

1962
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VICTORIA

SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1962

Ordered by the Legislative Assembly to be printed, 31st October, 1962.

By Authority:

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INDEX

	PAGE
Cancer Institute	3
Coal Mine Workers Pensions Tribunal	5
Country Fire Authority	6
Egg and Egg Pulp Marketing Board	8
Electricity Commission	10
Gas and Fuel Corporation	18
Geelong Harbor Trust	22
Grain Elevators Board	24
Home Finance Trust	26
Housing	27
Latrobe Valley Water and Sewerage Board	33
Local Authorities Superannuation Board	35
Maize Marketing Board	38
Melbourne and Metropolitan Board of Works	39
Melbourne and Metropolitan Tramways Board	44
Melbourne Harbor Trust	47
Metropolitan Fire Brigades Board	49
Onion Marketing Board	50
Portland Harbor Trust	51
Public Trustee	53
Rural Finance and Settlement Commission—Finance Branch	55
Seed Beans Marketing Board	59
Superannuation Board	60
Victorian Inland Meat Authority	62

REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT PRESENTED ON 16TH OCTOBER, 1962 IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1962.

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, generally, in such cases, 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 the *Cancer Act* 1958. 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, 1962, totalled £643,000.

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

1960-61. £		1961-62. £
443,273	Medical Departments	478,463
43,658	Catering	44,545
35,594	Housekeeping	38,266
39,606	Engineer's Department	42,174
22,678	Tasmanian Services	21,471
21,345	Transport	21,571
18,987	Laundry	18,161
89,441	Administration	91,372
957	Miscellaneous	555
715,539		756,578

The revenue for the past two years was :—

630,000	Government Grant	643,000
944	Donations	981
22,479	Recoup by Tasmanian Government	21,632
8,400	Charges for Treatment of Doctors' Private Patients	9,028
15,234	Pharmaceutical Benefits	18,996
10,925	Hospital Benefits	11,316
51,166	Patients' Fees	59,831
1,913	Home Nursing Subsidy	4,807
2,262	Miscellaneous	3,179
743,323		772,770

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, 1961 and 1962.

The Liabilities and Funds of the Board were :—

30.6.1961.		30.6.1962.
£		£ £
	Current Liabilities—	
35,736	Creditors	44,333
	Deferred Liability—	
150,000	Anti-Cancer Council	120,000
	Funds—	
81,706	Maintenance Fund	98,029
84,109	Depreciation Fund	86,826
58,940	Other Funds (including various bequests)	38,316
		<u>223,171</u>
	Capital—	
1,446,819	Loan Fund—Act No. 6213.	1,641,878
44,685	Queen Victoria Hospital, donors, &c.	82,176
		<u>1,724,054</u>
<u>1,901,995</u>		<u>2,111,558</u>

The Assets were :—

30.6.1961.		30.6.1962.
£		£ £
	Current Assets—	
46,418	Cash at Bank	66,039
16,966	Debtors and Prepayments	23,467
25,457	Stores and Materials on Hand	25,807
		<u>115,313</u>
	Investments—	
84,109	Depreciation Fund	86,826
57,607	Other Funds	35,980
		<u>122,806</u>
	Fixed Assets at cost—	
1,189,892	Buildings and Improvements	1,339,434
17,606	Motor Cars	19,209
29,226	Furniture and Furnishings	30,440
414,743	Equipment	462,108
		<u>1,851,191</u>
19,971	Loss on disposal of assets	22,248
<u>1,901,995</u>		<u>2,111,558</u>

COAL MINE WORKERS PENSIONS TRIBUNAL.

The Tribunal was constituted in 1943. An annual sum, determined actuarially and collected on a specified basis from the mine owners, mine workers and the State, is 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. However, the contributions were not assessed on the basis of the Actuary's new estimate (£88,500) until 1st June, 1960, from which date the method of determining the respective amounts payable by the parties concerned was varied under the authority of the *Coal Mines (Pensions Contributions) Act 1960*. Further, the weekly pension rates were increased by 7s. 6d. from 9th October, 1959, by 5s. from 7th October, 1960, and again by 5s. from 6th October, 1961.

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

INCOME.		1960-61.	1961-62.
		£	£
Contributions—Acts Nos. 6221/6622—			
40,121	Government		40,542
39,773	Mine Owners		40,542
8,178	Mine Workers		7,416
88,072			88,500
Act No. 6475 (Early Retirement Pensions)—			
428	Government		—
88,500			88,500
1,800	Government Recoup—Act No. 6475 Section 4.		—
20,717	Interest on Investments		22,097
111,017			110,597
EXPENDITURE.			
81,044	Pensions		82,586
1,547	Refunds of Contributions		691
3,558	Administration		3,559
86,149			86,836
24,868	Surplus for year		23,761

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

30.6.1961.			30.6.1962.
£			£
460,094	Accumulated Funds		483,854
Represented by—			
12,815	Current Assets less Liabilities		16,559
279	Fixed Assets		295
447,000	Investments at cost		467,000
460,094			483,854

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, 1962, was £661,536, of which £1,843 was not received. The expenditure for the year was in excess of the estimate by £23,233, but miscellaneous receipts £34,261, including refunds, more than offset the excess.

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

—	1958-59.	1959-60.	1960-61.	1961-62.
<i>Receipts.</i>	£	£	£	£
Surplus from previous year .. .. .	..	5,121	151	969
Statutory contributions	525,737	547,023	603,237	659,693
Other receipts	30,086	28,597	28,000	34,261
	555,823	580,741	631,388	694,923
<i>Payments.</i>				
Deficit from previous year	256	..	..	..
Salaries, wages, and maintenance	328,394	350,331	364,481	418,514
Loan repayments	37,729	40,564	43,519	48,582
Loan interest	31,645	33,724	35,137	36,369
Land, buildings, rolling-stock, and equipment	45,858	40,906	55,205	42,064
Motor replacement fund	44,441	49,275	53,780	58,671
Compensation fund	10,000	10,000	10,000	10,000
Other payments	52,379	55,790	68,297	70,569
Surplus carried forward to next year	5,121	151	969	10,154
	555,823	580,741	631,388	694,923

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

30.6.1961.		£	£	£	£
	<i>Source of Funds—</i>				
	<i>External—</i>				
719,263	Loan Liability			746,682	
7,452	Less unexpended			7,570	
<hr/>				<hr/>	739,112
711,811					
	<i>Internal—</i>				
138,136	Excess of assets over liabilities transferred from Country Fire Brigades Board			138,136	
389,157	Income and Expenditure Account—accumulated balance			445,083	
684,833	Reserves			749,640	
	Funds		392,974		
	Less invested on account of Compensation, Superannuation and other Trust purposes ..	273,341			
107,163			<hr/>	119,633	
<hr/>				<hr/>	1,452,492
1,319,289					
<hr/>				<hr/>	2,191,604
2,031,100					
	<i>Represented by —</i>				
	<i>Current Assets—</i>				
969	Cash			10,154	
6,296	Sundry Debtors			8,737	
55,668	Stocks—including uniforms issued			50,142	
<hr/>				<hr/>	69,033
62,933					
	<i>Less</i>				
	<i>Current Liabilities—</i>				
26,225	Sundry Creditors			38,187	
<hr/>				<hr/>	30,846
36,708					
	<i>Investments—</i>				
107,163	Motor Replacement and Sale of Property Funds			119,633	
	<i>Fixed Assets—</i>				
81,368	Land			112,967	
629,638	Buildings			662,402	
962,228	Rolling-stock			1,051,804	
203,984	Plant and Machinery			204,017	
10,011	Other			9,935	
<hr/>				<hr/>	2,041,125
1,887,229					
<hr/>				<hr/>	2,191,604
2,031,100					

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 of the accounts of the Board in respect of the pool period ended 30th June, 1962 is in course and the figures for 1961-62 given hereunder are furnished subject to final check.

The operations of the pools during the accounting periods for 1960-61 and 1961-62 were :—

1960-61.		1961-62	
£		£	£
6,274,793	Advances to Producers (Current production)	6,076,695	
<i>Less Producers' Contributions on Account of—</i>			
838,056	Pool Expenses	915,482	
476,491	Grading and Selling Expenses	491,575	
91,979	Dockage	93,741	
1,406,526		1,500,798	
4,868,267	Net Advances to Producers .. .. .	..	4,575,897
<i>Disposal of Eggs :—</i>			
4,477,860	Sold in Shell on Local Market	4,094,645	
138,161	Sold in Shell on Overseas Market	85,353	
147,661	Sold in Shell on Interstate and Other Markets	153,880	
1,053,921	Converted to Pulp and Sold	1,299,240	
20,880	Increase in Stock in Hand	42,232	
5,838,483	Total Value of Disposals	5,675,350	
<i>Less Expenses—</i>			
446,782	Grading and Selling	480,672	
208,630	Packing, Storage, and Transport	245,733	
124,153	Pulp Manufacturing	146,019	
115,314	General	127,549	
74,536	Administrative (net)	96,568	
969,415		1,096,541	
4,869,068	Net Proceeds of Pool .. .. .	..	4,578,809
801	Excess of Proceeds over Advances to Producers .. .. .	..	2,912

The following is a statement of the Board's balances at 30th June, 1962. Comparative figures at the end of the preceding pool period are also given:—

The Board's Funds were—

1.7.1961.		30.6.62.
£		£ £
256,230	Reserve Fund	252,597
234,065	Surplus Distribution 1947-48 (<i>ex Commonwealth</i>)	234,065
	Undistributed Pool Balances—	
801	1960-61	2,288
..	1961-62	2,912
491,096		491,862
Represented by—		
<i>Current Assets—</i>		
127	Cash on Hand and at Bank	145
	Stocks on Hand—	
187,685	Eggs and Egg Products at valuation	229,916
44,776	Packing materials at valuation	33,210
8,055	Supplies at cost or valuation	8,105
240,516		271,231
154,400	Debtors	147,789
1,000	<i>Less Provision for Doubtful Debts</i>	2,000
153,400		145,789
394,043		417,165
<i>Less Current Liabilities—</i>		
118,836	Creditors	134,019
2,226	Provision for Long Service Leave	3,130
61,996	Reserve Bank of Australia	80,167
183,058		217,316
210,985	Working Capital	199,849
<i>Fixed Assets—</i>		
71,822	Freehold Properties	70,385
159,856	Leasehold Properties	157,446
28,479	Plant and Equipment	44,430
68	Display Equipment	292
12,620	Motor Vehicles	10,897
7,266	Office Machinery and Equipment	8,563
280,111		292,013
491,096		491,862

For more efficient administration, the Board's floor at Oakleigh has been discontinued as a grading unit. Operations have been transferred to the Head Office premises at Port Melbourne, in which building the whole administration has been concentrated.

