,807 therms returning 36·32d. per therm as compared with 66,557,582 therms returning 36·29d. per therm in 1959-60.

A significant factor in the marked reduction in trading profit was the Corporation's inability to continue to absorb rising costs associated with the distribution of gas and gas promotional expenses.

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

	£	£
Balance carried forward 30th June, 1960 .. .. .	159,034	
Net Profit for year from Profit and Loss Account .. .. .	69,435	
Transfer from Contingency Reserve .. .. .	67,000	
	<hr/>	
Available for Distribution		295,469
Appropriations—		
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1960 .. .. .	78,819	
Amount returned to State of Victoria (Dividend Guarantee Account)	146,751	
	<hr/>	
		225,570
Preference Dividend to be paid—		
3½ per cent. per annum for half year ended 30th June, 1961 .. .. .	68,967	
	<hr/>	
		294,537
Balance carried forward .. .. .		<hr/> <hr/> 932

## BALANCE-SHEET

30.6.1960.		30.6.1961.
£		£      £
Shareholders' Funds—		
Subscribed Capital—		
3,940,976	3,940,976 4 per cent. Cumulative Preference Shares of £1 each ..	3,940,976
4,000,000	4,000,000 Ordinary Shares of £1 each subscribed by the State of Victoria .. .. .	4,000,000
		<hr/>
7,940,976	Subscribed Capital (Fully Paid) .. .. .	7,940,976
Reserves—		
..	Land Revaluation Reserve (see explanatory note No. 2 herein) ..	666,117
87,331	National Debt Sinking Fund (Treasury allocation of Commonwealth contribution) .. .. .	107,272
70,668	Contingencies .. .. .	3,668
		<hr/>
159,034	Profit and Loss Appropriation Account .. .. .	777,057
		932
8,258,009		<hr/> <hr/> 8,718,965
Deferred Liabilities—		
5,018,446	Advances from State of Victoria .. .. .	5,018,446
158,825	Less securities purchased and cancelled by the National Debt Commission	191,312
		<hr/>
4,859,621		4,827,134
25,132,148	Debentures and Debenture Stock (Secured) .. .. .	27,299,884
99,960	Provision for Exchange on Debentures maturing in London ..	99,960
116,413	Balances owing on Fixed Assets acquired .. .. .	31,430
		<hr/>
25,348,521		27,431,274
Contingent Liabilities—		
146,751	(1) To State of Victoria under Dividend Guarantee .. .. .	..
49,262	(2) Arrears of Preference Dividend for period 1st July, 1951 to 30th June, 1961 .. .. .	59,114
	(3) Uncalled amount on Shares held in another Company .. .. .	749
38,466,151		<hr/> <hr/> 40,977,373

30.6.1960		30.6.1961.
£		£            £
	Fixed Assets—	
4,732,184	Freeholds and Leaseholds	6,647,575
33,293,976	Machinery, Plant, and Equipment } (see explanatory note No. 3 herein)	35,857,398
507,257	Capital Work in Progress	1,414,075
<hr/>		<hr/>
38,533,417		43,919,048
5,387,202	Less Provision for Depreciation and Amortization (see explanatory note No. 4 herein)	6,486,755
<hr/>		<hr/>
33,146,215		37,432,293
	Current Assets—	£
112,841	Cash in hand and at Banks	198,197
850,000	Short Term Deposits	.. .. .
	Trade and Other Debtors (less provision for Bad and Doubtful	.. .. .
2,717,041	Debts and Consumers' Deposits)	2,986,865
1,747,413	Stocks at Cost or Valuation (see explanatory note No. 5 herein)	2,246,876
47,062	Prepayments	29,363
<hr/>		<hr/>
5,474,357		5,461,301
	Less Current Liabilities and Provisions—	
1,542,296	Trade and Other Creditors	1,676,233
7	Bank Overdraft	589,082
3,141	State of Victoria (Balance of advances for purchase of preference shares)	6,156
	Provisions—	
26,777	Long Service Leave (see explanatory note No. 6 herein)	21,323
14,453	Retiring Allowances	13,202
37,500	Deferred Repairs	1,243
25,383	Special Repairs to Generators, Morwell	3,692
98,526	Preference Dividend	68,968
<hr/>		<hr/>
1,748,083		2,379,899
<hr/>		<hr/>
3,726,274		3,081,402
	Investment—	
750	Company Shares (at cost)	750
	Intangibles—	
213,674	Loss in Subsidiaries prior to Amalgamation (see explanatory note No. 2 herein)	.. .. .
	Excess of Cost over Book Value of Net Assets taken over from Subsidiaries (see explanatory note No. 2 herein)	.. .. .
290,133	Unrecovered Cost of Replaced Plant (see explanatory note No. 2 herein)	.. .. .
651,484	Interest Temporarily Capitalized	277,915
277,915	Unamortized Debenture Issue Expenses	185,013
159,706		<hr/>
<hr/>		<hr/>
38,466,151		40,977,373

EXPLANATORY NOTES ON THE ACCOUNTS OF THE GAS AND FUEL CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1961.

These explanatory notes form part of the Accounts of the Corporation to conform with the requirements of the Victorian Companies Act 1958.

1. Profit on Sale of Freeholds.

This item has been credited to Profit and Loss Account this year. In previous years, such profits have been credited to Depreciation Reserve or applied in reduction of Unrecovered Cost of Replaced Plant.

2. Land Revaluation Reserve.

During the year, the Directors decided to write up the major Freeholds by £1,821,408, as a result of sworn valuations made on 15th February, 1961. The Reserve so created has been partly used to write off the following Intangibles which appeared in the Balance Sheet at 30th June, 1960.

	£
(1) Loss in Subsidiaries prior to Amalgamation	213,674
(2) Excess of Cost over Book Value of Net Assets taken over from Subsidiaries	290,133
(3) Unrecovered Cost of Replaced Plant	651,484
	<hr/>
	1,155,291

The balance of the Reserve is thus £666,117. The remaining Freeholds will be revalued during the 1961-62 financial year.

3. *Freeholds, Leaseholds, Buildings, Plant Equipment and Capital Work in Progress.*

The bases of valuation of this item, as shown in the Balance Sheet at 30th June, 1961 are as follows:—

		£
<i>Freehold Land</i>		
At sworn valuation .. .. .		1,975,200
At cost .. .. .		412,265
		<u>2,387,465</u>
<i>All other Items</i>		
At cost .. .. .		41,531,583
		<u>43,919,048</u>

4. *Provision for Depreciation.*

The depreciation rates used for the year under review have not been changed, excepting those applicable to Storage Tanks at Altona and Heatane Cylinders, which have been revised.

5. *Stocks and Stores (at cost or valuation by Corporation Officers).*

At 30th June, 1961, Coal in Bunkers, which amounted to 3,000 tons, has been included as Stock.

6. *Provision for Long Service Leave.*

The Provision of £21,323 represents the value of long service leave that has actually become due to employees at 30th June, 1961, in accordance with the Corporation's long service leave regulations. No provision has been made for other long service leave accruals.

The preceding explanatory notes have been appended to the Corporation's Balance Sheet by the Board of Directors and, as indicated in the introductory remarks therein, are to be read in conjunction with the relevant figures in the certified statements of accounts.

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

	To 30th June, 1960.	1960-61.	Total.	Charged in State's Accounts.
	£	£	£	
<b>Acquisition of Shares—</b>				
Subscription for 4,000,000 Ordinary Shares of £1 ..	4,000,000	..	4,000,000	Loan Fund
Purchase of Preference Shares .. .. .	3,239,447	80,000	3,319,447	
	7,239,447	80,000	7,319,447	
<b>Advances—</b>				
Advance for Capital Works .. .. .	5,000,000	..	5,000,000	Loan Fund
Loan Flotation Expenses .. .. .	18,446	..	18,446	
	5,018,446	..	5,018,446	
<b>Preference Share Dividend Guarantee—</b>				
Advanced to the Corporation .. .. .	177,347	..	177,347	Consolidated Revenue
Less Repayments .. .. .	30,596	146,751	177,347	
	146,751	Cr. 146,751	..	
<b>Total Investments and Advances by the State ..</b>	12,404,644	Cr. 66,751	12,337,893	
<b>Costs to the State on account of the above—</b>				
Interest on Loans .. .. .	3,145,443	476,616	3,622,059	Consolidated Revenue
Sinking Fund Contribution .. .. .	223,945	30,707	254,652	
	3,369,388	507,323	3,876,711	
<b>Less Recoups, &amp;c., from Corporation—</b>				
Interest on Advances .. .. .	1,322,537	229,000	1,551,537	
Sinking Fund Contribution .. .. .	71,493	12,546	84,039	
Dividends on Preference Shares .. .. .	834,998	146,688	981,686	
	2,229,028	388,234	2,617,262	
<b>Net Cost to the State ..</b>	1,140,360	119,089	1,259,449	

The transfer of preference shares by sale is restricted to sale at par to the State. At 30th June, 1961, the State was the registered owner of 3,305,332 shares. The transfer of a further 7,959 shares was in course and £6,156 was held by the Corporation for future purchases.

No dividend has been paid on the ordinary shares, since any such dividend can be declared only from profits remaining after preference shareholders have been paid dividends in full. In this regard, it should be noted that "Arrears of Preference Dividend", as at 30th June, 1961, amounted to £59,114.

**GEELONG HARBOR TRUST.**

The net revenue for the year ended 31st December, 1960, was £467,951, an increase of £79,009 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, and Long Service Leave Provision accounted for £49,464, leaving a net surplus of £418,487.

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

**REVENUE ACCOUNT.**

	1959.	1960.
<i>Revenue.</i>	£	£
<b>Operating Revenue—</b>		
Harbor Revenue .. .. .	770,082	898,380
Shipping Services .. .. .	183,487	200,968
<b>Miscellaneous—</b>		
General .. .. .	15,825	33,160
Corio Freezing Works .. .. .	16,225	..
<b>Non-operating Revenue—</b>		
Interest .. .. .	5,786	16,108
Sale of Scrap Materials .. .. .	1,409	1,694
<b>Total Revenue .. .. .</b>	<b>992,814</b>	<b>1,150,310</b>
<i>Expenditure.</i>		
<b>Operating Expenses—</b>		
Administration, &c. .. .. .	82,858	96,575
Shipping Services .. .. .	152,814	186,062
<b>Maintenance—</b>		
General .. .. .	61,208	72,178
Depreciation and Amortization .. .. .	145,823	158,135
<b>Non-operating Expenses—</b>		
Loan Expenses .. .. .	..	11,917
Superannuation .. .. .	11,250	13,429
Interest .. .. .	148,802	141,551
Miscellaneous .. .. .	1,117	2,512
<b>Total Expenditure .. .. .</b>	<b>603,872</b>	<b>682,359</b>
<b>Net Revenue .. .. .</b>	<b>388,942</b>	<b>467,951</b>
<b>Appropriations—</b>		
Sinking Fund .. .. .	29,341	28,924
Insurance Fund .. .. .	20,000	20,000
Long Service Leave .. .. .	1,975	540
<b>Total Appropriations .. .. .</b>	<b>51,316</b>	<b>49,464</b>
<b>Net Surplus .. .. .</b>	<b>337,626</b>	<b>418,487</b>

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

31.12.1959.		31.12.1960.	
£		£	£
<b>Assets—</b>			
777,504	Current .. .. .	656,713	
5,862	Deferred .. .. .	7,005	
7,679,486	Fixed, <i>less</i> depreciation and amortization .. .. .	7,827,378	
353,630	Investments .. .. .	427,824	
<u>8,816,482</u>	<b>Total</b> .. .. .		<u>8,918,920</u>
<b>Liabilities—</b>			
461,761	Current .. .. .	105,878	
<b>Deferred—</b>			
2,939,004	Loans (including liability to State, £149,762) .. .. .	2,894,762	
11,809	Other .. .. .	10,302	
		<u>2,905,064</u>	<u>3,010,942</u>
<b>Funds—</b>			
2,623,445	Endowments .. .. .	2,623,445	
305,715	General Reserve .. .. .	317,104	
184,626	Sinking Fund .. .. .	223,154	
169,004	Insurance Reserve .. .. .	204,670	
<b>Net Revenue Account—</b>			
2,121,118	Accumulated Surplus .. .. .	2,539,605	
<u>8,816,482</u>	<b>Total</b> .. .. .		<u>5,907,978</u>
			<u>8,918,920</u>

## GRAIN ELEVATORS BOARD.

A further extension of the Board's system of bulk receival facilities was commenced in the year under review. This extension took the form of the erection of "Behlen" horizontal-type storages. Five such storages with a total capacity of 470,000 bushels were either completed or nearing completion at 31st October, 1960, in preparation for the 1960-61 wheat season. Receivals for the 1959-60 season (to 31st October, 1960) totalled 35,580,662 bushels as compared with 40,131,882 bushels in 1958-59, and 28,811,750 bushels in 1957-58.

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

The figures herein for 1959-60 are submitted subject to the completion of the audit of the Board's books and accounts for that year.

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

		<i>Revenue.</i>			
1958-59.	£			1959-60.	£
		<i>Revenue.</i>			
				£	£
		Australian Wheat Board—Recoupable expenditure for operating and maintenance .. .. .		512,803	
477,818		Capital Facilities Allowance .. .. .		350,116	
342,386		Depreciation Reserve Fund Investment Interest .. .. .		39,354	
34,162		Interest on General Investments .. .. .		17,865	
6,956		"    "    " Reserve Fund Investments .. .. .		31,173	
20,468		"    "    " Insurance Reserve Fund Investments .. .. .		1,898	
994		"    "    " Renewals Reserve Fund Investments .. .. .		195	
<i>Dr.</i> 13				953,404	
	882,771				
		<i>Expenditure.</i>			
		Operating and Maintenance—			
			£		
117,254		Geelong Terminal .. .. .	112,394		
141,243		Country Elevators .. .. .	146,411		
22,449		Emergency Bulk Wheat Storages .. .. .	32,459		
100,729		Administration Expenses .. .. .	107,307		
96,143		*Depreciation and Renewals .. .. .	114,232		
		Expenditure recoupable from the Australian Wheat Board		512,803	
477,818		Interest on Loans .. .. .		187,721	
178,160		Amortization—Preliminary Expenses and Loan Flotation Expenses .. .. .		6,744	
6,744		Sinking Fund Charges—			
		National Debt Sinking Fund (Act No. 6266) .. .. .		2,656	
2,656		Debentures and Inscribed Stock Sinking Fund (Act No. 6266) .. .. .		30,901	
29,201				740,825	
	694,579				
		Net Revenue .. .. .		212,579	
188,192		Add Net Profit on realization of investments .. .. .		1,338	
477				213,917	
	188,669	Add Net Accumulation brought forward .. .. .		227,931	
	169,886			441,848	
	358,555				
		<i>Less Appropriations—</i>			
		*Depreciation Reserve Fund— .. .. .		39,354	
34,162		*General Reserve Fund— .. .. .		106,173	
95,468		*Insurance Reserve Fund— .. .. .		1,898	
994		*Renewals Reserve Fund— .. .. .		100,195	
				247,620	
	130,624				
	227,931	Net Accumulation at 31st October. .. .. .		194,228	

\* Subject to Treasurer's approval.