ELECTRICITY COMMISSION.

Operations for the year resulted in a loss of £738,182 after charging the year's income with £900,000 by way of provision for accelerated depreciation of peak load steam power stations. It is of interest to note that the previous annual period in respect of which a loss was incurred was 1949-50.

The accounts for the year reflect certain changes in policy. It is noticeable in this regard that there was a substantial reduction in the previously planned annual provision for the accelerated depreciation of peak load steam power stations; further, that there was an extension of the period of amortization of the deferred charge for overburden removal at the Yallourn North Open Cut.

Major factors which contributed to the year's loss were:—

- (i) a reduction in the average consumption of electricity as a result of an extremely mild winter followed by abnormal periods of spring sunshine;
- (ii) the retarded recovery of industry from the effects of the national credit policy introduced late in 1960;
- (iii) a reduction in the average selling price of industrial briquettes; and
- (iv) increases in salaries and wages and interest without commensurate increases in turnover and revenue.

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

1960-61.		1961-62.
£		£
55,340,628	Operating Income	56,926,581
40,093,914	Operating Expenditure	42,344,274
15,246,714	Excess of Operating Income over Operating Expenditure	14,582,307
39,277	Add—Miscellaneous Income	24,698
15,285,991		14,607,005
	Deduct—	
12,973,963	Interest	14,474,065
400,000	Loan Flotation Expenses	380,000
442,033	Miscellaneous Expenditure	491,122
13,815,996		15,345,187
	<i>Result for year before Special Write-off</i>	
1,469,995	<i>Profit</i>	<i>Loss—</i> 738,182
1,250,000	Deduct—Deferred Interest and Other Expenditure on Works under Construction Written Off	—
219,995		738,182
	<i>Result for year after Special Write-off</i>	
219,995	<i>Profit</i>	<i>Loss—</i> 738,182
	Appropriations to—	
250,000	Rural Development Reserve	—
251,245	Contingency and General Reserve	—
501,245		—
	Transfers from—	
281,250	Rural Development Reserve to meet year's loss on marginal Rural Extensions	301,750
..	Contingency and General Reserve	436,432
219,995		738,182

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

Branch.	1959-60.	1960-61.	1961-62.
	£	£	£
Metropolitan	18,794,219	20,273,384	20,718,467
Ballarat	1,023,173	1,092,508	1,125,252
North-Western Region	1,731,601	1,935,491	2,164,688
Eastern Metropolitan	4,875,069	5,529,984	5,947,096
Geelong	2,023,058	2,156,337	2,135,748
Gippsland	2,606,729	2,845,246	2,857,207
Midland	588,862	638,633	688,929
North-Eastern	2,644,765	2,739,416	2,826,654
South-Western	1,466,358	1,598,941	1,699,214
Yallourn	72,398	80,715	85,372
Kiewa	21,054	22,241	27,529
	35,847,286	38,912,896	40,276,156
Metropolitan Bulk Supplies	10,756,339	11,383,703	11,702,338
	46,603,625	50,296,599	51,978,494
Expenditure	40,890,514	46,726,140	50,776,977
Profit	5,713,111	3,570,459	1,201,517

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

Brown Coal Production and Distribution.—The tonnage of coal won for the year was 16,241,414 tons, which was in excess of the output for 1960-61 by 1,020,029 tons. As shown in the analysis below, most of the increase was absorbed in meeting power production requirements.

It will be noted that the analysis has been prepared in comparative form to show the annual tonnage output from the various open cuts over the past three years and, in parenthesis, the production costs per ton to the nearer penny in respect of each year.

	1959-60.	1960-61.	1961-62.
	Tons.	Tons.	Tons.
Morwell	1,013,756 (15s. 2d.)	2,515,773 (15s. 1d.)	3,298,318 (13s. 10d.)
Yallourn	10,911,827 (7s. 4d.)	11,864,704 (7s. 4d.)	12,456,478 (8s. 1d.)
Yallourn North	955,940 (13s. 9d.)	} 840,908 (12s. 3d.)	486,618 (15s. 7d.)
Yallourn North Extension	367,973 (14s. 11d.)		
	13,249,496	15,221,385	16,241,414

Distribution of the output was as follows:—

	1959-60.	1960-61.	1961-62.
	Tons.	Tons.	Tons.
Power Production	9,183,549	9,399,597	10,381,151
Briquette Manufacture	3,385,189	5,339,654	5,456,763
Sales to Public	680,551	482,134	403,500
Stock Adjustment	+ 207	..	..
	13,249,496	15,221,385	16,241,414

It will be observed that, in respect of average production cost per ton, while a reduction was achieved at Morwell in consequence of the development of the open cut, there was an increase at both Yallourn and Yallourn North. The rise at Yallourn was due mainly to dredger and spreader difficulties and labour costs which arose from the transfer of operations to the south field of the open cut.

In relation to the operation of the open cuts at Yallourn North, comparative sales and cost figures together with other relevant details and comments follow :—

	1959-60.	1960-61.	1961-62.
	£	£	£
Sales to Public	747,469	556,951	402,764
Coal Winning and Distribution Costs	599,063	467,599	387,327
Profit	148,406	89,352	15,437
Percentage Profit on cost	24.8%	19%	4%

As already shown, there was an increase in the average production cost per ton, overhead costs not being reduced commensurate with the reduced outturn. The effect of this increase together with an increase in distribution costs and a higher proportion of sales at lower price levels caused the reduction shown in the percentage profit on cost.

Briquetting.—Operations of this branch resulted in a loss of £413,144 compared with a loss of £450,659 in the preceding year. In connexion with the apparent improvement of £37,515, as between the two years, it should be explained that, by resolution of the Commission with effect from 1st July, 1961, briquetting production was relieved of a charge which, in the previous year, it had been required to bear. This was a proportion of the costs of steam raising at Morwell; the remaining proportion was charged to electricity generation. With the discontinuance of charging briquetting with any part of these costs, the Commission estimates that briquetting production costs were, as compared with 1960-61, relieved to the extent of £370,000.

With coal (3,240,012 tons) transported from Yallourn, the Morwell factory produced 1,210,980 tons of briquettes. The balance of a total production of 1,819,937 tons was produced at Yallourn.

As indicated in the summary below, distribution for the year increased by 103,736 tons. This included an increase in sales of 46,023 tons.

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

	1959-60.	1960-61.	1961-62.
	Tons.	Tons.	Tons.
Sales	641,108	860,980	907,003
Transferred to Works	290,712	882,445	940,158
Total Distribution	931,820	1,743,425	1,847,161
Losses—Deterioration, transit, &c.	8,588	18,104	8,321
Stock variation	34,262	45,090	— 35,545
Production	974,670	1,806,619	1,819,937

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

	1959-60.		1960-61.		1961-62.	
Sales—	£	£	£	£	£	£
Domestic	1,435,970		2,051,501		2,078,805	
Industrial	1,539,235		2,334,862		2,368,838	
	2,975,205		4,386,363		4,447,643	
Stock Variation	229,744		282,656		— 222,135	
		3,204,949		4,669,019		4,225,508
Manufacturing Costs	2,249,848		3,305,110		3,042,519	
Distribution and Selling	1,062,575		1,814,568		1,596,133	
		3,312,423		5,119,678		4,638,652
Loss	107,474		Loss	450,659	Loss	413,144

It will be realized that, if the charge for steam costs, mentioned earlier, had been continued, the loss for 1961-62 would have been higher by approximately £370,000 or roundly £332,000 in excess of that of the previous year. The evident deterioration in the position was the result of several factors including—

- (i) higher manufacturing costs ;
- (ii) increased distribution and selling costs ; and
- (iii) a reduced average return per ton mainly as a consequence of a lower average price in respect of industrial sales.

In connexion with the loss on its briquette business in each of the past three years, it should be pointed out that the Commission has not yet expressed a formal opinion pursuant to the provisions of sub-section (5) of Section 16 of the *State Electricity Commission Act 1958* in respect of the results of its production of briquettes at Morwell.

Tramways.—The loss for the year was £186,528 and exceeded the loss for the previous year by £6,749. A fall in tram mileages from 843,868 in 1960-61 to 841,316 in 1961-62 was accompanied by a reduction from 6,071,150 to 6,004,520 in the number of passengers carried.

Accumulated losses on operations including those of the Geelong system which was discontinued in March, 1956, amounted, at 30th June, 1962, to £3,091,401 in addition to £175,763 on account of capital written off.

There was no increase in fares during the year.

The results of operations for the past two years are compared hereunder :—

1960-61.		1961-62.		
£		Ballarat. £	Bendigo. £	Total. £
280,494	Operating charges	155,243	128,965	284,208
100,715	Traffic Receipts, Advertising, &c.	59,102	38,578	97,680
<u>179,779</u>	Loss	<u>96,141</u>	<u>90,387</u>	<u>186,528</u>

Depreciation.—An analysis of depreciation charges for the past two years shows :—

	1960-61. £	1961-62. £
Normal provision—charged to operations	8,516,140	9,462,658
Special provision—charged to operations	1,500,000	900,000
Indirect—charged to Fixed Capital.. .. .	562,983	536,716
Total provision	<u>10,579,123</u>	<u>10,899,374</u>
Amortization—Development of Open Cuts—charged to operations	386,658	267,750
Total	<u>10,965,781</u>	<u>11,167,124</u>

The increase of £946,518 in the normal provision was due to new assets being brought into service.

The respective amounts charged in the two previous years on account of special provision for the accelerated depreciation of the peak load steam power stations conformed with the Commission's plan to write off these stations over five years. (See page 11 of my Supplementary Report to the House—1959-60). However, the special provision made for the year under review was considerably less than the amount originally proposed.

The amount written off the item "Development of Open Cuts" was less than in the previous year due to the extension from two to six years in the period of "write off" of the deferred charges for overburden removal at the Yallourn North Open Cut.

Interest.—As between 1960–61 and 1961–62, there was a net increase of £1,441,861 in this item. The reasons therefor were—an increase in the Commission's loan liability and the conversion of maturing loans to new loans carrying higher interest rates—offset by higher earnings from interest on short term investments of cash not immediately required.

The following statement compares the interest charges over the past three years :—

	1959–60.	1960–61.	1961–62.
	£	£	£
On Capital Liabilities	12,073,054	13,289,918	14,722,225
On Consumers and other Advances for Construction	490,266	615,301	711,243
On Current Liabilities	9,632	130,948	121,714
	<hr/>	<hr/>	<hr/>
	12,572,952	14,036,167	15,555,182
Deduct Interest earned on Investments	321,414	617,533	694,687
	<hr/>	<hr/>	<hr/>
	12,251,538	13,418,634	14,860,495

These totals were allocated in the accounts as under :—

	£	£	£
Profit and Loss Account—			
Interest on Assets in operation	9,386,400	11,817,341	13,585,025
Interest during construction	2,467,302	1,156,622	889,040
	<hr/>	<hr/>	<hr/>
	11,853,702	12,973,963	14,474,065
Fixed Assets—			
Indirect interest included in charges for services	397,836	444,671	386,430
	<hr/>	<hr/>	<hr/>
	12,251,538	13,418,634	14,860,495

The Commission's balances as at 30th June, 1961, and 1962 are summarized hereunder :—

30.6.61.		30.6.62.
£		£
312,646,733	Fixed Assets—	
52,384,087	Assets in Service at cost	343,826,892
	Deduct Provision for Depreciation	61,613,259
		<hr/>
260,262,646		282,213,633
1,201,722	Deduct Consumers' Contributions	1,396,809
		<hr/>
259,060,924		280,816,824
18,954,119	Assets not yet in service—at cost	16,903,512
8,340,578	Development of Open Cuts—balance of cost	8,085,857
		<hr/>
286,355,621		305,806,193
	Deferred Assets and Charges—	
1,527,498	Real Estate Debtors	1,951,836
1,378,775	Interest and other Expenditure on Works under Construction	1,378,775
814,832	Unamortized Loan Flotation Expenses	873,654
1,227,275	Other Deferred Charges	398,592
		<hr/>
4,948,380		4,602,857
	Investments at Cost	12,724,323
10,013,656		
	Current Assets—	
343,093	Balances at Bank and Cash in hand	221,684
4,738,008	Consumers' and other Accounts Receivable	5,142,990
3,392,199	Unread Meters—Estimated Income	3,792,571
5,145,447	Materials and Fuel at Cost	4,482,025
		<hr/>
13,618,747		13,639,270
		<hr/>
314,936,404		336,772,643
	Less Current Liabilities—	
30,717	Bank Overdraft	436,847
6,497,680	Accounts Payable and Accruals (other than Interest)	6,902,219
3,067,425	Interest Accrued	3,420,383
476,967	Consumers' Deposits and Service Charges in advance	497,911
		<hr/>
10,072,789		11,257,360
<hr/>		<hr/>
304,863,615		325,515,283

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

30.6.61.		30.6.62.
£		£ £
63,202,283	State Treasury (net)	70,145,613
218,132,057	Commission Loans (net)	230,782,416
921,160	Loans of Acquired Undertakings	915,985
<hr/>		<hr/>
282,255,500		301,844,014
<hr/>		
12,664,988	Consumers' and other Advances for Construction	14,446,362
	Reserves—	
1,663,793	Obsolescence	1,553,067
854,636	Rural Development	552,886
7,424,698	Contingency and General	7,118,954
<hr/>		<hr/>
9,943,127		9,224,907
<hr/>		<hr/>
304,863,615		325,515,283

NOTE.—The liability to the State Treasury includes the undermentioned amounts raised in London and repayable in sterling—at 30th June, 1961, £4,022,199—at 30th June, 1962, £4,259,555.

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

	Fixed Assets.	As at		
		30.6.60. £	30.6.61. £	30.6.62. £
Coal Production		20,861,302	21,944,081	22,810,681
Briquette Production and Distribution		20,341,176	20,119,615	20,290,212
Power Production—				
Thermal Stations		83,679,066	91,993,069	101,260,228
Hydro Stations		39,322,103	39,720,536	39,632,107
Transmission System		44,321,455	50,019,939	57,890,410
Distribution		65,583,483	73,665,185	82,134,513
General Service Assets		34,063,930	34,138,427	36,712,253
		<hr/>	<hr/>	<hr/>
		308,172,515	331,600,852	360,730,404
Deduct Provision for Depreciation		43,852,614	52,384,087	61,613,259
		<hr/>	<hr/>	<hr/>
		264,319,901	279,216,765	299,117,145
Deduct Extensions payable by Consumers		1,002,011	1,201,722	1,396,809
		<hr/>	<hr/>	<hr/>
		263,317,890	278,015,043	297,720,336
Development of Open Cuts—Balance of Cost		7,946,327	8,340,578	8,085,857
		<hr/>	<hr/>	<hr/>
		271,264,217	286,355,621	305,806,193

An analysis of new expenditure of £31,325,598 for the year which was partly offset by retirements and adjustments amounting to £2,196,046, is furnished hereunder:—

	£	£
Coal Production—		
Morwell	1,328,483	
Yallourn	874,002	
	<hr/>	2,202,485
Briquette Production and Distribution .. .. .	..	463,818
Power Production—		
Morwell	4,157,326	
Yallourn	1,349,183	
Hazelwood	3,309,592	
Kiewa	275,775	
	<hr/>	9,091,876
Transmission .. .. .	..	7,941,346
Distribution—		
Metropolitan	2,572,625	
Country	6,421,985	
	<hr/>	8,994,610
General Service Assets—		
Plant and Equipment	1,192,585	
Offices, Stores, &c.	452,549	
	<hr/>	1,645,134
Other .. .. .	..	986,329
	<hr/>	<hr/>
		31,325,598

Real Estate Debtors Account.—Due to further sales of Commission properties at Mount Beauty and in the Latrobe Valley, the balance of this account, after allowance for instalment repayments, increased during the year by £424,338 to £1,951,836.

Deferred Interest and Other Expenditure on Works under Construction—£1,378,775.—Although over the period 1958–59 to 1960–61 (inclusive), these deferred charges were reduced in total to the extent of £6,700,000 by means of special write-offs against revenue, no reduction to this account was made in the year under review.

Other Deferred Charges.—The balance of this account decreased in the year from £1,227,275 to £398,592. There were numerous charges and credits to the account during the year. Major factors which contributed to the decrease in the balance of the account were :—

- (a) an internal accounting adjustment resulting in the removal of a charge of £401,344 in respect of the contract for the erection of the Yallourn "E" Power Station; and
- (b) net credits amounting to £675,821 on account of payments against shipments of the unused briquetting plant sold to Neyveli Lignite Corporation of India.

Loans.—The loan liability increased during the year by £19,588,514 to £301,844,014.

The increase may be explained as follows :—

				£	£
Loan Liability at 30th June, 1961	..	..	..	..	282,255,500
Net increase in Commission Loans	..	..	..	12,650,359	
Net increase in Treasury Loans	..	..	..	6,943,330	
				<hr/>	
				19,593,689	
Less Decrease in Municipal Loans	..	..	..	5,175	
				<hr/>	19,588,514
Loan Liability at 30th June, 1962	..	..	..	.	<hr/><hr/>301,844,014

The loan liability as at the 30th June, 1962, shown above, does not include £250,000 advanced by the Treasury on the 29th June, 1962. This sum was not received by the Commission until early in the new financial year.

Although public and private loans raised by the Commission in the year amounted to £43,253,054, the relevant loan liability was increased as shown by £12,650,359 only, the difference, £30,602,695, being represented by conversions (£16,347,727) and redemptions (£13,864,758) of maturing loans, and payments (£390,210) in reduction of current loans.