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

31.10.1959.		31.10.1960.
£		£
	<b>Current Assets—</b>	
2,842	Stores, &c. . . . .	2,077
92,061	Sundry Debtors, Accrued Interest, and Advances . . . . .	345,538
56,840	Cash . . . . .	18,020
<hr/>		<hr/>
151,743		365,635
1,761,677	Investments . . . . .	2,113,272
	<b>Fixed Assets—at Cost—</b>	
	Construction—	£
2,822,689	Country Elevators . . . . .	2,920,656
367,015	Geelong Terminal . . . . .	366,765
		<hr/>
		3,287,421
	Equipment and Plant—	
266,512	Country Elevators . . . . .	338,229
349,800	Geelong Terminal . . . . .	351,060
		<hr/>
		689,289
289,348	Transport Facilities . . . . .	316,491
		<hr/>
		4,293,201
	<b>Fixed Assets—less depreciation—</b>	
61,157	Equipment and Plant—Mobile . . . . .	60,248
2,420	Marmalake No. 1 Emergency Store . . . . .	2,420
28,417	Motor Vehicles, Office Furniture and Equipment . . . . .	30,534
41,872	Freehold Land and Buildings . . . . .	42,646
		<hr/>
		135,848
	<b>Other Debit Balances—</b>	
32,868	Preliminary and Loan Flotation Expenses . . . . .	26,177
264	National Debt Sinking Fund—Cash in Fund . . . . .	377
46	Obsolete Asset—Disposal Suspense . . . . .	46
		<hr/>
		26,600
<hr/>		<hr/>
6,175,828		6,934,556
	<b>Current Liabilities—</b>	
63,573	Sundry Creditors . . . . .	97,838
	<b>Loans—</b>	
945,712	Government of Victoria . . . . .	935,468
2,837,736	Public . . . . .	3,195,486
		<hr/>
		4,130,954
	<b>Reserves and Sinking Funds—</b>	
	Cancelled Securities Reserves—	
121,225	National Debt Sinking Fund . . . . .	131,635
82,334	Debentures and Inscribed Stock . . . . .	94,584
236,190	Matured Public Loans . . . . .	236,190
827,135	Depreciation Reserve Fund . . . . .	962,241
2,420	Marmalake No. 1 Emergency Storage Reserve . . . . .	2,420
5,012	Country Bulkhead Equipment Suspense . . . . .	5,012
37,038	Insurance Reserve . . . . .	45,858
600,100	General Reserve Fund . . . . .	706,273
74,626	Debentures and Inscribed Stock Sinking Fund . . . . .	95,877
7,438	Renewals Reserve Fund . . . . .	111,389
25,788	Provision for Long Service Leave . . . . .	29,046
		<hr/>
		2,420,525
	<b>Suspense Accounts—</b>	
1,761	Rebagging Wheat . . . . .	165
73	Geelong Pier . . . . .	73
76,989	Superannuation . . . . .	87,977
2,665	Motor Vehicle Disposal . . . . .	2,714
82	Unclaimed Interest . . . . .	82
227,931	Revenue Account—Net Accumulation . . . . .	194,228
<hr/>		<hr/>
6,175,828		6,934,556

Incomplete contracts totalling £204,019 have not been included in the balances shown.

## HOME FINANCE TRUST.

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

The year 1960-61 saw a further increase in the amounts which the under-mentioned institutions agreed to lend to the Trust, the total rising from £4,150,000 as at the 30th June, 1960, to £5,075,000 as at the 30th June, 1961. Details are:—

	£	£
The Commissioners of the State Savings Bank of Victoria .. .. .	..	2,025,000
Private Savings Banks .. .. .	1,500,000	
„ Trading Banks .. .. .	900,000	
	<u>          </u>	2,400,000
Insurance Companies .. .. .	..	650,000
		<u>5,075,000</u>

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

	£	£
Agreed Loans as above .. .. .	..	5,075,000
Less—Amount not yet drawn by Trust .. .. .	777,320	
Amount repaid to lending institution .. .. .	16,786	
Sundry bank credits .. .. .	12	
	<u>          </u>	794,118
Total liability of Trust to lending institutions.. .. .	..	<u>4,280,882</u>

Loans approved by the Trust to borrowers totalled £4,881,230, of which £4,300,440 (net) has been advanced and secured. Repayments by borrowers are being maintained at a very satisfactory level.

Set out hereunder are particulars of the Trust's assets and liabilities as at 30th June, 1960, and 1961. The figures as at 30th June, 1961, are subject to audit.

30.6.1960		30.6.1961
£	<i>Assets.</i>	£
3,651,272	Current ordinary loans secured by mortgage .. .. .	4,425,368
6,200	Current loans (3 year maximum) secured by mortgage.. .. .	50,150
1,059	Arrears—Mortgagors .. .. .	3,931
15,371	Sundry debtors (interest accrued but not yet payable, &c.) .. .. .	18,610
..	Cash on hand .. .. .	5
<u>3,673,902</u>		<u>4,498,064</u>
	<i>Liabilities.</i>	
£		£
3,356,000	Deposits—Repayment of which is guaranteed by the Treasurer of Victoria .. .. .	3,963,214
182,577	Bank overdraft—Repayment also guaranteed by the Treasurer .. .. .	317,668
		<u>4,280,882</u>
6,810	Prepayments by mortgagors .. .. .	8,146
109,260	Loans Redemption Account .. .. .	175,078
631	Sundry creditors .. .. .	575
18,624	Home Finance Fund—Surplus .. .. .	33,383
<u>3,673,902</u>		<u>4,498,064</u>

## HOUSING COMMISSION.

The summary of the accounts for 1959-60 contained in my previous report to the Legislative Assembly was published subject to audit of the accounts for the year. This audit was duly completed and my certification of the related statements of accounts was signified subject to the satisfactory settlement of the matters discussed in my report to the House and conditional upon any adjustments arising therefrom being effected in the accounts for 1960-61. Appropriate legislative and administrative action has since been taken to settle these matters.

The audit of the accounts for 1960-61 has been completed and the related financial statements have been certified by me.

A summary of the Commission's revenue and expenditure for 1959-60 and 1960-61 and a statement of its financial position as at the close of each of those two years are furnished and commented upon herein.

## GENERAL REVENUE ACCOUNT.

1959-60.		1960-61.	
£	REVENUE.	£	£
5,562,110	Rentals .. .. .	5,537,280	
1,029,469	Gross Surplus—House Sales .. .. .	1,535,222	
130,359	Loan Redemption written back <i>less</i> allowances to house purchasers .. .. .	160,153	
453,170	Interest—House Sales (net) .. .. .	588,322	
42,075	„ Sundry .. .. .	80,400	
24,001	Miscellaneous .. .. .	20,252	
<hr/>		<hr/>	
7,241,184			7,921,629
EXPENDITURE.			
2,579,081	Interest—less amounts capitalized and applied to House Sales .. .. .	2,590,882	
778,499	Loan Redemption—Commonwealth and State Agreement .. .. .	778,833	
2,378	Contribution to National Debt Sinking Fund .. .. .	2,304	
500	„ Debenture Loan Sinking Fund .. .. .	4,000	
5,186	Redemption of Debentures .. .. .	1,769	
360,359	Administration—general .. .. .	383,469	
166,362	Administration—house sales .. .. .	183,665	
47,519	Cost of rent collection in country areas, &c. .. .. .	46,207	
843,282	Rates— <i>less</i> amount capitalized .. .. .	870,844	
32,941	Insurable Risks .. .. .	10,833	
22	Loan Conversion Expenses .. .. .	11	
999,470	Provision for accrued maintenance .. .. .	975,088	
6,180	„ „ irrecoverable rents .. .. .	10,238	
61,273	Cost of Communal Services—flats and Garden Maintenance .. .. .	71,889	
2,213	Reserve—Holmsglen Housing Factory .. .. .	Cr. 2,213	
170,596	Appropriation to House Purchasers' Death Benefit Fund .. .. .	210,308	
940,152	Transfer to House Sales Reserve Suspense Account .. .. .	1,229,381	
..	Maintenance and repairs on houses sold .. .. .	48,803	
..	Miscellaneous .. .. .	4,826	
<hr/>		<hr/>	
6,996,013			7,421,137
<hr/>		<hr/>	
245,171	Surplus for the year .. .. .		500,492

The sources from which the surplus for 1959-60 and for 1960-61 were derived may be more readily seen from the following summary:—

	1959-60		1960-61	
	£	£	£	£
Surplus—Miscellaneous Funds .. .. .	..	22,717	* 49,387	
Realized Profit—House Sales .. .. .	..	345,859	624,724	
		<hr/>	<hr/>	
		368,576	674,111	
<i>Less—</i>				
Cost of Statutory Functions—non Revenue Producing .. .. .	29,477		24,576	
Loss—Rental Operations .. .. .	93,928	123,405	149,043	173,619
		<hr/>	<hr/>	
		245,171	500,492	

\* Includes £20,800 notional interest on interest free loans.

It will be seen that the retrogression in rental operations commented upon in my previous report has continued. A review of existing rentals having due regard to the latest known capital cost of house units appears to be warranted.

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

	1959-60.		1960-61.	
	£	£	£	£
Gross rental charges .. .. .	..	5,833,068	..	5,815,886
<i>Deduct—</i>				
Rental rebates allowed .. .. .	240,351		251,112	
Losses from vacancies .. .. .	30,607		27,494	
		270,958		278,606
Credit for Rentals—General Revenue Account		5,562,110		5,537,280

*Sales of Houses.*—For the year, 2,728 units were sold for a total sum of £11,285,707. Details are:—

	No.	Cost.	Selling Price.	Surplus.
		£	£	£
Cash Sales—State .. .. .	1	956	2,947	1,991
Commonwealth—State Housing Agreement 1945	5	10,148	17,511	7,363
Commonwealth—State Housing Agreement 1956	2	7,835	8,332	497
Sales per War Service Homes Commission—C.S.H.A. 1945	8	16,987	27,375	10,388
Sales per War Service Homes Commission—C.S.H.A. 1956	Nil	..	..	..
Terms Sales—State .. .. .	32	31,252	95,560	64,308
Commonwealth—State Housing Agreement 1945.. .. .	1,035	2,774,216	3,819,817	1,045,601
Commonwealth—State Housing Agreement 1956.. .. .	1,645	6,909,091	7,314,165	405,074
	2,728	9,750,485	11,285,707	1,535,222
Comparable figures—1959-60 .. .. .	2,717	8,914,862	9,944,331	1,029,469

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

The houses sold, 2,728, included a number of vacated rental units. In respect of these particular units, expenditure amounting to £48,803 was incurred by the Commission on accrued maintenance and repairs just prior to and in anticipation of sale. The selling price of each unit included the amount estimated to be expended on it in this way but no deduction was made on account of any financial provision for maintenance accumulated over the period of tenancy.

Up to the 30th June, 1961, the Commission had rescinded or was in course of rescinding approximately 60 contracts of sale mainly because of failure on the part of the purchasers concerned to meet their instalments of principal and interest. In respect of each of these units, the Commission, in determining the arrears of the purchaser concerned as at the date of cancellation, has taken into consideration the deposit paid by him at the time of purchase. It would appear from a Crown Solicitor's opinion given as to the rights of the purchaser that, upon rescission of the relevant contract of sale, the deposit paid by a defaulting purchaser is forfeited to the Commission. Accordingly, it would seem that the credit for this deposit should not be set off against arrears payable under the contract of sale.

Where payments have been made by a purchaser additional to his normal instalments, such additional payments are, in accordance with the provisions of Section 39 of the *Housing Act 1958*, credited to an appropriate account in the Commission's books and, with interest credited annually, accumulate until such time as the sum at credit of such account is sufficient to meet the balance of the purchase price. However, the said Section 39 is silent on the question as to the right of withdrawal from the account for reasons other than for the purpose of completion of the contract. In one such case, the amount accumulated was refunded to the purchaser.

It is understood that the Commission proposes to seek amending legislation for the purpose of clarifying the legal position in respect of the aforementioned matters.

Both the *Housing Act 1958* and the Commonwealth-State Housing Agreement 1945 authorize the Commission to credit a tenant purchaser with that proportion of his rent representing the provision for amortization of the loan liability arising from the expenditure on the construction of the particular unit. In effect, the accumulation of these provisions is added to the deposit at the time of purchase of the home. The amount allowable on this account under the Agreement is within the discretion of the Commission whereas, under the Act, the entitlement of the purchaser is clearly defined. Actually, the Commission has adopted a uniform approach to this question but it would appear that its action in this regard is contrary to the provisions of the Act.

The purchaser of a Commission house in an area where all the essential services have not been provided at the time of purchase, e.g., sewerage, may, if he so desires, have his contract of sale re-written to include an obligation on the part of the Commission to meet the cost of these works insofar as they affect the particular purchaser. In consideration of the inclusion of this obligation, the purchase price is increased to the extent of the amount incurred in carrying out the work. The standard form of contract of sale is used by the Commission to cover any such case. However, this form does not provide for disclosure of all the relevant facts and, in my view, the advice of the Crown Solicitor should be sought as to whether it does adequately meet the position.