The loan liability of £70,145,613 to the Treasury was determined after the deduction of £7,349,749, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1961–62 was £618,102 in respect of which a credit of £130,688 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.

The following statement shows the income and expenditure for the past two years :—

1960-61. £		1961-62. £	£
	Income—		
	Sales—		
10,458,724	Gas	11,006,947	
4,191,182	Residual Products and Appliances	3,849,178	
14,649,906			14,856,125
	Expenditure—		
	Gas—		
6,445,608	Manufacture	6,448,051	
204,748	Transmission	215,081	
3,223,487	Distribution	3,315,617	
3,593,897	Residual Products, Appliances and Selling Expenses	3,419,990	
474,113	Management	443,875	
4,841	Audit Fees	5,090	
5,500	Directors' Fees	5,445	
308,262	Planning, Research, and Development	259,388	
209,806	Superannuation and Retiring Allowances	235,452	
79,206	Long Service Leave	116,000	
60,462	Other Costs	158,469	
14,609,930			14,622,458
39,976	Profit on Trading .. .. .	..	233,667
75	Income from General Investments .. .. .	..	75
40,051			233,742
..	Contingency Reserve .. .. .	..	25,000
29,384	Profit on Sale of Freeholds .. .. .	..
69,435	Net Profit for year carried to Profit and Loss Appropriation Account .. .. .	..	208,742

The quantity of gas sold for the year was 70,218,532 therms returning 37·6d. per therm as compared with 69,102,807 therms returning 36·32d. per therm in 1960-61.

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

	£	£
Balance carried forward 30th June, 1961	932	
Net Profit for year from Profit and Loss Account	208,742	
Available for Appropriation .. .. .	..	209,674
Interest temporarily capitalized written off (part)	25,000	
Special provision for Long Service Leave	26,000	
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1961	78,820	
	129,820	
Preference Dividend to be paid—		
4 per cent. per annum for half year ended 30th June, 1962	78,820	
	208,640	
Balance carried forward .. .. .	..	1,034

The following is a statement of the Corporation's balances at 30th June, 1962 arranged so as to show the funds employed by the Corporation and the assets representing the total funds. For the purposes of comparison the figures at the close of the previous year also are given.

BALANCE-SHEET.

30.6.1961.		30.6.1962.
£		£ £
	Shareholders' Funds—	
	Subscribed Capital—	
3,940,976	3,940,976 4 per cent. Cumulative Preference Shares of £1 each (see explanatory note No. 1 herein)	3,940,976
4,000,000	4,000,000 Ordinary Shares of £1 each subscribed by the State of Victoria	4,000,000
<hr/>		<hr/>
7,940,976	Subscribed Capital (Fully Paid)	7,940,976
	Reserves—	
666,117	Land Revaluation Reserve (see explanatory note No. 2 herein) ..	883,158
107,272	National Debt Sinking Fund (Treasury allocation of Commonwealth contribution)	127,456
3,668	Contingencies	28,668
		<hr/>
932	Profit and Loss Appropriation Account	1,034
<hr/>		<hr/>
8,718,965		8,981,292
<hr/>		
	Deferred Liabilities—	
5,018,446	Advances from State of Victoria	5,018,446
191,312	Less securities purchased and cancelled by the National Debt Commission	224,042
<hr/>		<hr/>
4,827,134		4,794,404
<hr/>		
27,399,844	Debentures and Debenture Stock (Secured)—	
	Redeemable within twelve months	2,537,544
	Redeemable after twelve months	29,062,133
		<hr/>
		31,599,677
31,430	Balances owing on Fixed Assets acquired, due within twelve months ..	17,430
	Contingent Liabilities—	
59,114	(1) Arrears of Preference Dividend for period 1st July, 1951 to 30th June, 1961	59,114
<hr/>		<hr/>
749	(2) Uncalled amount on Shares held in another Company ..	749
40,977,373	2,080,000 (3) Commitments under Contract for Capital Expenditure ..	721,953
<hr/>		<hr/>
		45,392,803

30.6.1961.		30.6.1962.
£		£ £
	Fixed Assets—	
6,647,575	Freeholds and Leaseholds	7,167,652
35,857,398	Machinery, Plant, and Equipment	37,725,243
1,414,075	Capital Work in Progress	3,984,880
		<hr/>
43,919,048		48,877,775
6,486,755	Less Provision for Depreciation and Amortization (see explanatory note No. 3 herein)	7,638,658
		<hr/>
37,432,293		41,239,117
	Current Assets—	
		£
198,197	Cash in hand and at Banks	125,876
..	Short-term Deposits	950,000
2,986,865	Trade and Other Debtors (less provision for Bad and Doubtful Debts and Consumers' Deposits)	2,822,923
2,246,876	Stocks at Cost or Valuation	2,020,518
29,363	Prepayments	72,110
		<hr/>
5,461,301		5,991,427
	Less Current Liabilities and Provisions—	
1,676,233	Trade and Other Creditors	1,741,963
589,082	Bank Overdraft	414,117
6,156	State of Victoria (Balance of advances for purchase of preference shares)	6,039
	Provisions—	
21,323	Long Service Leave (see explanatory note No. 4 herein)	66,080
13,202	Retiring Allowances (see explanatory note No. 5 herein)	9,155
1,243	Deferred Repairs	19,500
3,692	Special Repairs to Generators, Morwell	2,826
68,968	Preference Dividend	88,673
		<hr/>
2,379,899		2,348,353
3,081,402	Net Current Assets	3,643,074
	Investment—	
750	Company Shares (at cost)	750
	Intangibles—	
277,915	Interest Temporarily Capitalized	252,915
185,013	Unamortized Debenture Issue Expenses	256,947
		<hr/>
40,977,373		509,862
		<hr/>
		45,392,803

EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1962.

1. The Articles of Association of the Corporation restrict the transfer of preference shares to any person other than the State of Victoria, except in special circumstances.

2. During the year, the programme for valuation of the Corporation's freehold properties was completed. As a result of sworn valuations, the Directors decided to write up freeholds by £217,041, which has been added to the balance of the Land Revaluation Reserve at 30th June, 1961.

3. The provision for depreciation has been established by annual charges to the Profit and Loss Account and by direct transfer of profits or losses on disposal of assets, including land. In this year, no material profits or losses have been transferred to the provision.

4. The past service cost for long service leave related to employees who might become entitled to such leave, or payment in lieu thereof, has not been provided for in the accounts beyond a provision of £66,080, which includes the value of leave that has actually become due and an additional sum to allow for contingencies.

5. Retiring Allowances are payable to certain employees who are not contributors to the Superannuation Fund. Such allowances are granted at the discretion of the Directors. The provision at 30th June, 1962, £9,155, represents the estimated amount that may be granted to employees who became eligible for consideration at 30th June, 1962.

The preceding explanatory notes have been appended to the Corporation's Balance Sheet by the Board of Directors and 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, 1961.	1961-62.	Total.	Charged in State's Accounts.
	£	£	£	
Acquisition of Shares—				
Subscription for 4,000,000 Ordinary Shares of £1 ..	4,000,000	..	4,000,000	Loan Fund
Purchase of Preference Shares	3,319,447	70,000	3,389,447	
	7,319,447	70,000	7,389,447	
Advances—				
Advance for Capital Works	5,000,000	..	5,000,000	Loan Fund
Loan Flotation Expenses	18,446	..	18,446	
	5,018,446	..	5,018,446	
Preference Share Dividend Guarantee—				
Advanced to the Corporation	177,347	..	177,347	Consolidated Revenue
Less Repayments	177,347	..	177,347	
	
Total Investments and Advances by the State ..	12,337,893	70,000	12,407,893	
Costs to the State on account of the above—				
Interest on Loans	3,622,059	480,440	4,102,499	Consolidated Revenue
Sinking Fund Contribution	254,652	30,882	285,534	
	3,876,711	511,322	4,388,033	
Less Recoups, &c., from Corporation—				
Interest on Advances	1,551,537	229,176	1,780,713	
Sinking Fund Contribution	84,039	12,546	96,585	
Dividends on Preference Shares	981,686	116,674	1,098,360	
	2,617,262	358,396	2,975,658	
Net Cost to the State ..	1,259,449	152,926	1,412,375	

The transfer of preference shares by sale is restricted to sale at par to the State. At 30th June, 1962, the State was the registered owner of 3,380,545 shares. The transfer of a further 2,863 shares was in course and £6,039 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, 1962, amounted to £59,114.

GEE LONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1961, was £513,705, an increase of £45,754 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, and Long Service Leave Provision accounted for £53,296, leaving a net surplus of £460,409.

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

REVENUE ACCOUNT.

—	1960.	1961.
<i>Revenue.</i>	£	£
Operating Revenue—		
Harbor Revenue	898,380	927,497
Shipping Services	200,968	231,061
Other	33,160	33,501
Non-operating Revenue—		
Interest	16,108	22,194
Sale of Scrap Materials	1,694	529
Total Revenue	1,150,310	1,214,782
<i>Expenditure.</i>		
Operating Expenses—		
Administration, &c.	96,575	103,644
Shipping Services	186,062	198,483
Maintenance—		
General	72,178	77,219
Depreciation and Amortization	158,135	166,450
Non-operating Expenses—		
Loan Expenses	11,917	..
Superannuation	13,429	14,831
Interest	141,551	138,756
Miscellaneous	2,512	1,694
Total Expenditure	682,359	701,077
Net Revenue	467,951	513,705
Appropriations—		
Sinking Fund	28,924	27,974
Insurance Fund	20,000	25,000
Long Service Leave	540	322
Total Appropriations	49,464	53,296
Net Surplus	418,487	460,409

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

31.12.1960.		31.12.1961.	
£	Assets—	£	£
656,713	Current .. .. .	..	504,731
7,005	Deferred .. .. .	..	11,813
7,827,378	Fixed, <i>less</i> depreciation and amortization .. .. .	..	8,362,888
427,824	Investments .. .. .	..	509,401
<u>8,918,920</u>	Total .. .. .	..	<u>9,388,833</u>
Liabilities—			
105,878	Current .. .. .	..	130,711
Deferred—			
2,894,762	Loans (including liability to State, £147,401) ..	2,797,401	
10,302	Other	9,847	
		<u>2,807,248</u>	2,937,959
Funds—			
2,623,445	Endowments .. .. .	..	2,623,445
317,104	General Reserve .. .. .	..	318,014
223,154	Sinking Fund .. .. .	..	262,051
204,670	Insurance Reserve .. .. .	..	247,350
Net Revenue Account—			
2,539,605	Accumulated Surplus .. .. .	..	<u>3,000,014</u>
		..	6,450,874
<u>8,918,920</u>	Total .. .. .	..	<u>9,388,833</u>

GRAIN ELEVATORS BOARD.

The Board's system of bulk receival facilities was expanded in the year by the erection of two additional "Behlen" horizontal-type storages with a total capacity of 200,000 bushels.

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.

Receivals for the 1960-61 season totalled 63,233,548 bushels as compared with 35,580,662 bushels in 1959-60 and 40,131,882 in 1958-59.

The figures herein for 1960-61 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 1960-61 accounting period of £218,601. Appropriations therefrom, including £111,361 taken to the General Reserve Fund, leave a surplus from the year's operations of £58,938.

		<i>Revenue.</i>			
1959-60.				1960-61.	
£				£	£
512,803	Australian Wheat Board—Recoupable expenditure for operating and maintenance			704,381	
350,116	Capital Facilities Allowance			370,742	
39,354	Depreciation Reserve Fund Investment Interest			46,769	
17,865	Interest on General Investments			14,470	
31,173	„ „ „ Reserve Fund Investments			36,361	
1,898	„ „ Insurance Reserve Fund Investments			2,470	
195	„ „ Renewals Reserve Fund Investments			3,168	
953,404					1,178,361
 <i>Expenditure.</i> 					
112,394	Operating and Maintenance—		£		
	Geelong Terminal		207,179		
146,411	Country Elevators		177,988		
32,459	Emergency Bulk Wheat Storages		76,672		
107,307	Administration Expenses		128,279		
114,232	*Depreciation and Renewals		114,263		
512,803	Expenditure recoupable from the Australian Wheat Board ..			704,381	
187,721	Interest on Loans			206,921	
6,744	Amortization—Preliminary Expenses and Loan Flotation Expenses ..			6,495	
	Sinking Fund Charges—				
2,656	National Debt Sinking Fund (Act No. 6266)			2,657	
30,901	Debenture and Inscribed Stock Sinking Fund (Act No. 6266) ..			39,306	
740,825					959,760
212,579	Net Revenue				218,601
1,338	Add Net Profit on realization of investments				4,105
213,917					222,706
227,931	Add Net Accumulation brought forward				194,228
441,848					416,934
 <i>Less Appropriations—</i> 					
39,354	*Depreciation Reserve Fund			46,769	
106,173	*General Reserve Fund			111,361	
1,898	*Insurance Reserve Fund			2,470	
100,195	*Renewals Reserve Fund			3,168	
247,620					163,768
194,228	Net Accumulation at 31st October				253,166

* Subject to Treasurer's approval.

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

31.10.1960.		31.10.1961.	
£		£	£
	Current Assets—		
2,077	Stores, &c.		3,255
345,538	Sundry Debtors, Accrued Interest, and Advances	1,074,878	
18,020	Cash	40,424	
<hr/>		<hr/>	1,118,557
365,635			
2,113,272	Investments		2,214,903
	Fixed Assets—at Cost—		
	Construction—	£	
2,920,656	Country Elevators	3,083,729	
366,765	Geelong Terminal	366,674	
		<hr/>	3,450,403
	Equipment and Plant—		
338,229	Country Elevators	368,375	
351,060	Geelong Terminal	353,832	
		<hr/>	722,207
316,491	Transport Facilities	346,068	
		<hr/>	4,518,678
	Fixed Assets—less depreciation—		
60,248	Equipment and Plant—Mobile	71,324	
2,420	Marmalake No. 1 Emergency Store	2,420	
30,534	Motor Vehicles, Office Furniture and Equipment	31,258	
42,646	Freehold Land and Buildings	42,309	
		<hr/>	147,311
	Other Debit Balances—		
26,177	Preliminary and Loan Flotation Expenses	19,729	
377	National Debt Sinking Fund—Cash in Fund	425	
46	Obsolete Asset—Disposal Suspense	46	
		<hr/>	20,200
<hr/>			<hr/>
6,934,556			8,019,649
	Current Liabilities—		
97,838	Sundry Creditors		94,935
	Loans—		
935,468	Government of Victoria	924,181	
3,195,486	Public	3,894,813	
		<hr/>	4,818,994
	Reserves and Sinking Funds—		
	Cancelled Securities Reserves—		
131,635	National Debt Sinking Fund	142,793	
94,584	Debentures and Inscribed Stock	52,257	
236,190	Matured Public Loans	294,490	
962,241	Depreciation Reserve Fund	1,097,347	
2,420	Marmalake No. 1 Emergency Storage Reserve	2,420	
5,012	Country Bulkhead Equipment Suspense	5,012	
45,858	Insurance Reserve Fund	55,702	
706,273	General Reserve Fund	817,634	
95,877	Debentures and Inscribed Stock Sinking Fund	128,869	
111,389	Renewals Reserve Fund	62,857	
29,046	Provision for Long Service Leave	32,232	
		<hr/>	2,691,613
	Suspense Accounts—		
..	Country Elevators—Electrification		55,476
165	Rebagging Wheat		1,478
73	Geelong Pier		73
87,977	Superannuation		101,145
2,714	Motor Vehicle Disposal		2,687
82	Unclaimed Interest		82
194,228	Revenue Account—Net Accumulation		253,166
<hr/>			<hr/>
6,934,556			8,019,649

Incomplete contracts totalling £35,846 have not been included in the balances shown.

HOME FINANCE TRUST.

The Home Finance Trust has the power, in accordance with the provisions of the *Home Finance Act 1958*, 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 1961-62 saw a further increase in the amounts which the under-mentioned institutions agreed to lend to the Trust, the total rising from £5,075,000 as at the 30th June, 1961, to £6,075,000 as at the 30th June, 1962. Details are:—

	£	£
The Commissioners of the State Savings Bank of Victoria .. .. .	..	2,875,000
Private Savings Bank	1,650,000	
,, Trading Banks	900,000	
	<hr/>	2,550,000
Insurance Companies .. .. .	..	650,000
		<hr/>
		6,075,000

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

	£	£
Agreed Loans as above .. .. .	..	6,075,000
Less—Amount not yet drawn by Trust	814,435	
Amount repaid to lending institution	40,372	
Sundry bank credits	9	
	<hr/>	854,816
Total liability of Trust to lending institutions .. .. .	..	5,220,184

Loans approved by the Trust to borrowers totalled £6,213,753, of which £5,250,635 (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, 1961, and 1962. The figures are subject to audit.

30.6.1961		30.6.1962
£	<i>Assets.</i>	£
4,425,368	Current ordinary loans secured by mortgage	5,440,134
50,150	Current loans (three-year maximum) secured by mortgage	63,000
3,931	Arrears—Mortgagors	7,115
18,610	Sundry debtors (interest accrued but not yet payable, &c.)	22,279
5	Cash on hand	10
<hr/>		<hr/>
4,498,064		5,532,538
		<hr/>
£	<i>Liabilities.</i>	£
3,963,214	Deposits—Repayment of which is guaranteed by the Treasurer of Victoria	4,884,628
317,668	Bank Overdraft—Repayment also guaranteed by the Treasurer	335,556
		<hr/>
8,146	Prepayments by mortgagors	5,220,184
175,078	Loans Redemption Account	11,188
575	Sundry creditors	252,499
33,383	Home Finance Fund—Surplus	480
		<hr/>
4,498,064		48,187
		<hr/>
		5,532,538

HOUSING COMMISSION.

The Commission is responsible for the improvement of housing conditions including the erection of suitable houses for letting or selling to eligible persons.

For the purposes outlined above, the State has made loan allocations to the Commission and the Commission, itself, has raised loan moneys by the issue of debentures. However, the major funds which have been allocated to the Commission for housing projects have been those which, since 1945-46, have been advanced by the Commonwealth in terms of a series of Commonwealth-State Housing Agreements.

Also, the Commission has been assisted financially by the Melbourne City Council to the extent shown in the Commission's balance-sheet. The first contribution was made by the Council in 1961-62 by way of subsidy for the purpose of slum reclamation. Other municipalities have also assisted the Commission in the course of the performance of its functions by making gifts of land for housing projects.

The audit of the accounts for 1961-62 has been completed and the related financial statements have been certified by me.

A summary of the Commission's revenue and expenditure for 1960-61 and 1961-62 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.