The full amount of the surplus, arising from sales, was credited to the General Revenue Account, and there was for 1960-61, transferred therefrom to the House Sales Reserve Suspense Account the amount required to increase the balance of that account to a figure considered to represent, as at 30th June, 1961, the profit still to be realized on all terms sales to that date. The net credit to general revenue in 1960-61 on account of house sales may be explained as follows:—

Gross Surplus on Sales—	£	£
Cash Sales .. .. .	9,851	
Sales per War Service Homes Commission .. .. .	10,388	
	£	
Terms Sales .. .. .	1,514,983	
Less Transfer to Reserve .. .. .	1,229,381	
	285,602	
		305,841
Loan Redemption—Surplus after allowances to purchasers &c. .. .. .	..	160,153
Interest receivable on terms sales .. .. .	1,619,643	
Less Interest payable on houses sold .. .. .	1,031,321	
Appropriation to House Purchasers' Death Benefit Fund .. .. .	210,308	
	1,241,629	
		378,014
Other House Sales revenue .. .. .	..	13,184
		857,192
Administration and other expenses .. .. .	183,665	
Maintenance and repairs on houses sold .. .. .	48,803	
		232,468
Net Credit to General Revenue Account .. .. .	..	624,724

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

30.6.1960.		30.6.1961.
£		£            £
	<i>Current Assets—</i>	
1,510 ..	Works in Process .. .. .	1,024
849,818 ..	Sundry Debtors .. .. .	717,536
71,957 ..	Cash in Transit .. .. .	122,873
		<hr/> 841,433
973,998 ..	<i>Investments</i> .. .. .	1,262,974
	<i>Deferred Assets—</i>	
27,928,181 ..	House Purchase Debtors .. .. .	37,899,733
	<i>Fixed Assets—</i>	
16,833,856 ..	Estates—Cost of land, developmental and incidental expenses ..	17,877,608
94,355,171 ..	Dwellings and Shops .. .. .	98,883,047
280,473 ..	Holmsglen Housing Factory—Land and Buildings .. .. .	290,235
		<hr/> 117,050,890
17,268,029 ..	<i>Less</i> Suspense Account for estimated capital costs of houses sold ..	24,059,148
		<hr/> 92,991,742
2,076,133 ..	Cost of properties acquired for Slum Reclamation .. .. .	2,509,220
59,172 ..	Store rooms, offices, &c. .. .. .	60,004
167,683 ..	Plant, vehicles, office furniture, and equipment .. .. .	171,965
4,819 ..	Precutting depots and constructional buildings .. .. .	5,238
21,815 ..	Concrete House Project .. .. .	243,501
		<hr/> 95,981,670
158,337 ..	<i>Deposit and Trust Account—</i> Cash at Bank and securities .. .. .	199,247
	<i>Intangibles—</i>	
17,851 ..	Loan Flotation Expenses—Less amount written off .. .. .	23,582
26,134 ..	Plans and Designs, &c. .. .. .	24,036
34,273 ..	Slum Reclamation .. .. .	34,750
11,482 ..	Overseas Delegation Expenses .. .. .	193
		<hr/> 82,561
15,956 ..	Accumulated Deficit .. .. .	..
<hr/>	<b>Total</b> .. .. .	<hr/> <b>136,267,618</b> <hr/>
	<i>Current Liabilities—</i>	
1,450,104 ..	Sundry Creditors .. .. .	1,259,399
	<i>Loans—</i>	
110,569,096 ..	Government advances .. .. .	117,334,453
509,829 ..	Debenture issues .. .. .	508,060
..	Death Benefit Fund Advances .. .. .	257,342
		<hr/> 118,099,855
	<i>Advances and Subsidies—</i>	
1,349,366 ..	Subsidy from Loan for Slum Reclamation .. .. .	1,319,934
	<i>Reserves and Sinking Funds—</i>	
80,171 ..	Debenture Loans Redemption .. .. .	81,940
128,457 ..	Cancelled Securities—National Debt Sinking Fund .. .. .	138,201
17,486 ..	Debenture Loan Sinking Fund .. .. .	23,189
4,918,576 ..	Loan Redemption—Commonwealth and State Agreement .. .. .	5,459,633
1,597,901 ..	Accruing Maintenance Provision .. .. .	1,686,705
40,000 ..	Irrecoverable Rents Provision .. .. .	35,000
4,161,824 ..	House Sales Reserve Suspense Account .. .. .	5,401,861
478,364 ..	House Sales—Death Benefit Scheme and Insurance .. .. .	722,854
1,158,866 ..	Land Realization Reserve .. .. .	1,355,264
2,213 ..	Holmsglen Housing Factory Reserve .. .. .	..
		<hr/> 14,904,647
..	Accumulated Surplus .. .. .	484,536
	<i>Deposit and Trust Account—</i>	
158,337 ..	Contractors' deposits and other trust moneys .. .. .	199,247
<hr/>	<b>Total</b> .. .. .	<hr/> <b>136,267,618</b> <hr/>

The comments which follow are furnished in explanation of certain items in the preceding financial summary.

The item, "House Purchase Debtors, £37,899,733", is a net figure, the sum of the amounts received from intending purchasers having been, for Balance Sheet purposes, set off against the gross sum due from existing purchasers.

The amounts, £21,815, as at the 30th June, 1960, and £243,501, as at the 30th June, 1961, against the item "Concrete House Project" are net figures. They are, in effect, the notional liabilities, as at the respective dates, of the Concrete House Project to the Commission. The increase from £21,815 to £243,501 is explained as follows:—

	£	£
Liability of Concrete House Project to Commission on account of advances for improvements and for working capital as at 30th June, 1960 .. ..	..	21,815
<i>Add—</i>		
Decrease in Sundry Creditors, Accrued Wages and Reserve for Long Service Leave .. .. .	..	356,395
Provision for Maintenance of factory building .. .. .	..	3,000
	—————	359,395
		381,210
<i>Deduct—</i>		
Decrease in Materials on hand .. .. .	..	96,802
Decrease in Other Current Assets .. .. .	..	1,620
Decrease in book value of Roads and Services, Plant, Tools, &c. .. .. .	..	39,287
	—————	137,709
Item—"Concrete House Project" as at the 30th June, 1961 .. .. .	..	243,501

Included in the Balance Sheet as at the close of the previous year, was a reserve of £2,213 styled "The Holmesglen Housing Factory Reserve". This amount had been provided for the depreciation of the buildings at the Commission's Concrete House Project. In 1960-61, the amount was written back to the credit of Revenue Account and, in that year, in lieu of a provision for depreciation, the Project was charged by the Commission with interest at the rate of 4 per centum per annum on the value of the Factory buildings. In the summary of the Commission's Revenue Account for 1960-61 furnished in this report, the credit for this interest is included in the item "Interest—Sundry". It has been shown in the reconciliation immediately above that there was provided in the year at Holmesglen a reserve for maintenance. This provision and the charge for interest referred to above are reflected in the costs of the pre-fabricated units constructed at the Project.

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

	£
Accumulated Deficit as at the 30th June, 1960 .. .. .	15,956
<i>Deduct—</i> Surplus—1960-61 .. .. .	500,492
	—————
Accumulated Surplus as at the 30th June, 1961 .. .. .	484,536

*House Purchasers' Death Benefit Fund.*—House purchasers, unless disqualified for health reasons or by age, may be admitted to participation in the House Purchasers' Death Benefit Scheme, for the purpose of which an appropriation is made from interest receivable under contracts for the sale of houses on terms. Operations during the year and the position of the Fund as at 30th June, 1961, are summarized below:—

	£	£
Balance as at 30th June, 1961 .. .. .	..	465,171
<i>Add</i> Appropriation for year .. .. .	..	210,308
Income from Investments .. .. .	..	26,413
Premiums .. .. .	..	4,831
	—————	241,552
		706,723
<i>Deduct</i> Payments on Account of Deceased Purchasers .. .. .	..	4,225
		—————
Balance as at 30th June, 1961 .. .. .	..	702,498

The sum of the investments of the Fund, £694,725, includes an amount of £257,342 set aside in an account in the Commission's books styled the "Loan Advance—Death Benefit Fund." In turn, the Fund's investments are included in the Commission's Balance Sheet item—"Investments £1,262,974".

In respect of the advance of £257,342, it should be pointed out that there is a contra of a like amount in the Commission's Balance Sheet under the item "Loans". In consideration of this advance, the Fund is being credited with interest from the Commission's ordinary revenues at rates comparable with those which would have been obtained if the sum had been invested outside the Commission's undertaking. The Commission's action in this regard would appear to imply that the amount of the advance is, in fact, an investment of the Fund but, as yet, the Commission has not obtained Treasurer's approval as required by Section 89 of the Housing Act.

*Items Capitalized.*—Expenditure on administration, rates, and interest deemed to be applicable to or incurred during construction has been capitalized. The amounts capitalized and the proportions thereof to the totals of the respective items for 1959–60 and 1960–61 are :—

	1959–60.		1960–61.	
	£	%	£	%
Rates .. .. .	58,189	6·44	77,168	8·2
Interest .. .. .	187,378	5·39	189,005	4·9
Administration .. .. .	254,965	28·97	294,658	31·8
	<hr/>		<hr/>	
	500,532		560,831	
	<hr/>		<hr/>	

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

*Provision for Maintenance.*—As at the 30th June, 1960, the balance of the Accruing Maintenance Provision Account was £1,597,901. To this amount there was added in 1960–61 the sum of £975,088 by way of normal provision from Revenue Account for maintenance and an amount of, £48,803, recoup from revenue on account of the expenditure charged to the Provision Account during the year for the renovation of houses in course of sale. The total expenditure on maintenance charged to the Account in 1960–61 was £935,087, leaving a balance at credit of the Account at the close of the year of £1,686,705.

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

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

Included in the item, "Sundry Creditors," is an amount of £76,589 which represents deposits received from purchasers of homes erected under the 1945 Agreement. In accordance with the terms thereof, this sum is payable to the Commonwealth Government in reduction of loan liability and, in anticipation of the remittance of such amount, the Commission has adjusted the loan liability accordingly.

Also included in the item "Sundry Creditors", is a sum of £713,629, overdraft at the Australia and New Zealand Bank Ltd. This overdraft existed for a few days only over balancing period. However, no statutory authority exists for the Commission to obtain temporary advances of this nature.



*Loan Liability.*—During the year an additional £7,560,000 was made available to the Commission under the terms of the 1956 Commonwealth and State Housing Agreement, increasing total loans to £127,883,563. At 30th June, 1961, the liability in respect of loans was £118,099,855. Details are :—

	£	£
<i>State Housing.</i>		
From the Government of Victoria—Housing .. .. .	1,131,814	
"          "          "          "          "          Slum Reclamation .. .. .	870,749	
"    Debenture issues of the Commission .. .. .	590,000	
	<hr/>	
	2,592,563	
Government Loan transferred to the Commission .. .. .	30,000	
	<hr/>	
		2,622,563
<i>Less</i> Securities purchased out of National Debt Sinking Fund and cancelled	190,114	
Debentures redeemed under Housing Act .. .. .	81,940	
Repayments on Slum Reclamation .. .. .	6,618	
	<hr/>	
		278,672
		<hr/>
		2,343,891
<i>Commonwealth and State Housing Agreements.</i>		
Loan Advances received from the Commonwealth of Australia .. .. .	125,261,000	
<i>Less</i> Repayments .. .. .	9,685,789	
	<hr/>	
		115,575,211
<i>Less</i> Deposits on account of Sales—Due to Commonwealth Government	76,589	
	<hr/>	
		115,498,622
<i>House Purchasers' Death Benefit Fund.</i>		
Loan to Commission .. .. .		*257,342
		<hr/>
<i>Loan Liability as per Balance Sheet</i> .. .. .		118,099,855

\* No security has been issued in respect of this loan.

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

## LATROBE VALLEY WATER AND SEWERAGE BOARD.

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

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

Expenditure on capital works has been met mainly from the Loan Fund. Allocations from the Treasury in 1960-61 amounted to £1,847,038 (Water £1,643,815, Sewerage £203,223). Advances for works made to the Board to 30th June, 1961, totalled £6,531,032 (Water £3,968,265, Sewerage £2,562,767).

Liability for interest at 3 per centum per annum and for repayment rests upon the Board.

Under statutory authority, interest on expenditure on works which have been declared by the Minister to be major construction works may be capitalized. Interest on Water Loan amounting to £47,112 was so capitalized during the year.

*Farm Account.*—Farm operations for the year resulted in a loss of £25,222 compared with £39,714 for 1959-60. For the first time, part of the expenditure on Farm Operation and Maintenance has been regarded as being of a developmental nature and has been capitalized.

The accounts of the Board to 30th June, 1961, have been audited. For purposes of comparison, figures for the previous year are given in the abridged statements which follow.

### FARM REVENUE ACCOUNT.

1959-60. £							1960-61. £	£
	<i>Income—</i>							
511	Rental Board Properties	..	..	..	..	..	1,272	
250	Production of Fodder	..	..	..	..	..	720	
..	Sale of Farm Produce	..	..	..	..	..	111	
..	Profit—Sheep Trading Account	..	..	..	..	..	8,582	
..	Profit—Cattle Trading Account	..	..	..	..	..	3,084	
761								13,769
	<i>Expenditure—</i>							
22,023	Farm Operation and Maintenance	..	..	..	..	..	10,690	
11,620	Interest on Loans	..	..	..	..	..	17,739	
1,083	Interest on Overdraft	..	..	..	..	..	2,190	
2,055	Depreciation Provision	..	..	..	..	..	3,970	
1,407	Administrative Expenses	..	..	..	..	..	4,233	
..	Maintenance Farm Dwellings	..	..	..	..	..	169	
2,287	Loss—Sheep Trading Account	..	..	..	..	..	..	
40,475								38,991
39,714	Deficit on Farm Account transferred to General Revenue	..	..	..	..	..	25,222	

## GENERAL REVENUE ACCOUNT.

1959-1960.		1960-1961.
£		£      £
	<i>Income—</i>	
96,748	Sales of Water .. .. .	119,330
88,847	Treatment Charges .. .. .	93,321
12,090	Maintenance Outfall Sewer (Tar Removal Costs) .. .. .	15,271
3,738	Rents and Income—Board Properties .. .. .	6,931
2,999	Other .. .. .	2,961
93,377	Interest previously charged to General Revenue now Capitalized .. .. .	..
297,799		237,814
	<i>Expenditure—</i>	
102,620	Interest on Loans .. .. .	90,455
3,386	Interest on Overdraft .. .. .	546
25,277	Depreciation .. .. .	29,165
50,931	Maintenance of Works .. .. .	64,211
1,550	Maintenance of Staff Residences .. .. .	1,927
19,731	Other Expenses .. .. .	18,953
203,495		205,257
94,304	Surplus for year .. .. .	32,557
39,714	Deficit on Farm Revenue Account .. .. .	25,222
54,590	Net Surplus for year .. .. .	†7,335

† Surplus on Water Fund £20,175; Deficit on Sewerage Fund £12,840.

## BALANCE-SHEET.

30.6.1960.		30.6.1961.
£		£      £
4,066,371	Works (including Works in Progress) .. .. .	5,994,915
131,933	Plant and Equipment .. .. .	143,181
137,058	Land, Buildings, Residences .. .. .	140,534
25,747	Office and Laboratory Equipment .. .. .	28,998
54,262	Stores, Tools, &c. .. .. .	54,497
250	Wool and Ensilage on Hand .. .. .	1,580
8,347	Livestock on Hand .. .. .	53,329
90,000	Loan to Contractor .. .. .	..
20,000	Advance to Country Roads Board .. .. .	..
13,178	Debtors and Prepayments .. .. .	6,568
70,602	Investment—Depreciation .. .. .	97,874
3,767	Cash at Bank .. .. .	3,595
93,377	Interest on Works during Construction .. .. .	140,489
5,201	Asset Realization Account .. .. .	6,195
1,514	Accumulated Deficit .. .. .	..
4,721,607		6,671,755
4,570,518	Treasurer of Victoria—Loans .. .. .	6,397,616
509	Treasurer of Victoria—Interest .. .. .	..
..	Capital Expenditure Borne by the State .. .. .	262
1,228	Interest on Overdraft Accrued .. .. .	..
3,767	Contractors' Deposits and other Trust Moneys .. .. .	3,595
97,934	Depreciation Reserve .. .. .	131,009
47,651	Bank Overdraft .. .. .	133,451
..	Accumulated Surplus .. .. .	5,822
4,721,607		6,671,755

## LOCAL AUTHORITIES SUPERANNUATION BOARD.

This Board which operates under the provisions of the *Local Authorities Superannuation Act 1958* as amended by the *Local Authorities Superannuation (Amendment) Act 1960* is responsible for the administration of three separate schemes to provide retiring allowances for permanent employees of local governing bodies. The salient features of these schemes are given below :—

*Insurance.*—Under this scheme an employee is required to effect, with an approved company, a policy of endowment insurance, the amount of the policy being that obtainable for an annual premium equivalent to seven per cent. of the salary of the employee.