1960-61. £	REVENUE.	1961-62. £	£
5,537,280	Rentals	5,547,534	
1,535,222	Gross Surplus—House Sales	1,244,913	
160,153	Loan Redemption written back less allowances to house purchasers ..	118,394	
588,322	Interest—House Sales (net)	690,445	
80,400	„ Sundry	75,323	
20,252	Miscellaneous	57,074	
<hr/>		<hr/>	
7,921,629		7,733,683	
	EXPENDITURE.		
2,590,882	Interest—less amounts capitalized and applied to House Sales ..	2,598,390	
778,833	Loan Redemption—Commonwealth and State Agreement	786,771	
2,304	Contribution to National Debt Sinking Fund	2,266	
4,000	„ Debenture Loan Sinking Fund	4,000	
1,769	Redemption of Debentures	1,856	
383,469	Administration—general	381,464	
183,665	Administration—house sales	203,048	
46,207	Cost of rent collection in country areas, &c.	47,244	
870,844	Rates—less amount capitalized	902,110	
10,833	Insurable Risks	14,839	
11	Loan Conversion Expenses	48	
975,088	Provision for accruing maintenance	963,157	
10,238	„ „ irrecoverable rents	15,645	
71,889	Cost of Communal Services—flats and Garden Maintenance ..	81,420	
Cr. 2,213	Reserve—Holmesglen Housing Factory	—	
210,308	Appropriation to House Purchasers' Death Benefit Fund	231,745	
1,229,381	Transfer to House Sales Reserve Suspense Account	980,494	
48,803	Maintenance and repairs on houses sold	54,216	
4,826	Miscellaneous	7,468	
<hr/>		<hr/>	
7,421,137		7,276,181	
<hr/>		<hr/>	
500,492	Surplus for the year	457,502	

The sources from which the surplus in each year was derived may be more readily seen from the following summary:—

	1960-61		1961-62	
	£	£	£	£
Surplus—Miscellaneous Funds	* 49,387		* 69,634	
Realized Profit—House Sales	624,724		627,859	
		<hr/>		<hr/>
		674,111		697,493
Less—				
Cost of Statutory Functions—non-Revenue Producing ..	24,576		30,985	
Loss—Rental Operations	149,043	173,619	209,006	239,991
		<hr/>		<hr/>
		500,492		457,502

* Includes notional interest on interest free loans—1960-61, £20,800; 1961-62, £23,386.

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

	1960-61.		1961-62.	
	£	£	£	£
Gross rental charges		5,815,886		5,887,436
<i>Deduct—</i>				
Rental rebates allowed	251,112		316,941	
Losses from vacancies	27,494		22,961	
		278,606		339,902
Credit for Rentals—General Revenue Account		5,537,280		5,547,534

Sales of Houses.—For the year, 2,148 units were sold for a total sum of £9,400,375. Details are :—

	No.	Cost.	Selling Price.	Surplus.
		£	£	£
Cash Sales—State	2	1,955	6,721	4,766
Commonwealth—State Housing Agreement 1945	5	11,918	19,300	7,382
Commonwealth—State Housing Agreement 1956	Nil	..	..	..
Sales per War Service Homes Commission—C.S.H.A. 1945	1	1,313	3,103	1,790
Sales per War Service Homes Commission—C.S.H.A. 1956	Nil	..	..	..
Terms Sales—State	20	17,695	64,117	46,422
Commonwealth—State Housing Agreement 1945	654	1,789,596	2,578,040	788,444
Commonwealth—State Housing Agreement 1956	1,466	6,332,985	6,729,094	396,109
	2,148	8,155,462	9,400,375	1,244,913
Comparable figures—1960-61	2,728	9,750,485	11,285,707	1,535,222

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, 2,148, included a number of vacated rental units. In respect of these particular units, expenditure amounting to £54,216 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.

At the time of the review of the accounts of the previous year, it was understood that amendments to the *Housing Act* 1958 would be obtained to put beyond doubt the legality of certain practices of the Commission in relation to house sales. However, the Commission has continued to engage in these practices although the necessary legislative sanction has not been obtained. The particular practices to which I refer are explained in some detail at page 28 et seq. of my Supplementary Report to the House dated 27th October, 1961.

The figures in the General Revenue Account relating to house sales are brought together below to show the net credit to revenue derived from this source:—

	£	£
Gross Surplus on Sales	1,244,913	
Less Transfer to House Sales Reserve Suspense Account	980,494	
	<hr/>	264,419
Loan Redemption—Surplus after allowances to purchasers, &c. .. .. .	..	118,394
Interest receivable on term sales	2,015,873	
Less Interest payable on houses sold	1,325,428	
	<hr/>	
Interest on House Sales (net)	690,445	
Less Appropriation to House Purchasers' Death Benefit Fund	231,745	
	<hr/>	458,700
Other House Sales revenue (included in Miscellaneous revenue in General Revenue Account) .. .. .	..	43,610
		<hr/>
		885,123
Administration—House Sales	203,048	
Maintenance and repairs on houses sold	54,216	
	<hr/>	257,264
Net Credit to General Revenue on account of House Sales		<hr/>
		627,859

The amount of £980,494 shown as the transfer to "House Sales Reserve Suspense Account" was the sum required to increase the balance to the credit of that Account to a figure considered to represent, as at the 30th June, 1962, the profit still to be realized on all terms sales to that date. Actually, during the year, there were other credits to this Account. These included profits on the sale of repossessed houses and adjustments as between estimated and actual costs offset by the loss of unrealized profit in certain cases in respect of which payments are due from the Death Benefit Fund. The net gain from these particular sources had the effect of reducing the amount of the transfer from General Revenue for the purpose of raising the balance at the credit of the Account to its required level.

The financial position of the Commission as at 30th June, 1961 and 1962, is summarized hereunder:—

30.6.1961.		30.6.1962.
£		£ £
	<i>Current Assets—</i>	
1,024	Works in Process .. .. .	..
717,536	Sundry Debtors	691,295
122,873	Cash in Transit	150,191
		<hr/>
841,433		841,486
1,262,974	<i>Investments</i>	1,556,864
	<i>Deferred Assets—</i>	
37,899,733	House Purchase Debtors	46,036,989
	<i>Fixed Assets—</i>	
17,877,608	Estates—Cost of land, developmental and incidental expenses	19,454,305
98,883,047	Dwellings and Shops	105,931,731
290,235	Holmesglen Housing Factory—Land and Buildings	300,027
		<hr/>
117,050,890		125,686,063
24,059,148	Less Suspense Account for estimated capital costs of houses sold	29,759,510
		<hr/>
92,991,742		95,926,553
2,509,220	Cost of properties acquired for Slum Reclamation	3,043,314
60,004	Store rooms, Offices, &c.	60,924
171,965	Plant, vehicles, office furniture, and equipment	179,738
5,238	Precutting depots and constructional buildings	4,659
243,501	Concrete House Project	249,662
		<hr/>
95,981,670		99,464,850
199,247	<i>Deposit and Trust Account—Cash at Bank and securities</i>	183,440
	<i>Intangibles—</i>	
23,582	Loan Flotation Expenses—Less amount written off	28,567
24,036	Plans and Designs, &c.	27,339
34,750	Slum Reclamation	34,563
193	Overseas Delegation Expenses .. .. .	..
		<hr/>
82,561		90,469
136,267,618	Total	<hr/>
		148,174,098

<i>Current Liabilities—</i>			
1,259,399	Sundry Creditors		1,021,018
<i>Loans—</i>			
117,334,453	Government advances	126,595,109	
508,060	Debenture issues	506,204	
257,342	Death Benefit Fund Advances	417,346	
		127,518,659	
<i>Advances and Subsidies—</i>			
1,319,934	Subsidy from Loan for Slum Reclamation		1,319,934
..	Subsidy from City of Melbourne for Slum Reclamation		112,000
<i>Reserves and Sinking Funds—</i>			
81,940	Debenture Loans Redemption	83,796	
138,201	Cancelled Securities—National Debt Sinking Fund	151,820	
23,189	Debenture Loan Sinking Fund	29,207	
5,459,633	Loan Redemption—Commonwealth and State Agreement	6,079,151	
1,686,705	Accruing Maintenance Provision	1,705,259	
35,000	Irrecoverable Rents Provision	35,000	
5,401,861	House Sales Reserve Suspense Account	6,433,793	
722,854	House Sales—Death Benefit Scheme	981,484	
1,355,264	Land Realization Reserve	1,577,499	
		17,077,009	
484,536	Accumulated Surplus		942,038
<i>Deposit and Trust Account—</i>			
199,247	Contractors' deposits and other trust moneys		183,440
136,267,618	Total		148,174,098

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

The item, "House Purchase Debtors, £46,036,989", 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, £243,501, as at the 30th June, 1961, and £249,662, as at the 30th June, 1962, 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 £243,501 to £249,662 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, 1961	£	£
		243,501
<i>Add—</i>		
Decrease in Sundry Creditors, Accrued Wages and Reserve for Long Service Leave		5,526
Increase in Provision for Maintenance of factory building		3
Increase in Current Assets		13,919
		19,448
		262,949
<i>Deduct—</i>		
Decrease in Materials on hand		4,235
Decrease in book value of Roads and Services, Plant, Tools, &c.		9,052
		13,287
Item—"Concrete House Project" as at the 30th June, 1962		249,662

It will be noted that there was a further decrease in "Materials on Hand". From the available records, it is evident that a conscientious effort has been made over recent years to dispose of obsolete and unnecessary plant and materials. The effect of this effort, in conjunction with the adoption of the existing practice of purchasing materials for direct delivery to projects, has contributed to the progressive reduction in the book value of stocks on hand. For example, the book value of these stocks at the 30th June, 1962, was £228,172 as compared with £436,236 at the 30th June, 1958.