*Provident Fund.*—This Fund was established in the accounts of the Board under the authority of the Principal Act and, prior to 1st March, 1961, there was required to be contributed thereto, on behalf of any employee ineligible for participation in the Insurance scheme, an annual sum equivalent to seven per cent. of the salary of such employee.

*Benefit Contracts Scheme.*—Under the authority of the *Local Authorities Superannuation (Amendment) Act 1960*, an Account styled the Benefit Contracts Account was established by the Board to operate as from the 1st March, 1961. Any person whose services are engaged by a municipality on or after that date or any existing employee who is entitled to increased benefits on or after that date is required, unless otherwise determined by the Board, to participate in this scheme and, on his behalf, an annual premium is payable equivalent to seven per cent. of his salary.

Premiums and contributions under all three schemes are payable annually in advance by the employing Authority, which is then entitled to recover from each employee, by instalments over the ensuing year, half the amount paid on the employee's behalf or such lesser proportion as mutually agreed.

In connexion with the Benefit Contracts Scheme, the Board determined as from the date of operation thereof that :—

- (i) all policies in force for five years or more with a paid up value of £200 or more shall be converted to fully paid up policies ;
- (ii) all policies in force for more than two but less than five years with a paid up value of less than £200 shall be surrendered ; and
- (iii) all policies of contributors aged sixty years or over shall be continued in force until maturity.

The surrender of policies referred to in (ii) above has been carried out progressively and the proceeds converted as directed in the amending legislation.

Administrative costs of the Board are met from the Management Account into which is paid the commission received from the underwriting insurance company on both new business and collections, together with interest received from investment of surplus funds of the Account. A further credit to this Account towards the cost of administration in 1960–61 was an allocation of an amount of £8,333 from the Benefit Contracts Account.

The audit of the accounts to 30th June, 1961, has been completed. The following statements summarize transactions on the Board's accounts in the past three years.

## INSURANCE ACCOUNT.

	1958-59.	1959-60.	1960-61.
	£	£	£
<i>Receipts.</i>			
Balance at Bank .. .. .	8,420	42,463	40,220
Premiums .. .. .	560,054	647,603	680,883
Surrender Values .. .. .	66,009	93,782	106,422
Death Claims .. .. .	70,360	77,404	61,208
Matured Policies .. .. .	38,397	43,646	51,189
Taken-over Policies .. .. .	1,178	2,132	1,587
Other .. .. .	1,560	2,194	1,373
	<u>745,978</u>	<u>909,224</u>	<u>942,882</u>
<i>Payments.</i>			
Insurance Companies .. .. .	531,398	614,012	268,712
Management Account—Commission, &c. .. .. .	27,900	32,253	11,358
Authorities and Employees .. .. .	144,217	222,739	228,847
Investments purchased for Benefits Contract Account .. .. .	..	..	398,971
Balance at Bank .. .. .	42,463	40,220	34,994
	<u>745,978</u>	<u>909,224</u>	<u>942,882</u>

## PROVIDENT FUND.

	1958-59.	1959-60.	1960-61.
	£	£	£
<i>Receipts.</i>			
Balance at Bank .. .. .	75,525	65,065	76,662
Contributions .. .. .	154,745	183,130	196,327
Interest on Investments .. .. .	24,553	28,469	33,568
Other .. .. .	102	2,800	65,110
	<u>254,925</u>	<u>279,464</u>	<u>371,667</u>
<i>Payments.</i>			
Employees .. .. .	101,824	103,869	121,513
Refunds to Authorities .. .. .	12,167	12,410	13,652
Investments .. .. .	75,000	85,000	200,000
Other .. .. .	869	1,523	926
Balance at Bank .. .. .	65,065	76,662	35,576
	<u>254,925</u>	<u>279,464</u>	<u>371,667</u>

Interest earned to 28th February in each year is distributed over the contributors' accounts, and was sufficient to allow an addition to contributors' credits of  $4\frac{1}{2}$  per cent. in 1961.

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Contributors' credits .. .. .	637,435	728,316	819,370
Unallotted Interest .. .. .	15,670	18,586	21,336
	<u>653,105</u>	<u>746,902</u>	<u>840,706</u>
Represented by—			
Cash at Bank .. .. .	65,065	76,662	35,576
Investments .. .. .	588,040	670,240	805,130
	<u>653,105</u>	<u>746,902</u>	<u>840,706</u>

## BENEFIT CONTRACTS ACCOUNT.

1960-61.

										£
<i>Income.</i>										
Contract Premiums	..	..	..	..	..	..	..	..	..	510,909
Interest on Investments	..	..	..	..	..	..	..	..	..	25,196
Proceeds of Surrendered Policies	..	..	..	..	..	..	..	..	..	838,103
										<hr/>
										1,374,208
										<hr/>
<i>Expenditure.</i>										
Withdrawal Benefits	..	..	..	..	..	..	..	..	..	642
Refunds to Authorities	..	..	..	..	..	..	..	..	..	1,818
Contribution to Management Account	..	..	..	..	..	..	..	..	..	8,333
										<hr/>
										10,793
										<hr/>
Surplus	..	..	..	..	..	..	..	..	..	1,363,415
										<hr/>

As at 30th June, 1961, the funds of the Benefit Contracts Account amounted to—

£  
1,363,415

---

and were represented by—

Current assets <i>less</i> liabilities	..	..	..	..	..	..	..	..	..	530,007
Investments	..	..	..	..	..	..	..	..	..	816,741
Prepayments	..	..	..	..	..	..	..	..	..	16,667
										<hr/>
										1,363,415
										<hr/>

## MANAGEMENT ACCOUNT.

										1958-59.	1959-60.	1960-61.
										£	£	£
<i>Income.</i>												
Commission—												
New Business	..	..	..	..	..	..	..	..	..	24,639	35,974	31,823
Collection	..	..	..	..	..	..	..	..	..	27,878	32,233	9,924
Interest on Investments	..	..	..	..	..	..	..	..	..	8,883	12,670	13,713
Contribution from Benefit Contracts Account	..	..	..	..	..	..	..	..	..	..	..	8,333
Other	..	..	..	..	..	..	..	..	..	668	1,251	1,293
										<hr/>	<hr/>	<hr/>
										62,068	82,128	65,086
										<hr/>	<hr/>	<hr/>
										£	£	£
<i>Expenditure.</i>												
Board Members' Fees	..	..	..	..	..	..	..	..	..	484	496	725
Salaries	..	..	..	..	..	..	..	..	..	9,106	10,187	12,220
Other Administration Charges	..	..	..	..	..	..	..	..	..	2,415	2,648	5,435
Rates, &c.	..	..	..	..	..	..	..	..	..	446	744	1,075
Depreciation	..	..	..	..	..	..	..	..	..	214	618	2,330
										<hr/>	<hr/>	<hr/>
										12,665	14,693	21,785
										<hr/>	<hr/>	<hr/>
Surplus	..	..	..	..	..	..	..	..	..	49,403	67,435	43,301
										<hr/>	<hr/>	<hr/>

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

										1958-59.	1959-60.	1960-61.
										£	£	£
Invested	..	..	..	..	..	..	..	..	..	..	43,097	45,000
Contingent Account	..	..	..	..	..	..	..	..	..	8,000	7,000	7,514

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

	1958-59.	1959-60.	1960-61.
	£	£	£
Accumulated Funds .. .. .	340,617	400,979	433,898
Asset Replacement Reserve .. .. .	..	..	2,330
	<u>340,617</u>	<u>400,979</u>	<u>436,228</u>
Represented by—			
Current assets <i>less</i> liabilities .. .. .	40,192	53,805	71,170
Investments .. .. .	178,400	220,800	233,550
Freehold property .. .. .	114,616	118,634	119,658
Furniture, equipment and office machines .. .. .	6,353	6,571	9,909
Motor Car .. .. .	865	735	1,283
Prepayments .. .. .	191	434	658
	<u>340,617</u>	<u>400,979</u>	<u>436,228</u>

#### MAIZE MARKETING BOARD.

A summary of the financial operations of the Board for the accounting period 1st April, 1960, to 7th March, 1961, is as follows :—

Total number of bushels marketed .. .. .	..	..	..	117,805
			£	£
Gross proceeds of sales .. .. .	..	..	..	94,960
Freight, Commission, &c. .. .. .	..	..	11,617	
Administration expenses .. .. .	..	..	2,178	
Amount paid to growers .. .. .	..	..	80,975	
Taken to Reserve .. .. .	..	..	190	
			<u>94,960</u>	

## MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1961, has been completed, but, as indicated hereunder, I have not yet certified to the statements of accounts for the year.

In my previous report, I raised doubts as to the legality of the Board's action in making charges in 1959-60, for water supplied, in terms of paragraph (c) of clause 2 of By-law No. 77 which was not promulgated until 29th June, 1960. I also stated in that report that the Board had credited its Revenue Account for 1959-60 with these additional charges and that, before certifying to its statements of accounts for the year, it was necessary for me to be satisfied that its action in this regard was beyond challenge on legal grounds. Accordingly, I sought the advice of the Crown Solicitor and subsequently, in an Opinion covering the various aspects of the matter, he agreed with my contention that the charges in question were not legally justifiable. This Opinion was made available by me to the Board and was later reviewed by the Board's Solicitor whose views on certain aspects of the question were in conflict with those of the Crown Solicitor.

In the circumstances as outlined above and on the suggestion of the Crown Solicitor, I submitted the matter for the opinion of the Solicitor-General. Appended to this report (Appendix "A") are, as directed by sub-section (2) of Section 47 of the *Audit Act* 1958, details of the case laid by me before the Solicitor-General and a copy of his Opinion thereon.

It will be noted that the Solicitor-General agreed with the conclusion expressed by the Crown Solicitor and, accordingly, I find myself in the position that I am unable to certify to either the statements of accounts for the year 1959-60 or those for the year 1960-61. In this connexion, it will be appreciated that appropriate action is necessary to adjust the position in respect of the year 1959-60 and, until that action is taken, the amount shown as the accumulated surplus at the 30th June, 1960, is incorrect and that, as this amount is brought forward to the year 1960-61, the accounts for that year are also incorrect.

The following summaries of the Board's Revenue Accounts for the years 1959-60 and 1960-61 are submitted subject to any amendments thereto which may be necessary in the light of the above observations:—

1959-60.		REVENUE ACCOUNT.						1960-61.	
£	Rates and Charges—						£	£	£
3,756,648	Water Supply .. .. .	..	..	..	..	..	..	4,106,083	
3,815,118	Sewerage .. .. .	..	..	..	..	..	..	4,154,576	
618,115	Drainage and Rivers .. .. .	..	..	..	..	..	..	672,492	
<u>8,189,881</u>									8,933,151
	Metropolitan Farm—								
187,036	Gross profit on cattle .. .. .	..	..	..	..	..	..	154,668	
71,543	Gross profit on sheep .. .. .	..	..	..	..	..	..	59,177	
5,722	Rent .. .. .	..	..	..	..	..	..	5,197	
9,661	Sundry Trading Operations .. .. .	..	..	..	..	..	..	5,547	
									224,589
<u>8,463,843</u>	Gross Revenue .. .. .	..	..	..	..	..	..	..	9,157,740
	Working Expenses—								
1,115,075	Management .. .. .	..	..	..	..	..	..	1,197,948	
1,903,281	Maintenance .. .. .	..	..	..	..	..	..	1,959,800	
4,221,253	Interest (including overseas exchange) .. .. .	..	..	..	..	..	..	4,724,808	
<u>7,239,609</u>									7,882,556
<u>1,224,234</u>	Gross Surplus .. .. .	..	..	..	..	..	..	..	1,275,184
	General Expenditure—								
154,627	Loan Flotation Expenses .. .. .	..	..	..	..	..	114,255		
48,326	Staff Gratuities .. .. .	..	..	..	..	..	52,964		
69,819	Contributions to Superannuation Fund .. .. .	..	..	..	..	..	74,434		
22,002	Depreciation—Furniture and Fittings, &c. .. .. .	..	..	..	..	..	26,994		
30,516	Pensions (cost of living allowance in superannuation payments) .. .. .	..	..	..	..	..	55,268		
303,862	Main Drainage Works .. .. .	..	..	..	..	..	331,158		
									655,073
<u>629,152</u>	Carried forward .. .. .	..	..	..	..	..	..	655,073	1,275,184



1959-60.		1960-61.	
£		£	£
629,152	Brought forward .. .. .	655,073	1,275,184
Statutory Expenditure—			
16,992	Contributions to Municipalities .. .. .	16,992	
Provisions—			
180,637	Contributions to Renewals Fund .. .. .	191,695	
362,998	Contributions to Sinking Fund .. .. .	387,455	
163,804	Contributions to Loans Redeemed Reserve .. .. .	143,224	
		722,374	
1,353,583			1,394,439
129,349	Net Deficit .. .. .		119,255
66,553	Add Accumulated Surplus brought forward 1st July .. .. .	651	
63,447	,, Amount transferred from Rates Equalization Reserve .. .. .	119,300	
			119,951
651	Accumulated Surplus at 30th June carried forward .. .. .		696

It will be seen that the operations during 1960-61 resulted in a deficit of £119,255 as compared with a deficit of £129,349 in the preceding year. The deficit for the year was financed by an allocation of £119,300 from the Rates Equalization Reserve.

The following summary shows the variations in the valuations of properties rateable to the Board and the annual collectable revenue over the past five years:—

Financial Year.	Revenue from Water Rates and Charges.	Revenue from Metropolitan General Rate and Other Charges.	Revenue from Drainage and Rivers Rate and Other Charges.	Assessment Valuations (Net Annual Values).
	£	£	£	£
1956-57.. .. .	2,729,133	2,899,819	452,217	51,701,800
1957-58.. .. .	3,037,578	3,232,405	514,419	59,286,395
1958-59.. .. .	3,273,417	3,540,575	564,312	65,270,634
1959-60.. .. .	3,756,648	3,815,118	618,115	73,967,436
1960-61.. .. .	4,106,083	4,154,576	672,492	80,424,384

The aggregate of Net Annual Values on which the rates were assessed continued to rise; all municipalities, with two exceptions, returned higher valuations.