At the close of the year under review, the stocks on hand at Holmesglen covered a wide range of materials, &c., to meet building requirements and, on the face of it, consisted mostly of those items necessary for current use. An exception was a quantity of high-tensile wire valued at £32,223, for which there appeared to be little demand.

In lieu of a provision for depreciation, the Project was charged by the Commission with interest at the rate of $4\frac{3}{8}$ per centum per annum on the value of the Factory buildings. In the summary of the Commission's Revenue Account for 1961-62 furnished in this Report, the credit for this interest is included in the item "Interest—Sundry" and the charge therefor is reflected in the costs of the prefabricated units constructed at the Project.

The Commission's accumulated surplus was increased during the year as follows:—

	£
Accumulated Surplus as at the 30th June, 1961	484,536
Add—Surplus—1961-62	457,502
	<hr/>
Accumulated Surplus as at the 30th June, 1962	942,038
	<hr/>

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, 1962, are summarized below:—

	£	£
Balance as at 30th June, 1961 .. .. .	..	702,498
Add Appropriation for year (Section 109 Act No. 6275)	231,745	
Income from Investments	47,501	
Premiums	5,064	
	<hr/>	284,310
		<hr/>
Deduct Payments on Account of Deceased Purchasers .. .. .	..	986,808
		5,324
		<hr/>
Balance as at 30th June, 1962 .. .. .	..	981,484
		<hr/>

The sum of the investments of the Fund, £966,425, includes an amount of £417,346 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 £1,556,864".

In respect of the advance of £417,346, 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 1960-61 and 1961-62 are:—

	1960-61.		1961-62.	
	£	%	£	%
Rates	77,168	8·2	78,356	7·9
Interest	189,005	4·9	173,892	4·3
Administration	294,658	31·8	328,048	33·5
	<hr/>		<hr/>	
	560,831		580,296	
	<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.

LATROBE VALLEY WATER AND SEWERAGE BOARD.

Functions of the Latrobe Valley Water and Sewerage Board include the maintenance of adequate supplies of water and the disposal of industrial and domestic waste.

Expenditure on capital works has been met mainly from the Loan Fund. Allocations from the Treasury in 1961-62 amounted to £1,045,400 (Water £913,272, Sewerage £132,128). Advances for works made to the Board to 30th June, 1962, totalled £7,576,432 (Water £4,881,537, Sewerage £2,694,895).

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

Under statutory authority, interest on moneys expended on those works which have been declared by the Minister to be major construction works may be capitalized. Interest amounting to £95,257 so capitalized during the year was in respect of water supply works financed from bank overdraft and loan moneys.

The accounts of the Board to 30th June, 1962, have been audited. For purposes of comparison, figures for the previous year are given in the abridged statements which follow.

FARM REVENUE ACCOUNT.

1960-61.		1961-62.
£		£ £
	<i>Income—</i>	
1,272	Rental Board Properties	2,720
720	Production of Fodder .. .. .	..
111	Sale of Farm Produce .. .. .	..
8,582	Profit—Sheep Trading Account	17,307
3,084	Profit—Cattle Trading Account .. .. .	..
13,769		20,027
	<i>Expenditure—</i>	
10,690	Farm Operation and Maintenance	16,306
..	Production of Fodder	2,593
17,739	Interest on Loans	21,852
2,190	Interest on Overdraft	5,054
3,970	Depreciation Provision	5,092
4,233	Administrative Expenses	10,186
169	Maintenance Farm Dwellings	642
..	Loss—Cattle Trading Account	623
38,991		62,348
25,222	Deficit on Farm Account transferred to General Revenue	42,321

GENERAL REVENUE ACCOUNT.

£		£ £
	<i>Income—</i>	
119,330	Water Charges	116,535
93,321	Disposal Charges	103,592
15,271	Maintenance Outfall Sewer (Tar Removal Costs)	9,023
6,931	Rents and Income—Board Properties	3,025
2,961	Other	5,478
237,814		237,653
	<i>Expenditure—</i>	
90,455	Interest on Loans	95,206
546	Interest on Overdraft .. .. .	..
29,165	Depreciation	30,274
64,211	Maintenance of Works	65,537
1,927	Maintenance of Staff Residences	1,977
18,953	Other Expenses	24,632
205,257		217,626
32,557	Surplus for year	20,027
25,222	Deficit on Farm Revenue Account	42,321
7,335	[Surplus] <i>Net result for year</i>	Deficit †22,294

† Surplus on Water Fund £5,684; Deficit on Sewerage Fund £27,978.

BALANCE-SHEET.

30.6.1961.		30.6.1962.	
£		£	£
5,994,915	Works (including Works in Progress)	6,951,231	
143,181	Plant and Equipment	143,788	
140,534	Land, Buildings, Residences	147,398	
28,998	Office and Laboratory Equipment	32,130	
54,497	Stores, Tools, &c.	41,629	
1,580	Wool and Ensilage on Hand	1,650	
53,329	Livestock on Hand	70,448	
6,568	Debtors and Prepayments	8,040	
97,874	Investment—Depreciation	133,469	
3,595	Cash at Bank	968	
140,489	Interest on Works during Construction	235,746	
6,195	Asset Realization Account	5,640	
..	Accumulated Deficit	17,252	
<u>6,671,755</u>			<u>7,789,389</u>
6,397,616	Treasurer of Victoria—Loans	7,417,795	
..	Treasurer of Victoria—Interest	45	
262	Capital Expenditure Borne by the State	7,553	
..	Grant Government of Victoria	2,500	
3,595	Contractors' Deposits and other Trust Moneys	968	
..	Sundry Creditors	4,353	
131,009	Depreciation Reserve	168,835	
133,451	Bank Overdraft	187,340	
5,822	Accumulated Surplus .. .. .	..
<u>6,671,755</u>			<u>7,789,389</u>

LOCAL AUTHORITIES SUPERANNUATION BOARD.

The Board operates under the provisions of the *Local Authorities Superannuation Act 1958* and 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 was 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 7 per cent. of the salary of the employee. No new policies are being written under this scheme as, substantially, it has been superseded by the Benefit Contracts Scheme.

Provident Fund.—The purpose of the Fund is to provide a lump sum, payable to or in respect of any employee upon his withdrawal, retirement or prior death where he is ineligible, in whole or in part, to contribute to either the Insurance or the Benefit Contracts schemes. The annual contribution payable in respect of any such employee is 7 per cent. of so much of his salary as is subject to the Provident Fund Scheme.

Benefit Contracts.—Under the authority of the *Local Authorities Superannuation (Amendment) Act 1960*, the Board was empowered to enter into contracts with eligible persons to provide benefits by way of superannuation, annuities, retiring allowances or payments on death. The scheme came into operation as at 1st March, 1961, and to date, benefits provided have been by way of lump sum payment upon withdrawal, retirement or death. The annual premium payable in respect of each permanent employee is 7 per cent. of his salary. Benefits are paid in accordance with tables contained in Regulations under the Act.

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, one-half of the amount paid on the employee's behalf or such lesser proportion as is mutually agreed.

Administrative costs of the Board are met from the Management Account, the income of which is derived from commissions received from the underwriting insurance company, interest received from the investment of funds at credit of the account, and allocations from the Benefit Contracts Account.

In order that, in future years, the "financial" and the "contribution" years should coincide, the Board determined that, as from 1962, the financial year should end on 28th February. Accordingly the accounts of the Board currently reviewed herein relate to the period 1st July, 1961, to 28th February, 1962—a period of eight months.

The audit of the accounts to 28th February, 1962, has been completed. The following statements summarize transactions on the Board's accounts in the past three accounting periods.

INSURANCE ACCOUNT.

						1959-60.		1960-61.		1961-62.
						£		£		£
<i>Receipts.</i>										
Balance at Bank	..	..	..	..	..	42,463	..	40,220	..	34,994
Premiums	..	..	..	..	..	647,603	..	680,883	..	6,814
Surrender Values	..	..	..	..	..	93,782	..	106,422	..	25,822
Death Claims	..	..	..	..	..	77,404	..	61,208	..	7,854
Matured Policies	..	..	..	..	..	43,646	..	51,189	..	48,845
Taken-over Policies	..	..	..	..	..	2,132	..	1,587	..	19
Other	..	..	..	..	..	2,194	..	1,373	..	..
						909,224	..	942,882	..	124,348
<i>Payments.</i>										
Insurance Companies	..	..	..	..	..	614,012	..	268,712	..	3,067
Management Account—Commission, &c.	..	..	..	..	..	32,253	..	11,358	..	162
Authorities and Employees	..	..	..	..	..	222,739	..	228,847	..	94,721
Transferred to Benefit Contracts Account	..	..	..	..	..	..	..	398,971	..	4,776
Balance at Bank	..	..	..	..	..	40,220	..	34,994	..	21,622
						909,224	..	942,882	..	124,348

PROVIDENT FUND.