The rates levied in each of the years shown in the summary, and the maximum rates allowable as from the 12th August, 1959, were:—

	Rate Levied.	Maximum Rate Allowable.
	s. d.	s. d.
Metropolis generally—		
Water Rate .. .. .	0 8	0 9
Metropolitan General Rate .. .. .	1 2	1 4
Drainage and Rivers Rate .. .. .	0 2	0 3
Dandenong-Springvale Area (from and inclusive of 1958-59) .. .. .	0 10	1 0

In addition to the rates levied as shown above, certain municipalities in the vicinity of the metropolitan area have, in agreement with the Board, levied rates in respect of water supplied by the Board. Each rate so levied included an amount payable to the Board and an amount to be retained by the municipality, e.g., the Water Rate levied in the Shire of Whittlesea was 1s. 6d. in the £ of which, on collection, 3d. was retained by the Council and the balance paid to the Board.

Interest charges continued to be a heavy burden on the Board's revenue, the proportion of interest and exchange to gross revenue from rates and charges being 52·89 per centum as compared with 51·54 per centum in 1959-60 and 48·89 per centum in 1958-59.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund £131,867; Sinking Fund £441,120; and Superannuation Fund £73,886. Exchange on interest remitted overseas amounted to £22,823.

A section of the Drainage and River Improvement capital works was financed from revenue to the extent of £331,158, in continuation of the Board's policy in respect of these works.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1961, are shown hereunder:—

	Contribution from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1961.
	£	£	£	£
Sinking Fund .. .. .	387,455	441,120	828,575	9,226,455
Loans Redeemed Reserve .. .. .	143,224	..	143,224	327,028*
Renewals Fund .. .. .	191,695	131,867	323,562	6,932,550
Superannuation Fund .. .. .	74,434	73,886	148,320	1,561,843
Insurance Account .. .. .	..	..	..	496,226
	796,808	646,873	1,443,681	18,544,102

\* In the previous year, the corresponding amount was included in the Sinking Fund.

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of £7,886,175 as at 30th June, 1961. Thus, the sum of the Board's Funds and Reserves as at that date was £26,430,277. Of this sum, £7,591,134 was invested, £327,028 was applied to loan redemption, and £18,512,115 was utilized in the Board's undertaking.

*Town Planning, Metropolitan Highways, &c.*—The Metropolitan Improvement Rate remained unchanged at 3d. Revenue from this rate, assessed on a net annual value of £82,791,934, and other charges, totalled £1,067,951 and was allocated—Town Planning management £171,681, Foreshore Maintenance £3,440, and the unexpended balance, £892,830, to the Planning and Highways Reserve.

At 30th June, 1961, the balance of the Planning and Highways Reserve was represented by the following assets:—

	£	£
Metropolitan Improvement Fund—		
Cash at Bank .. .. .	24,067	
Cash held temporarily in Metropolitan General Fund (estimate) ..	20,614	
		44,681
Fixed Deposits .. .. .		250,000
Reserved Land—held temporarily under Section 35 (3), Act No. 6396	1,748,984	
Compensation under Section 3, Act No. 6526 .. .. .	20,122	
		1,769,106
Arrears—Rates and Charges (estimate) .. .. .		26,143
Expenditure on Foreshore and Highway Improvements .. .. .		1,381,208
		<u>3,471,138</u>

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

30.6.1960.		30.6.1961.
£		£            £
	<b>Current Assets—</b>	
508,417	Cash in hand and at bank .. .. .	2,104,744
3,925,000	Securities—Short term .. .. .	3,125,000
537,903	Arrears of Rates and Sundry Debts .. .. .	869,323
191,005	Livestock on hand .. .. .	206,550
1,021,415	Stores and Materials on hand .. .. .	1,007,262
1,060,350	Reserved Land—Planning and Highways .. .. .	1,769,106
<hr/>		
7,244,090		9,081,985
	<b>Deferred Charges—</b>	
48,137	Plant Depreciation Variance Account .. .. .	..
<hr/>		
48,137		..
	<b>Fixed Assets—</b>	
670,885	Planning and Highways Works .. .. .	1,381,208
48,732,894	Water Supply Works .. .. .	51,937,868
36,431,994	Sewerage Works .. .. .	41,013,573
396,909	Sewerage House Connections .. .. .	396,909
8,453,638	Main Drainage and River Improvement Works .. .. .	8,911,526
4,082,887	Buildings, Water Meters, and other items .. .. .	4,408,069
<hr/>		
98,769,207		108,049,153
6,646,081	Less Renewals Fund .. .. .	6,932,550
<hr/>		
92,123,126		101,116,603
931,917	Plant and Tools .. .. .	877,011
275,721	Motor Vehicles .. .. .	275,617
181,083	Furniture and Fittings .. .. .	186,780
	<b>Investments—</b>	
3,203,500	External—Commonwealth Stock .. .. .	2,753,500
1,281,839	Internal—Melbourne and Metropolitan Board of Works Stock .. .. .	1,717,234
<hr/>		
		4,470,734
<hr/>		
105,289,413	<b>Total Assets</b> .. .. .	<b>116,008,730</b>
	<b>Current Liabilities—</b>	
860,720	Loan Interest, Matured Debentures and Inscribed Stock .. .. .	1,061,040
672,718	Sundry Creditors and Deposits .. .. .	650,118
		<hr/>
		1,711,158
	<b>Deferred Liabilities—</b>	
1,463,363	Superannuation Fund .. .. .	1,561,843
250,312	Provision for Furlough .. .. .	264,881
		<hr/>
		1,826,724
	<b>Loan Liability—</b>	
443,744	Government of Victoria .. .. .	441,345
86,065,276	Public Loans .. .. .	94,358,500
		<hr/>
		94,799,845
	<b>Excess of Assets over Liabilities, represented by—</b>	
2,657,304	General Reserve .. .. .	2,985,622
8,581,684	Sinking Fund .. .. .	9,226,455
..	Loans Redeemed Reserve .. .. .	327,028
497,810	Insurance Account .. .. .	496,226
391,553	Rates Equalization Reserve .. .. .	272,253
688,500	Exchange Reserve .. .. .	688,500
103,605	Deferred Maintenance Reserve .. .. .	103,605
33,865	Distributable Expense Variance Account .. .. .	99,480
2,578,308	Planning and Highways Reserve .. .. .	3,471,138
651	Accumulated Surplus .. .. .	696
<hr/>		
		17,671,003
<hr/>		
105,289,413	<b>Total Liabilities and Funds</b> .. .. .	<b>116,008,730</b>

Included in the Fixed Assets are certain assets which have been replaced or abandoned. Consideration should be given to removing these items from their present classification and, until written off, showing them as "intangibles".

The increase of £328,318 in the General Reserve was accounted for by:—

	£
Expenditure from Revenue on account of Drainage and River Improvements ..	331,158
Profits from sale of land, &c. .. .. .	2,338
Contribution towards cost of Board's works .. .. .	420
	<hr/>
	333,916
Deduct net loss on realization of plant, motor vehicles, &c. .. .. .	5,598
	<hr/>
	328,318

The Board's loan authority for its normal functions as fixed by Act No. 6635 is £115,000,000 against which the actual loan liability at 30th June, 1961, was £94,358,500.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by £9,279,946. Major increases were:—

	£
Reservoir and Conduit Construction, &c. .. .. .	364,283
Water Supply—extension large mains .. .. .	1,713,023
„ „ reticulation, water meters, &c. .. .. .	1,386,312
Construction and Amplification—sewage disposal, &c.—Metropolitan Farm ..	159,372
Sewerage—extension mains, treatment works, &c. .. .. .	3,359,805
„ Brooklyn Pumping Station .. .. .	1,062,362
Main Drains and River Improvements—extensions, &c. .. .. .	457,888
Buildings—new erections and reconstruction works .. .. .	56,970
Metropolitan Main Highways .. .. .	644,936
Foreshore Improvement .. .. .	65,388

## MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1961, conducted by my officers pursuant to the provisions of the *Melbourne and Metropolitan Tramways Act 1958* as amended, has been completed and the continuous audit of the accounts, also provided for in the Act, has been carried out for the Board by a firm of chartered accountants. Both audits are, by arrangement, complementary in character.

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

Operations—	Year ended 30.6.1960.		Year ended 30.6.1961.	
	£		£	
Tramways and Omnibuses .. .. .	Deficit	178,594	Deficit	127,291
Properties and Miscellaneous .. .. .	Surplus	33,934	Surplus	20,259
	Deficit	144,660	Deficit	107,032
Interest on Investment .. .. .		94,959		109,820
Result for year .. .. .	Deficit	49,701	Surplus	2,788

The improvement disclosed was due in part to the application for a full year of the rise in fares introduced on 6th March, 1960. Revenue for the year 1960-61 was greater by £210,448, which more than offset the increase of £157,959 in expenditure.

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

Provision for—	Year ended 30.6.1960.		Year ended 30.6.1961.	
	£		£	
Long Service Leave .. .. .		120,188		113,956
Retiring Gratuities .. .. .		216,215		198,319
Accrued Sick Leave .. .. .		11,528		3,454
Public Liability Claims .. .. .		73,441		77,830
		421,372		393,559

The provisions for long service leave, retiring gratuities, accrued sick leave and public liability claims approximated the amounts expended for these purposes during the year. This was consistent with the practice followed in the previous year.

The Board's balances as at the 30th June, 1960, and 1961, are summarized hereunder :—

30.6.1960.		30.6.1961.	
£		£	£
	Current Assets—		
15,383	Cash at Bank .. .. .	26,364	
34,360	Cash in Hand .. .. .	36,447	
200,583	Sundry Debtors .. .. .	182,811	
580,381	Stores on Hand and Work in Progress .. .. .	549,672	
830,707			795,294
	Payment in Advance—Bus Service Extensions .. .. .		80,000
	Fixed Assets—		
6,614,513	Permanent Way, Overhead Construction, Transmission Lines	6,926,319	
4,867,572	Rolling Stock .. .. .	4,885,776	
2,034,954	Land and Buildings .. .. .	2,067,084	
1,402,506	Plant, Furniture, and Fittings, &c. .. .. .	1,421,298	
14,919,545		15,300,477	
7,063,135	Less Provision for Depreciation .. .. .	7,548,898	
7,856,410			7,751,579
8,687,117	Carried forward .. .. .		8,626,873

30.6.1960.							30.6.1961.
£							£
8,687,117	Brought forward	..	..	..	..	..	8,626,873
963,385	Intangible Assets	..	..	..	..	997,150	
512,579	Less Provision for Amortization	..	..	..	..	531,847	
450,806							465,303
2,319,169	Investments	..	..	..	..	2,234,100	
7,593	Trust Account—Contractors' Deposits, &c.	..	..	..	..	8,917	
2,326,762							2,243,017
11,464,685	Total Assets	..	..	..	..	..	11,335,193
	Current Liabilities—						
291,786	Sundry Creditors	..	..	..	..	312,767	
34,088	Contractors' and other Deposits	..	..	..	..	31,113	
325,874							343,880
	Accrued Liabilities—						
146,685	Interest on Loans	..	..	..	..	145,176	
32,347	Other	..	..	..	..	34,803	
179,032							179,979
9,866,613	Loans	..	..	..	..	..	9,719,380
	Specific Provisions—						
100,000	Provision for Fire Damage	..	..	..	..	100,000	
160,000	„ „ Public Liability Claims	..	..	..	..	156,000	
250,000	„ „ Accrued Sick Leave	..	..	..	..	250,000	
762,660	„ „ Retiring Gratuities	..	..	..	..	762,660	
250,000	„ „ Long Service Leave	..	..	..	..	250,000	
15,000	„ „ Stores Obsolescence	..	..	..	..	15,000	
50,000	„ „ Future Bus Services, &c.	..	..	..	..	50,000	
1,587,660							1,583,660
11,959,179	Total Liabilities	..	..	..	..	..	11,826,899
	The excess of Liabilities over Assets is represented by—						
573,280	The Accumulated Deficit	..	..	..	..	570,492	
78,786	Less Commonwealth Grants for Tramlines constructed at its request					78,786	
494,494							491,706

The annual charge to operations for depreciation is calculated in accordance with accepted commercial practice. However, for certain asset groups, depreciation has now been over-provided, and an adjustment will be required. I have been informed that it is the intention to review, at an early date, all aspects of the Board's existing procedures in relation to depreciation.

The provision for depreciation and amortization is regarded as covering not only these two particular items but also the Board's sinking fund commitments and, in certain circumstances, its individual loan repayments. Supplementary records are kept by the Board to substantiate the Sinking Fund component of such provision. Details are:—

	30.6.1960.	30.6.1961.
	£	£
Provision for depreciation and amortization	6,903,923	7,355,045
Sinking Fund	*671,791	*725,700
Total Provision	7,575,714	8,080,745

\* NOTE.—Of the investments of the Board amounting to £2,234,100, as at 30th June, 1961, investments to the sum of £725,700 were accepted as being held on behalf of the Sinking Fund.

## MELBOURNE HARBOR TRUST.

Pursuant to the provisions of Section 119 of the Melbourne Harbor Trust Act, I am responsible for the annual audit of the receipts and disbursements of this Trust, but the Act does not require audit verification of the Trust's Revenue Account and Balance Sheet. It is my opinion that, in this respect, the existing provisions of the Act are inadequate and outmoded, when regard is had to the magnitude of the Trust's operations. Accordingly, I have suggested to the Trust that the scope of the audit by my Office should be extended to include the Revenue Account and Balance Sheet and that, with this in view, an appropriate legislative amendment might be sought by the Trust.

The officer of my staff who conducts the audit accepts, for the purposes of the audit, the continuous checking of receipts and vouching of disbursements performed by the Trust's auditors—a firm of chartered accountants. A summarized comparison of the receipts and disbursements for the years ended 31st December, 1959, and 1960, is given hereunder:—

1959.		1960.	
£		£	£
	Operational Receipts—		
1,789,748	Wharfage Rates .. .. .	2,102,248	
314,953	Tonnage Rates .. .. .	352,891	
192,322	Rent, &c., from Lands .. .. .	226,669	
95,964	Rent of Sheds .. .. .	102,269	
158,077	Special Berth and Appropriation Fees, &c. .. .. .	175,896	
41,950	Storage, Receiving and Delivery Fees .. .. .	44,072	
520,332	Crane Hire .. .. .	651,178	
3,150	Plant Hire .. .. .	531	
11,474	Towage .. .. .	21,124	
27,183	Cargo Lights .. .. .	27,969	
30,112	Sale, Electric Energy .. .. .	35,197	
94,218	Miscellaneous .. .. .	125,410	
<hr/>			
3,279,483			3,865,454
	Operational Disbursements—		
652,683	Management and General Expenses .. .. .	738,901	
591,682	Port Operating Expenses .. .. .	655,443	
439,185	Maintenance—Dredging and Properties .. .. .	580,491	
591,775	Interest .. .. .	645,789	
981	Loan Flotation Expenses .. .. .	955	
2,553	Damage to Trust Plant .. .. .	1,577	
7,146	Refunds of Revenue .. .. .	7,469	
<hr/>			
2,286,005		2,630,625	
	Appropriations—		
		£	
417,400	Consolidated Revenue .. .. .	495,662	
232,259	Sinking Fund .. .. .	180,509	676,171
<hr/>			
2,935,664			3,306,796
<hr/>			
343,819	Operational Surplus .. .. .		558,658
	Other Disbursements (net)—		
304,779	Investments .. .. .	404,892	
..	Employees' Housing .. .. .	4,097	
431	Miscellaneous .. .. .	11,718	
<hr/>			
305,210			420,707
	Other Receipts (net)—		
8,385	Sales Property, Plant, &c. .. .. .	13,635	
29,968	Sundry Debtors .. .. .	25,423	
37,619	Superannuation .. .. .	43,630	
17,544	Stocks of Materials .. .. .	22,477	
1,129	Employees' Housing .. .. .	..	
6,473	Suspense Account .. .. .	..	
<hr/>			
101,118			105,165
<hr/>			
204,092			315,542
<hr/>			
139,727	Carried forward .. .. .		243,116

1959.							1960.	
£							£	£
<u>139,727</u>	Brought forward	..	..	..	..	..	..	243,116
1,009,880	Loan Moneys received	..	..	..	..	..	1,339,000	
..	Less Loans Redeemed	..	..	..	..	..	<u>555,300</u>	
								783,700
<u>1,149,607</u>								<u>1,026,816</u>
<u>71,862</u>	Cash Overdrawn, 1st January	..	..	..	..	..	..	149,600
1,077,745	Available for New Works	..	..	..	..	..	..	877,216
<u>1,227,345</u>	New Works	..	..	..	..	..	..	<u>1,064,934</u>
<u>149,600</u>	Cash Overdrawn, 31st December	..	..	..	..	..	..	<u>187,718</u>

The loan liability increased by £366,049 to £14,199,060 at 31st December, 1960.



**METROPOLITAN FIRE BRIGADES BOARD.**

The audit for the year 1960-61 has been completed.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1960-61, the funds so provided were—Fire Insurance Companies, £1,077,604, and Municipalities, £538,806.

—	1957-58.	1958-59.	1959-60.	1960-61.
<i>Revenue.</i>				
Surplus from previous year .. .. .	£ 149,092	£ 16,529	£ 75,974	£ 55,198
Statutory contributions .. .. .	1,033,956	1,340,197	1,457,776	1,616,410
Other .. .. .	14,684	21,470	36,478	37,111
	1,197,732	1,378,196	1,570,228	1,708,719
<i>Expenditure.</i>				
Salaries, Wages, and Maintenance, &c. .. .. .	1,104,843	1,217,329	1,378,738	1,433,181
Loan Repayments .. .. .	8,447	8,116	9,716	9,191
Transfers to Funds and Interest on Loans .. .. .	67,913	76,777	126,576	143,482
	1,181,203	1,302,222	1,515,030	1,585,854
Surplus carried forward to next year .. .. .	16,529	75,974	55,198	122,865

The financial position of the Board as at 30th June, 1960, and 30th June, 1961, is summarized hereunder:—

30.6.1960.					30.6.1961.
£					£
	Source of Funds—				
	External—				
271,357	Loan liability .. .. .				322,166
21,104	Less unexpended .. .. .				17,810
250,253					304,356
	Internal—				
833,142	Excess of assets over liabilities .. .. .				960,526
	Funds .. .. .			1,182,465	
	Less invested on account of Superannuation and other Trust purposes .. .. .			979,019	
148,325					203,446
981,467					1,163,972
1,231,720					1,468,328
	Represented by—				
	Current Assets—				
48,045	Sundry Debtors and Advances .. .. .				47,654
75,506	Stock on Hand .. .. .				82,794
1,057	Work in progress .. .. .				191
124,608					130,639
	Less—				
	Current Liabilities—				
9	Sundry Creditors .. .. .			50	
100,694	Cash Deficit .. .. .			8,577	
100,703					8,627
23,905					122,012
234,741	Investments .. .. .				266,962
	Fixed Assets—				
704,395	Land and Buildings .. .. .				770,428
79,157	Plant, machinery, and equipment .. .. .				88,789
189,522	Rolling Stock .. .. .				220,137
973,074					1,079,354
1,231,720					1,468,328

### ONION MARKETING BOARD.

Final accounts in respect of the last complete pool period, that ended on 15th November, 1960, have been audited. Details of the operations in this and the previous pool period are :—

	Pool.	
	1959.	1960.
	tons.	tons.
Total Onions acquired .. .. .	16,919	16,115
	£	£
Proceeds from sales .. .. .	660,193	635,701
Administration and marketing expenses .. .. .	28,283	29,403
Payments to growers .. .. .	621,235	601,839
Amount undistributed .. .. .	9,309	4,459

The average return per ton to the growers was £36 14s. in 1959 and £37 7s. in 1960.

The tonnage of onions handled by the Board in 1960 was less than that in the previous year. However, favorable marketing conditions, associated with a reduction in competition from other States, resulted in the return to growers being higher than in 1959.

## PORTLAND HARBOR TRUST.

The audit of the accounts of the Trust to 30th June, 1961, has been completed. After taking into consideration a State contribution of £324,000 and the provisions for sinking fund and accruing long service leave there was a surplus of £71,208 on the year's operations. This compares with a deficit of £11,084 in 1959-60.

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

1959-60.								1960-61.		
£								£	£	
	<b>Operating Revenue—</b>									
36,338	Wharfage Rates	..	..	..	..	..	..	36,759		
4,698	Tonnage Rates	..	..	..	..	..	..	6,237		
1,655	Haulage	..	..	..	..	..	..	5,712		
165	Slipway Charges	..	..	..	..	..	..	115		
3,751	Shipping Services	..	..	..	..	..	..	6,150		
2,081	Rent	..	..	..	..	..	..	4,411		
<u>48,688</u>									<u>59,384</u>	
	<b>Operating Expenditure—</b>									
11,992	Administrative	..	..	..	..	..	..	18,629		
15,337	Maintenance	..	..	..	..	..	..	22,215		
3,434	Shipping Services	..	..	..	..	..	..	7,561		
648	Depreciation	..	..	..	..	..	..	582		
<u>31,411</u>									<u>48,987</u>	
<u>17,277</u>	<b>Net Operating Revenue</b>							..	<u>10,397</u>	
	<b>Non-operating Revenue—</b>									
5,482	Interest	..	..	..	..	..	..	3,049		
325	Licences	..	..	..	..	..	..	296		
26	Other	..	..	..	..	..	..	455		
<u>5,833</u>									<u>3,800</u>	
<u>23,110</u>									<u>14,197</u>	
	<b>Non-operating Expenditure—</b>									
201,838	Loan Interest	..	..	..	..	..	..	239,848		
2,984	Loan Flotation Expenses	..	..	..	..	..	..	2,959		
<u>204,822</u>									<u>242,807</u>	
<u>181,712</u>	<b>Excess of Expenditure over Revenue</b>							..	<u>228,610</u>	
	<b>Appropriations—</b>									
696	Long Service Leave	..	..	..	..	..	..	592		
21,476	Sinking Fund	..	..	..	..	..	..	23,590		
<u>22,172</u>									<u>24,182</u>	
203,884	<b>Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes</b>							..	<u>252,792</u>	
<u>192,800</u>									<u>324,000</u>	
11,084	<i>(Deficit)</i>	<b>Net Surplus or Deficit for year</b>					..	..	<i>(Surplus)</i>	<u>71,208</u>
<u>24,551</u>	<i>(Deficit)</i>	<b>Accumulated Surplus or Deficit at 30th June</b>					..	..	<i>(Surplus)</i>	<u>46,657</u>

Loan interest shown in the above statement relates only to the interest payable in respect of inscribed stock and debentures issued by the Trust. Section 30 of the *Portland Harbor Trust Act 1958*, requires the Trust to meet interest charges and National Debt Sinking Fund contributions in respect of advances made available by the Treasurer, but so far the Treasurer has approved of payment of these amounts being deferred. At 30th June, the amounts so deferred were interest, £344,464 and National Debt Sinking Fund contributions, £17,265.

## BALANCE-SHEET.

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

30.6.1960.		30.6.1961.	
£		£	£
55,779	Current Liabilities .. .. .	..	74,265
	Deferred Liabilities—		
5,000	Treasury Advance .. .. .	5,000	
5,800,560	Loan Funds .. .. .	6,477,122	
9,956	Other .. .. .	8,324	
<u>5,815,516</u>			<u>6,490,446</u>
	Funds of the Trust—		
90,097	Endowments .. .. .	79,289	
76,747	Sinking Fund .. .. .	103,658	
<u>166,844</u>		<u>182,947</u>	
24,551	Net Deficit ( <i>less</i> ) or Net Surplus ( <i>plus</i> ) .. .. .	<i>Surplus</i> 46,657	
<u>142,293</u>			<u>229,604</u>
<u>6,013,588</u>			<u>6,794,315</u>
	Current Assets—		
136,305	Cash .. .. .	14,520	
75,673	Stores .. .. .	83,531	
13,849	Other .. .. .	19,868	
		<u>117,919</u>	
182,747*	Investments .. .. .	..	*237,737
	Fixed Assets—		
86,745	Property Vested ( <i>less</i> written off) .. .. .	75,518	
1,672	Other ( <i>less</i> depreciation) .. .. .	4,540	
5,516,597	Construction Works .. .. .	6,358,601	
		<u>6,438,659</u>	
<u>6,013,588</u>			<u>6,794,315</u>

\* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1961, comprised Advances from the Treasurer, £1,852,260 (including £11,260 discount and expenses on loans) and £4,624,861 raised by the issue of Inscribed Stock and Debentures.

Deferred Liabilities do not include interest accrued on advances from the Treasurer. At 30th June, the amount involved was £344,464.

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

Stores consist of conventional goods to a value of £63,919, and subsidiary stores £19,612. Conventional stores have been checked selectively by the audit and are supported by a certificate of the Chief Storekeeper. Subsidiary stores cover the stockpiles of rock and aggregate at crushers.

Investments, £134,078, include funds not immediately required by the Trust and lodged with the Trust's bankers either for a fixed period or at call and specific investments on account of funds and provisions.

Funds up to the amount of the Sinking Fund created, are invested in suitable securities.

## PUBLIC TRUSTEE.

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

	30.6.1959.		30.6.1960.		30.6.1961.	
	£	%	£	%	£	%
Inscribed Stock .. .. .	1,946,450	41	1,691,450	35	1,768,550	33
Bank Deposit Stock .. .. .	..	..	210,000	4	350,000	7
Municipal Debentures .. .. .	946,363	20	852,067	18	755,158	14
Mortgages .. .. .	1,110,174	24	1,755,424	36	2,010,634	38
Loan to Co-operative Housing Society ..	179,969	4	167,969	3	167,969	3
Cash at Bank and in Hand .. .. .	501,700	11	175,898	4	260,032	5
	<u>4,684,656</u>	<u>100</u>	<u>4,852,808</u>	<u>100</u>	<u>5,312,343</u>	<u>100</u>

In addition to funds held in the Common Fund, the Public Trustee controls investments and property with a recorded value of £9,777,080 at 30th June, 1961.

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

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

Operations through the Suspense and Reserve Accounts for the financial years 1959-60 and 1960-61 were:—

## INTEREST SUSPENSE ACCOUNT.

1959-60.			1960-61.	
£			£	£
241,978	Income from investments .. .. .	..	..	277,317
	Appropriations—			
110,832	Interest allocated to estates .. .. .	..	..	136,865
9,000	Provision for interest payable to estates .. .. .	..	..	12,000
40,000	Estates Guarantee and Reserve Account .. .. .	..	..	50,000
82,146	Consolidated Revenue .. .. .	..	..	78,452
<u>241,978</u>				<u>277,317</u>

## ESTATES GUARANTEE AND RESERVE ACCOUNT.

1959-60.			1960-61.	
£				£
162,589	Balance at 1st July .. .. .	..	..	212,948
40,000	Transfer from Interest Suspense Account .. .. .	..	..	50,000
7,959	Interest credited on balance .. .. .	..	..	10,484
2,466	Capital profit from investments .. .. .	..	..	75
<u>213,014</u>				<u>273,507</u>
66	Less costs paid .. .. .	..	..	..
<u>212,948</u>	Balance at 30th June .. .. .	..	..	<u>273,507</u>

Moneys standing to the credit of the Reserve Account are invested as part of the Common Fund, and the account is credited with a share of the earnings of the Fund.

Receipts from the management of estates by way of fees and commission, as well as the interest contribution already mentioned, are paid into Consolidated Revenue from which operating expenses are met. On this basis the net result of operations for the year was a surplus of £12,676 compared with a surplus of £6,619 in the preceding year. Particulars are:—

1959-60. £	Receipts.	1960-61. £	1959-60. £	Payments.	1960-61. £
97,276	Fees and Commission .. .. .	115,552	144,198	Salaries, pay in lieu of long service leave, overtime and payroll tax	155,662
82,146	Surplus — Interest Suspense Account .. .. .	78,452	1,384	Publicity .. .. .	1,133
			15,000	Rent .. .. .	15,000
			12,221	Other expenses (net) .. .. .	9,533
			6,619	Surplus for the year .. .. .	12,676
<u>179,422</u>		<u>194,004</u>	<u>179,422</u>		<u>194,004</u>

The Public Trustee is the medium for the collection of amounts from various sources on account of Consolidated Revenue. Probate duty on estates which he administers is assessed and collected by him. He also receives amounts on account of maintenance of certain patients in public mental hospitals.

Amounts paid by the Public Trustee to Consolidated Revenue and to Treasury Trust Fund from all sources during the last three years were—

	1958-59.	1959-60.	1960-61.
Consolidated Revenue—	£	£	£
Fees and Commission .. .. .	108,249	97,276	115,552
Probate Duty .. .. .	102,713	103,797	148,685
Surplus from Interest Suspense Account .. .. .	52,647	82,146	78,452
Maintenance—Patients in Mental Hospitals .. .. .	243,738	43,168	29,487
Stationery, Postages recouped .. .. .	3,473	4,238	4,888
Sundry Receipts .. .. .	822	..	1,918
	<u>511,642</u>	<u>330,625</u>	<u>378,982</u>
Transfer to Treasury Trust Fund—			
Unclaimed Moneys—after 6 years .. .. .	19,308	10,135	56,257
Unpresented cheques, &c. .. .. .	526	485	1,477
	<u>19,834</u>	<u>10,620</u>	<u>57,734</u>

## RURAL FINANCE CORPORATION.

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

In accordance with the Act, a profit and loss account for the financial year ended 30th June, 1961, and a balance-sheet as at that date were prepared. The operating profit was £94,914 as compared with £86,588 in the preceding year.

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

All repayments of advances are credited to the Fund. Where interest is payable by a farmer in respect of an advance, such interest forms part of the Corporation's income. Interest receivable by the Corporation under this heading and included in the year's revenue totalled £10,907.

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

	£	£
Grants from Commonwealth Government .. .. .	..	2,392,000*
<i>Add</i> Amounts received from farmers to 30th June, 1960 .. .. .	2,758,691	
Repayments of advances, 1st July, 1960, to 30th June, 1961 .. .. .	86,772	
	—————	2,845,463†
		5,237,463
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1960 .. .. .	3,613,941	
Payments <i>re</i> debt adjustment 1st July, 1960, to 30th June, 1961 .. .. .	22,039	
	—————	3,635,980
Unexpended balance 30th June, 1961 .. .. .	..	1,601,483

\* Of the advances from this amount, £50,356 (Net) has been written off as bad debts.

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

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

*Loans under Part III.*—Loans made during the year totalled £1,599,364. At the close of the year, £8,602,106 was held by borrowers of which £6,474,003 was held in respect of primary industries and £2,128,103 on account of secondary industries.





## The funds were applied as follows:—

30.6.1960.		30.6.1961.
£		£            £
	Loans and Advances—	
7,898,404	Loans under Part III.— <i>Rural Finance Corporation Act 1958</i> ..	8,602,106
814,590	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Corporation Act 1958</i> .. .. .	749,863
17,680	Advances under <i>Farmers Debts Adjustment Act 1943</i> .. .. .	13,249
		————— 9,365,218
148,020	Interest Due and Accrued .. .. .	147,935
	Cash held at Treasury—	
1,536,750	Rural Rehabilitation Fund .. .. .	1,601,483
707	National Debt Sinking Fund .. .. .	885
		————— 1,602,368
	Fixed Assets—	
4,289	Furniture and Office Equipment <i>less</i> Depreciation .. .. .	3,688
844	Motor Cars <i>less</i> Depreciation .. .. .	1,400
		————— 5,088
209	Charges paid in Advance .. .. .	197
	Cash—	
53,494	At bank and in hand .. .. .	106,118
160,000	Cash at Call .. .. .	..
		————— 106,118
	Investments (at cost)—	
14,595	Long Service Leave Provision .. .. .	16,572
149,319	General Reserve .. .. .	179,207
15,500	Superannuation Reserve .. .. .	21,500
		————— 217,279
10,814,401		11,444,203

Interest due and accrued, £147,935, shown in the preceding summary, comprised interest due, £88,656, and interest accrued, £59,279.

Included in the amount of £88,656—Interest due—is a sum of £32,676 representing the interest arrears of a company engaged in Secondary Industry. As mentioned in my previous report, this company was in arrears as at 30th June, 1960, to the extent of £43,961 on account of interest, and £44,000 on account of instalments of principal. During 1960–61, £23,000 was received from the company and applied by the Corporation towards meeting current interest, £10,841, arrears of interest, £11,285, and reduction of arrears of principal, £874. This apportionment was the result of a concession, granted by the Corporation, to operate for four six-monthly periods commencing on 1st January, 1961. As a result, by 30th June, 1961, the company's arrears on account of interest had been reduced to £32,676, and in respect of principal, had increased to £51,126.

The several loans to the company mature on 31st December, 1962, when the position is to be further reviewed.

The purpose of the Reserve Fund (£393,415) is to meet any loss or deficiency incurred in the course of the business of lending money. So far as practicable, this fund is to be invested in government securities or placed on deposit in a bank—presumably so that the funded amount will be available should such a loss or deficiency occur.

*Government Agency Department.*—Operations in this Department during the year 1960–61 were :—

Receipts—	£	£	£
Treasurer of Victoria—			
From Loan Fund .. .. .	65,800		
Decentralization Fund .. .. .	200		
	<u>        </u>	66,000	
From borrowers—			
Repayments of Principal .. .. .	49,801		
Interest on Advances .. .. .	14,419		
	<u>        </u>	64,220	
<i>Add</i> Cash at Bank—1st July, 1960 .. .. .	..	..	130,220
			<u>        </u>
			6,142
			<u>        </u>
			136,362
<i>Less</i> Payments—			
Advances to Settlers—			
Goulburn Valley (Rehabilitation of Peach Growers) .. .. .	2,475		
Sunraysia District (Capital Improvements and Replacements) .. .. .	8,503		
Secondary Industries .. .. .	16,350		
Lake Corangamite Area (Flood Relief) .. .. .	18,980		
Tresco District (Hail Damage Relief) .. .. .	10,368		
Sunraysia District (Hail Damage Relief) .. .. .	13,550		
Anderson's Inlet (Tidal Flooding) .. .. .	1,900		
	<u>        </u>	72,126	
Treasurer of Victoria—Instalments of Principal and Interest .. .. .	..	64,220	
		<u>        </u>	136,346
Cash at Bank—30th June, 1961 .. .. .	..	..	16
			<u>        </u>

## SEED BEANS MARKETING BOARD.

Due to a dislocation of the Board's staffing arrangements, the books and accounts for the year ended 29th February, 1960, were not written up in time to be audited and commented on by me in my report for the year ended 30th June, 1960.

The fifth accounting period which extended from 1st March, 1958, to 28th February, 1959, was the last made under the provisions of Act No. 6304. Operations in respect of this and the preceding pool have not yet been completed. Transactions in relation to each pool for the two years ended 28th February, 1961, are reviewed hereunder:—

Stock Movements:—

	No. 4 Pool Bushels.		No. 5 Pool Bushels.	
	1959-60.	1960-61.	1959-60.	1960-61.
Stocks on hand at 1st March .. .. .	11,195	8,558	2,027	1,852
Sales for the year .. .. .	2,637	2,600	175	571
Stocks on hand at 29th February, 1960 .. .. .	8,558	..	1,852	..
Stocks on hand at 28th February, 1961 .. .. .	..	5,958	..	1,281
	£	£	£	£
Valuation of stocks at 29th February, 1960 .. .. .	12,838	..	2,778	..
Valuation of stocks at 28th February, 1961 .. .. .	..	7,448	..	1,601

Financial transactions during the two years were —

No. 4 Pool—	1959-60.		1960-61.	
	£	£	£	£
Excess of Income over Expenditure to 1st March	99,473	..	99,265	..
Proceeds of Sales in excess of stock valuations ..	1,579	..	683	..
	..	101,052	..	99,948
<i>Less:—</i>				
Handling charges, storages, &c .. .. .	676	..	74	..
Administration .. .. .	1,111	..	581	..
Writing down of Stock Valuation .. .. .	..	..	1,490	..
	..	1,787	..	2,145
Excess of Income over Expenditure to 29th February .. .. .	..	99,265	..	..
Excess of Income over Expenditure to 28th February .. .. .	..	..	..	97,803

Advances to growers from 1st March, 1957, to 28th February, 1961, on account of deliveries amounted to £96,230.

	1959-60.		1960-61.	
	£	£	£	£
Excess of Income over Expenditure to 1st March ..	5,653	..	4,721	..
Proceeds of Sales in excess of stock valuations ..	661	..	903	..
	..	6,314	..	5,624
<i>Less:—</i>				
Handling charges, loss on sacks, &c. .. .. .	166	..	60	..
Administration .. .. .	502	..	361	..
Writing down of Stock Valuation .. .. .	925	..	321	..
Loss in Weight .. .. .	..	..	6	..
	..	1,593	..	748
Excess of Income over Expenditure to 29th February .. .. .	..	4,721	..	..
Excess of Income over Expenditure to 28th February .. .. .	..	..	..	4,876

No advances to growers were approved or paid in respect of this pool.

Operation of the Board during the period ended 28th February, 1961, was confined to an attempt to dispose of substantial stocks of bean seed in both No. 4 and No. 5 pools. Finality in both pools is dependent upon the determination by the Board of "payments" within the meaning of Section 25 of Act No. 6304 after disposal of stocks on hand. Due to the deterioration of these stocks for seed purposes, sales effected have been primarily for culinary purposes at considerably reduced prices.

## THE STATE SUPERANNUATION BOARD.

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

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

—	Year Ended 30th June, 1959.	Year Ended 30th June, 1960.	Year Ended 30th June, 1961.
<i>Receipts.</i>	£	£	£
Balance (including investments) .. .. .	26,777,299	29,560,628	32,548,454
Contributions from officers (Net) .. .. .	2,407,974	2,572,784	2,294,928
Contributions from Consolidated Revenue .. .. .	3,190,979	3,597,850	3,818,368
Interest .. .. .	1,286,018	1,463,465	1,641,346
Underwriting Commission .. .. .	6,000	7,237	9,711
Advance from State Treasury .. .. .	..	..	600,000
	33,668,270	37,201,964	40,912,807
<i>Disbursements.</i>			
Pensions .. .. .	4,101,740	4,650,233	4,935,797
Endowment Assurances .. .. .	447	491	233
Assurance Premiums (Net) .. .. .	618	725	207
Lump Sum Payments (Limited Contributors) .. .. .	4,837	2,061	5,927
	4,107,642	4,653,510	4,942,164
The Balance was .. .. .	29,560,628	32,548,454	35,970,643
Of which there was invested .. .. .	29,560,327	32,548,170	*35,970,328
Leaving a cash balance of .. .. .	301	284	315

\* Face value of Investments, £35,795,775.

Receipts for the year, including an amount of £600,000 advanced to the Board by the State Treasury, exceeded disbursements by £3,422,188. Net investments amounted to £3,422,157, and the cash balance at the close of the year was £315.

Gross contributions received from officers in the year were in excess of the comparable figure for the previous year by £159,228, but, as "Contributions Refunded" increased by £437,081, net receipts from this source were, as indicated, £277,856 less than in 1959–60.

The substantial increase in "Contributions Refunded" was due largely to the refunds made under the *Superannuation (Railway Service) Act* 1961. Railway officers were given the opportunity, under the provisions of this Act, of reducing the number of units of pension for which they were contributing, and to be refunded the actuarial reserve of contributions made in respect of the units relinquished. Officers exercising their right under this legislation will not be permitted to contribute for any number of units in excess of four while remaining in the railway service.

To enable the Superannuation Board to meet its commitment for refunds under the afore-mentioned legislation without disturbance of its current investment programme, an advance of £600,000 was obtained from the State Treasury. Interest is payable on this advance at the long term Commonwealth Bond rate, at present  $5\frac{3}{8}$  per cent., but no redemption date has been fixed. As security therefor, transfers were executed by the Board and lodged with the Treasury in favour of the Treasurer of Victoria in respect of the following stock inscribed in the name of the Board:—

	£
State Electricity Commission Inscribed Stock $4\frac{1}{8}$ per cent. maturing 1st February, 1962 .. .. .	100,000
State Electricity Commission Inscribed Stock $3\frac{5}{8}$ per cent. maturing 1st April, 1962 .. .. .	250,000
State Electricity Commission Inscribed Stock $3\frac{5}{8}$ per cent. maturing 1st April, 1962 .. .. .	250,000
	600,000

Consolidated Revenue contributions to the Fund rose by £220,518. The Government contribution is made as a recoup of the revenue proportion of pensions paid and is, therefore, directly related to the aggregate amount of pensions paid in the year. Due mainly to the increasing average number of units of superannuation to which officers are entitled on retirement and increases granted to certain pensioners, pension payments increased by £285,564 and there was a commensurate increase in the Government contribution.

All funds held by the Board in excess of current requirements for the payment of pensions and refunds of contributions, &c., are invested in authorized securities. Investments were increased by £2,987,843 in 1959-60 and a further £3,422,157 was invested during 1960-61. These substantial increases in the investments mainly accounted for the increase of £177,881 in interest earned by the fund during 1960-61.

*Married Women Teachers' Pensions Fund.*—The *Teaching Service Act* 1958 provides that any woman in permanent employment in the teaching service who marries may elect to continue in permanent employment and, further, that any married woman who has at any time been in the employment of the teaching service, or of any other teaching service approved by the Tribunal, may apply to the Tribunal for appointment to permanent employment in the teaching service.

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

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

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

	£	£
Balance brought forward (including investments) .. .. .	..	76,079
Receipts—		
Contributions from Teachers .. .. .	..	15,336
Contribution from Consolidated Revenue .. .. .	..	15,126
Interest on Investments .. .. .	..	3,714
		<hr/>
Funds Available .. .. .	..	110,255
		<hr/>
Payments—		
Contributions Refunded—		
Teachers .. .. .	..	1,734
Consolidated Revenue .. .. .	..	1,445
		<hr/>
Lump Sum Payment.. .. .	..	3,179
Interest on Contributions Refunded .. .. .	..	838
		<hr/>
Total Payments .. .. .	..	4,148
		<hr/>
Leaving a Balance of .. .. .	..	106,107
Of which was Invested .. .. .	..	*106,099
		<hr/>
Leaving a Cash Balance of .. .. .	..	8
		<hr/>

\* Face value of Investments, £106,570.

## VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1961, is in course, and the figures given below are subject to the completion thereof.

Transactions for 1960-61 resulted in a loss of £21,055 as compared with a profit of £1,966 in 1959-60. A summarized statement of trading operations for the two years is as follows:—

REVENUE.		1959-60.	1960-61.
£	Sales—		£
488,561	Meat, Offal and By-products .. .. .		439,643
34,056	Hides, Skins and Wool .. .. .		23,641
379,792	Storage, Treatment and General Receipts .. .. .		320,724
..	Stock Increase .. .. .		1,634
<hr/>			
902,409			785,642
2,092	Interest on Investments .. .. .		1,814
153,914	Inter-departmental Transactions .. .. .		162,979
<hr/>			
1,058,415			950,435
..	Loss .. .. .		21,055
<hr/>			
1,058,415			971,490
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EXPENDITURE.			
213,955	Purchases of Livestock and Meat .. .. .		197,203
581,093	Working Expenses—Wages, Fuel, Freight, Stores, &c. .. .. .		497,143
37,940	General Expenses—Rent, Rates, Pay-roll Tax, &c. .. .. .		39,352
23,054	Administration—Head Office, Salaries, &c. .. .. .		23,623
20,082	Depreciation .. .. .		23,569
788	Stock Decrease at 30th June, 1960 .. .. .		..
<hr/>			
876,912			780,890
25,623	Interest—Government of Victoria .. .. .		27,621
153,914	Inter-departmental Transactions .. .. .		162,979
<hr/>			
1,056,449			971,490
1,966*	Profit .. .. .		..
<hr/>			
1,058,415			971,490
<hr/>			

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

As a result of the high prices of livestock, the demand for beef for local use and for export declined and the weight of meat treated at the works of the Authority in 1960-61 was roundly 8½ million pounds less than in 1959-60. This marked reduction in the quantity of meat treated was the principal factor contributing to the adverse trading result for the year.

Variations in balance-sheet items over the past three years may be seen in the summary hereunder :—

	At 30th June		
	1959.	1960.	1961.
	£	£	£
Current Liabilities .. .. .	132,317	138,435	144,400
Loan for Fixed Assets .. .. .	524,659	556,659	681,075
Capital .. .. .	290,034	290,034	290,034
Profits and Reserves .. .. .	3,495	12,392	..
	950,505	997,520	1,115,509
Current Assets .. .. .	154,755	158,478	134,903
Fixed Assets <i>less</i> Depreciation .. .. .	795,750	839,042	974,008
Losses <i>less</i> Reserves .. .. .	..	..	6,598
	950,505	997,520	1,115,509

The State has continued to provide working capital for the Authority and to 30th June, 1961, the total advanced for this purpose was £112,499.

Reference was made in previous reports to the temporary financial accommodation provided by the Commonwealth Bank on the security of the current assets of the Authority and a government guarantee limited to £50,000. It was necessary, in 1960-61, for the Authority to obtain temporary finance under this arrangement for short periods only.

At the close of the year the Authority's loan liability to the State on account of fixed assets was £681,075.

#### ACKNOWLEDGMENT.

In conclusion, I wish to express my appreciation of the helpful co-operation which the members and staff of the several Authorities referred to herein have accorded my officers in the conduct of their respective audits. My thanks are also due to the Government Printer and his staff who, through their efforts, have facilitated the prompt presentation of this and my earlier Report upon the Treasurer's Accounts.

R. W. GILLARD,  
Auditor-General.

Melbourne, 27th October, 1961.

## APPENDIX " A ".

Case laid before Solicitor-General for opinion in respect of certain water charges made by the Melbourne and Metropolitan Board of Works in 1959-60.

In the first instance, the Crown Solicitor's opinion was sought by me as to the legality of the Board's action in making charges in 1959-60, for water supplied, in terms of paragraph (c) of clause 2 of By-law No. 77 which was not promulgated until 29th June, 1960.

Details of the case as stated by me are set out fully by the Crown Solicitor in his Opinion, a copy of which is given hereunder:—

## CROWN SOLICITOR'S OPINION.

*re* legality of charges made by the Melbourne and Metropolitan Board of Works for excess water—*Melbourne and Metropolitan Board of Works Act 1958.*

1. The Auditor-General has come to the conclusion that the charges made by the Melbourne and Metropolitan Board of Works for water supplied in 1959-60 by measurement in the metropolis in all cases other than dealt with in paragraphs (b), (c), (d) and (e) of Clause 10 of By-law No. 56 are not legally justifiable and has sought my advice on the matter.

Shortly he says that the " minimum quantity " should have been supplied at the rate of One shilling per thousand gallons and the balance at the rate of One shilling and sixpence per thousand gallons whereas the whole quantity was charged for at the rate of One shilling and sixpence per thousand gallons.

In advising it will be necessary to set out in some detail the relevant legislation including by-laws as it existed throughout the year commencing on 1st July, 1959, and as it was amended up to 30th June, 1960.

2. Prior to 12th August, 1959, upon which date the *Melbourne and Metropolitan Board of Works (Amendment) Act 1959* (hereinafter called " the Amending Act ") came into operation the relevant provisions of the *Melbourne and Metropolitan Board of Works Act 1958* (hereinafter called " the Principal Act ") and of the by-laws made thereunder in relation to charging for the supply of water by measurement to lands and tenements in the metropolis were as follows:—

(a) Section 111 of the Principal Act authorized the Board to make by-laws for any of the following purposes (*inter alia*):—

For determining the rate to be paid for the several lands and tenements to be supplied otherwise than by measure with water for domestic purposes ;

For making and levying such rate ;

For fixing a scale of charges for water supplied by measure and a minimum quantity of water to be charged for in cases where water is so supplied ;

For imposing payment and collection of charges and determining the time at which any charge for water shall be payable whether in advance or otherwise.

(b) Pursuant to the corresponding previous enactment to Section 111, By-law No. 56 was made and passed by the Board and published in the *Government Gazette* of 17th December, 1952, at pp. 7145 to 7163.

Clause 3 sets out the water rate which had been made and determined for the lands and tenements to be supplied with water otherwise than by measurement.

Clause 10 (a) as far as is relevant reads as follows:—

" Water supplied in any one year by the Board by measure in the metropolis . . . . . shall be charged for at the rate of One shilling per thousand gallons until the quantity so supplied equals the quantity which at such rate would produce an amount equal to the amount of the water rate which under the Board's Acts and By-laws would be payable for the lands and tenements to which the water is supplied if it were supplied otherwise than by measure and thereafter during such year at the rate of One shilling and sixpence per thousand gallons."

Clause 11 as far as is relevant reads as follows:—

" (a) The minimum quantity of water to be charged for by measure where water is supplied to any lands and tenements by measure shall be the quantity which at One shilling per thousand gallons would produce an amount equal to the amount of the water rate which under the Board's Acts and By-laws would be payable for the said lands and tenements if so supplied otherwise than by measure ;

(b) The charge for the minimum quantity as aforesaid shall be at the rate set out in Clause 10 hereof ;

(c) The charge for the minimum quantity as aforesaid shall become payable in advance by equal payments on the first day of July and the first day of January next succeeding ;"



- (c) Section 98 of the Principal Act empowers the Board to make and levy rates in accordance with the provisions of Part II. of the Act.

Section 99 reads as follows :—

“ 99. Notwithstanding anything in any Act contained—

- (a) the rate to be paid for any tenements for the supply of water for domestic purposes otherwise than by measure shall be a rate not exceeding Eightpence in the pound of the net annual value or (as the case may be) the annual value of the lands and tenements provided that it shall not in any case be less than Ten shillings per annum ; and
- (b) the minimum quantity of water to be charged for by measurement where water is supplied to any lands and tenements by measure shall be the quantity which at One shilling per thousand gallons would produce an amount equal to the amount of the water rate which under this Act would be payable for the said lands and tenements if so supplied otherwise than by measure.”

3. The practice of the Board is to measure between August and April, quantities of water used by each consumer supplied by measure so that the measurements in regard to each consumer would be taken at or about the same date each year, to render accounts for minimum quantities in or shortly after August of each year, and to render accounts for water used in excess of minimum quantities as soon as possible after the meters had been read. It would therefore appear that as regards water supplied the year would differ for different consumers depending on the dates upon which the meters were read.

4. The scheme therefore was to charge those who received water by measure for a minimum quantity which was determined by ascertaining what amount would be payable by way of rates if the water had been supplied otherwise than by measure reducing that amount to shillings and multiplying the number so obtained by one thousand gallons of water. If the quantity of water so calculated was greater than or equal to the quantity of water supplied then the amount which would have been payable for rates as aforesaid would be the only amount payable. If the quantity of water so calculated was less than the quantity supplied then the difference would be charged at the rate of one shilling and sixpence per thousand gallons.

The charging provision was clause 10 (a) of By-law No. 56 and the provision fixing the minimum quantity was clause 11 (a) which repeated the language of Section 99 (b).

5. The amending Act which came into operation on 12th August, 1959, made certain amendments to the Principal Act and at or about that date the Board made and passed a new water rate. On 31st May, 1960, the Board made and passed By-law No. 77 which amended By-law No. 56. This amending By-law was published in the *Government Gazette* of 29th June, 1960. Accounts were rendered by the Board for excess water before the making of this By-law but such accounts were made up on the same basis as they would have been had By-law No. 77 come into operation prior to the water being supplied.

It is necessary to consider the amendments made by the Amending Act and by By-law No. 77 in order to determine whether the Board was justified in so charging for water supplied.

6. (a) The Amending Act substituted a new Section 76 for that section as it originally appeared in the Principal Act.

That section reads as follows :—

“ 76. Subject to this Part the Board may supply any person with water for any purpose by measure. Save as is otherwise expressly provided in respect of lands and tenements which are not rateable property, water shall be so supplied by the Board for such charges and upon such terms and subject to such conditions as are prescribed by by-laws of the Board for the time being in force (whether made before or after the commencement of the Melbourne and Metropolitan Board of Works (Amendment) Act 1959) and every person to whom and the owner and occupier of any lands and tenements to which water is so supplied by the Board shall be deemed to have agreed to the charges terms and conditions so prescribed and in force when the water is so supplied.”

The only relevant effect of this provision in the circumstances as they existed until 29th June, 1960, was to make applicable the charges and terms and conditions as extant in clauses 10 (a) and 11 (a) of By-law No. 56.

(b) Section 11 (2) of the Amending Act is a new sub-section. It reads as follows :—

“ All by-laws in respect of charges made pursuant to Section 111 of the Principal Act as in force before the commencement of this Act (i.e., 12th August, 1959) shall under and subject to this Act continue in respect of rateable property to have the same status operation and effect as they had immediately before the said commencement.”

There is nothing in the Amending Act to limit the operation of By-law No. 56 so this sub-section makes it clear that clauses 10 (a) and 11 (a) of that By-law were of full force and effect after the commencement of the Amending Act.

(c) Section 99 (b) of the Principal Act provided for a minimum quantity of water to be charged for where water is supplied to any lands and tenements by measure.

The Amending Act repealed this provision and substituted a new provision as follows :—

“(b) the minimum amount to be charged where water is supplied by measure to any lands and tenements being rateable property shall be the amount which would be payable under this Act as a water rate in respect of the said lands and tenements if those lands and tenements were supplied with water otherwise than by measure.”

This provision only deals with the minimum amount to be charged and says nothing about the quantity of water to be supplied for that minimum amount. For that we are thrown back to By-law No. 56.

(d) At about this time a new water rate was made by the Board. I think it was the same as the one extant under By-law No. 56 as amended up to that time, but in any event it cannot increase the amount to be paid per thousand gallons of water forming part of the minimum quantity of water. This remains at One shilling per thousand gallons by virtue of By-law No. 56.

(e) The amendments affected to By-law No. 56 by By-law No. 77 included—

(i) repeal of clause 3. (It will be recalled that this clause made and determined the rate, and that on or about 12th August, 1959, the Board had made and determined a fresh water rate).

(ii) For clause 10 (a) the following clause 10 (a) was substituted :—

“ 10. (a) Water supplied by the Board by measure in the metropolis other than to shipping at wharves and piers shall be charged for at the rate of One shilling and sixpence per thousand gallons.”

(iii) For clause 11 a new clause 11 was substituted and the relevant parts of this clause are set out hereunder :—

“ 11. (a) The minimum amount to be charged where water is supplied by measure to any lands and tenements being rateable property shall be the amount which would be payable under the *Melbourne and Metropolitan Board of Works Act 1958* as amended by any subsequent Act as a water rate if such lands and tenements were supplied with water otherwise than by measure, provided that such minimum amount shall not in any case be less than Thirty shillings per annum.

(b) The said minimum amount shall be payable in advance by two equal payments on such days as the Board by notice requires.”

7. It is thus seen that the by-law is the charging provision and that a charge made in accordance with By-law No. 56 as amended by By-law No. 77 would involve the owner or occupier in paying One shilling and sixpence for every thousand gallons of water used whereas under By-law No. 56 before it was so amended such person was only required to pay at the rate of One shilling per thousand gallons until he had received the minimum quantity and thereafter at the rate of One shilling and sixpence per thousand gallons.

8. Section 241 of the Principal Act provides (*inter alia*) that “ all by-laws made under the Act shall be published in the *Government Gazette* and shall not take effect unless and until they have been so published . . . .” As By-law No. 77 was published in the *Government Gazette* of 29th June, 1960, it did not take effect until that date.

9. The Board has charged for water for the period 1959–1960 on the basis that By-law No. 77 was in operation for that period. The By-law was not in operation at all during the supply period, i.e., a period commencing on some date between August, 1958, and April, 1959, and ending on or about that date in the following year. During that period water could only be charged for in accordance with By-law No. 56 as it appeared before it was amended by By-law No. 77.

10. I therefore agree with the contention of the Auditor-General.

THOMAS F. MORNANE,

Crown Solicitor.

The Auditor-General.

A copy of the Crown Solicitor's Opinion was furnished to the Melbourne and Metropolitan Board of Works and was reviewed by the Board's Solicitor who expressed conflicting views on certain aspects of the question. In the circumstances and on the suggestion of the Crown Solicitor, I submitted the matter for the opinion of the Solicitor-General. A copy of his Opinion is furnished below :—

### SOLICITOR-GENERAL'S OPINION.

28th November, 1960.

*Memorandum for the Crown Solicitor.*

#### EXCESS WATER CHARGES—MELBOURNE AND METROPOLITAN BOARD OF WORKS.

I refer to the letter of the 28th October, 1960, of the Auditor-General requesting my opinion concerning the legality of certain charges for excess water made by the Melbourne and Metropolitan Board of Works in respect of the year 1959–60.

I have read and considered the views expressed in the Crown Solicitor's Opinion dated the 16th October, and likewise those expressed in the letter of the 26th October, of the Board's Solicitor.

I am in agreement with the conclusion expressed by the Crown Solicitor.

At the commencement of the period in question the governing provisions were those contained in the 1958 Act and the Board's By-law No. 56. In particular, clauses 10 (a) and 11 of the By-law constituted the charging provisions governing the amount to be paid for water supplied.

The Amending Act, No. 6536 of 1959, which came into operation on the 12th August, 1959, substituted a new minimum charge provision for that contained in Section 99 (b) of the Principal Act.

It also substituted a new Section 76 which, *inter alia*, expressly continued the charges prescribed by the Board's existing by-laws, and then provided that the occupier "shall be deemed to have agreed to the charges, terms and conditions, so prescribed and *in force when the water is supplied.*"

In my opinion the new Section 99 (b) did not govern, and did not purport to govern, the over-all or complete amount to be charged for water supplied. It prescribed only the amount of the minimum charge to be made. The basic charging provision, in my opinion was, and remained, that contained in Clause 10 (a) of By-law No. 56. As indicated above, the substituted Section 76 expressly continued the operation of that By-law, and I can see nothing in the substituted Section 99 (b) which could in any way affect the continued operation of Clause 10 (a).

For the foregoing reasons I am of opinion that Clause 10 (a) of By-law No. 56 operated to govern the charge for water supplied at least until the 29th June, 1960, when By-law No. 77 came into operation and amended Clause 10 (a) of By-law No. 56. This means that in my view so far as the year 1959-60 was concerned, the charges for water supplied were governed by Clause 10 (a) of By-law No. 56, and not by that clause as amended by By-law No. 77.

So far as the current year is concerned a different position may apply. For water supplied since the 29th June, 1960, the charge would appear to be governed by Clause 10 (a) as amended by By-law No. 77, although for water supplied in the current year prior to that date, the substituted Section 76 appears to provide expressly that the governing charge is that prescribed by the By-law *in force when the water was supplied.* As I understand the facts that would be Clause 10 (a) of By-law No. 56.

H. A. WINNEKE,  
Solicitor-General.