	<i>Receipts.</i>	1959-60.	1960-61.	1961-62.
		£	£	£
Balance at Bank		65,065	76,662	35,576
Contributions		183,130	196,327	26,083
Interest on Investments		28,469	33,568	20,747
Other (including Investments Redeemed)		2,800	65,110	13,666
		<u>279,464</u>	<u>371,667</u>	<u>96,072</u>
<i>Payments.</i>				
Employees		103,869	121,513	73,808
Refunds to Authorities		12,410	13,652	7,379
Investments		85,000	200,000	..
Other		1,523	926	..
Balance at Bank		76,662	35,576	14,885
		<u>279,464</u>	<u>371,667</u>	<u>96,072</u>

The position of the Fund at 30th June, 1960 and 1961 and 28th February, 1962, was :—

	1960.	1961.	1962.
	£	£	£
Contributors' credits	728,316	819,370	744,250
Unallotted Interest	18,586	21,336	40,870
Contributions paid in advance, &c. .. .. .	..	..	6,265
Contributions payable to Benefit Contracts Account .. .. .	..	..	14,964
	<u>746,902</u>	<u>840,706</u>	<u>806,349</u>
Represented by—			
Cash at Bank	76,662	35,576	14,885
Investments	670,240	805,130	791,464
	<u>746,902</u>	<u>840,706</u>	<u>806,349</u>

BENEFIT CONTRACTS ACCOUNT.

	<i>Income.</i>	1960-61.	1961-62.
		£	£
Contract Premiums		510,909	50,939
Proceeds of Surrendered Policies		838,103	1,522,863
Interest on Investments		25,196	94,286
Underwriting Commission	3,850
Other	1,800
		<u>1,374,208</u>	<u>1,673,738</u>
<i>Expenditure.</i>			
Death Benefits	74,331
Withdrawal Benefits		642	33,566
Refunds to Authorities		1,818	5,004
Contribution to Management Account		8,333	16,667
Other	3,509
		<u>10,793</u>	<u>133,077</u>
Surplus		<u>1,363,415</u>	<u>1,540,661</u>

As at 30th June, 1961, and 28th February, 1962, the funds of the Benefit Contracts Account amounted to—

	1961. £	1962. £
	1,363,415	2,903,983
and were represented by—		
Current assets <i>less</i> liabilities		
Investments	530,007	96,179
Prepayments	816,741	2,807,804
	16,667	..
	1,363,415	2,903,983

MANAGEMENT ACCOUNT.

	<i>Income.</i>		
	1959-60. £	1960-61. £	1961-62. £
Commission—			
New Business	35,974	31,823	662
Collection	32,233	9,924	162
Interest on Investments	12,670	13,713	8,857
Contribution from Benefit Contracts Account	..	8,333	16,667
Other	1,251	1,293	1,017
	82,128	65,086	27,365
	<i>Expenditure.</i>		
	£	£	£
Board Members' Fees	496	725	420
Salaries	10,187	12,220	13,547
Other Administration Charges	2,648	5,435	10,348
Rates, &c.	744	1,075	975
Depreciation	618	2,330	3,733
	14,693	21,785	29,023
Surplus	67,435	43,301	..
Deficit	..	..	1,658

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:—

	1959-60. £	1960-61. £	1961-62. £
Invested	43,097	45,000	..
Contingent Account	7,000	7,514	3,305

As at balancing date in each of the periods given, accumulated funds of the Management Account, including the unexpended balances of the Contingent Account, were:—

	1960. £	1961. £	1962. £
Accumulated Funds	400,979	433,898	425,341
Asset Replacement Reserve	..	2,330	6,029
	400,979	436,228	431,370
Represented by—			
Current assets <i>less</i> liabilities	53,805	71,170	47,057
Investments	220,800	233,550	226,350
Freehold property	118,634	119,658	121,580
Furniture, equipment and office machines	6,571	9,909	35,235
Motor Car	735	1,283	1,148
Prepayments	434	658	..
	400,979	436,228	431,370

MAIZE MARKETING BOARD.

A summary of the financial operations of the Board for the accounting period 8th March, 1961, to 31st March, 1962, is as follows:—

Total number of bushels marketed	..	..	..	..	..	..	..	130,300
							£	£
Gross proceeds of sales	..	..	..	..	..	..	..	111,096
Freight, Commission, &c.	..	..	..	..	..	..	..	13,646
Administration expenses	..	..	..	..	..	..	..	2,521
Amount paid to growers	..	..	..	..	..	..	..	94,677
Taken to Reserve	..	..	..	..	..	..	..	252
							—————	111,096

MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1962, has been completed and the statements of accounts for the year have been duly certified by me.

In my reports on the accounts of the two previous years, I referred to certain charges made by the Board, in 1959-60, for water supplied by measure. I raised the question as to the legality of those charges and indicated in my report for 1960-61 that I had withheld my certification of the Board's accounts for that and the previous year until such time as appropriate action had been taken to adjust the position in respect of the year 1959-60. As these accounts were subsequently adjusted to my satisfaction and the relevant statements amended accordingly, my certification of such accounts for each of the two years has since been signified.

The amended figures for 1959-60 and 1960-61 are, for the purpose of record and comparison with the figures for 1961-62, included in the financial summaries furnished herein.

The Board's Revenue Accounts for the three years are compared hereunder:—

	1959-60.	1960-61.	1961-62.
	£	£	£
Rates and Charges—			
Water Supply	3,756,648*	4,106,083	5,179,234
Sewerage	3,815,118	4,154,576	4,586,541
Drainage and Rivers	618,115	672,492	750,738
	<u>8,189,881</u>	<u>8,933,151</u>	<u>10,516,513</u>
Metropolitan Farm—			
Gross profit on cattle	187,036	154,668	136,102
Gross profit on sheep	71,543	59,177	38,146
Rent	5,722	5,197	5,325
Sundry Trading Operations	9,661	5,547	3,766
	<u>273,962</u>	<u>224,589</u>	<u>183,339</u>
Gross Revenue	<u>8,463,843</u>	<u>9,157,740</u>	<u>10,699,852</u>
Working Expenses—			
Management	1,115,075	1,197,948	1,272,221
Maintenance	1,903,281	1,959,800	2,081,468
Interest (including overseas exchange)	4,221,253	4,724,808	5,276,272
	<u>7,239,609</u>	<u>7,882,556</u>	<u>8,629,961</u>
Gross Surplus	<u>1,224,234</u>	<u>1,275,184</u>	<u>2,069,891</u>
General Expenditure—			
Loan Flotation Expenses	154,627	114,255	191,958
Staff Gratuities	48,326	52,964	56,001
Contributions to Superannuation Fund	69,819	74,434	69,221
Depreciation—Furniture and Fittings, &c.	22,002	26,994	31,332
Pensions (cost of living allowance in superannuation payments)	30,516	55,268	40,380
Main Drainage Works	303,862	331,158	371,175
	<u>629,152</u>	<u>655,073</u>	<u>760,067</u>
Statutory Expenditure—			
Contributions to Municipalities	16,992	16,992	16,992
Carried forward	<u>646,144</u>	<u>672,065</u>	<u>777,059</u>

	£ 1959-60	£ 1960-61.	£ 1961-62.
Brought Forward	646,144	672,065	777,059
Provisions and Transfers to Reserves—			
Contributions to Renewals Fund	180,637	191,695	216,144
Contributions to Sinking Fund	362,998	387,455	400,407
Contributions to Loans Redeemed Reserve	163,804	143,224	194,215
Contributions to Rates Equalization Reserve .. .. .	..	..	475,281
Provision for Water Charges Adjustment	125,000	..	..
	832,439	722,374	1,286,047
Total General Expenditure	1,478,583	1,394,439	2,063,106
Net Deficit	254,349	119,255	..
Net Surplus .. .. .	..	..	6,785
<i>Add</i> Accumulated Surplus brought forward			
1st July	66,553	651	696
<i>Add</i> Amount transferred from Rates Equalization Reserve	188,447	119,300	..
Accumulated Surplus at 30th June, carried forward	651	696	7,481

* Subject to the provision of £125,000 made for "Water Charges Adjustment".

It will be seen that the surplus of £6,785 for the year was arrived at after making a contribution of £475,281 to 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).
	£	£	£	£
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
1961-62.. .. .	5,179,234	4,586,541	750,738	88,419,281

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)—Water Rate	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.

As from 9th August, 1961, the charge for all water supplied by measure to any lands and tenements being rateable property was increased from 1s. 6d. to 2s. per one thousand gallons. As from the same date, other charges also relating to the supply of water were increased by 33½ per centum.

Although the proportion of interest and exchange to gross revenue from rates and charges fell from 52·89 per centum in the previous year to 50·17 per centum in the year under review, interest charges continued to be a heavy burden on the Board's revenue. In this regard, it will be noted that the actual charge to revenue on account of interest and exchange rose from £4,724,808 in 1960-61, to £5,276,272 in 1961-62.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund £145,767; Sinking Fund £461,329; and Superannuation Fund £79,078. Exchange on interest remitted overseas amounted to £32,545.

A section of the Drainage and River Improvement capital works was financed from revenue to the extent of £371,175, 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, 1962, are shown hereunder:—

	Contribution from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1962.
	£	£	£	£
Sinking Funds	412,504	461,329	873,833	10,100,288
Loans Redeemed Reserve	194,215	..	194,215	521,243
Renewals Fund	216,144	145,767	361,911	7,251,249
Superannuation Fund	69,221	79,078	148,299	1,691,598
Insurance Account .. .. .	..	..	..	476,158
	892,084	686,174	1,578,258	20,040,536

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of £10,393,263 as at 30th June, 1962. Thus, the sum of the Board's Funds and Reserves as at that date was £30,433,799. Of this sum, £14,073,474 was invested, £521,243 was applied to loan redemption and £15,839,082 was utilized in the Board's undertaking.

Town Planning, Metropolitan Highways, &c.—The Metropolitan Improvement Rate was increased from 3d. to the allowable maximum of 4d. and was assessed on properties with an aggregate net annual value of £91,248,027.

During the year, the Board's borrowing powers pursuant to the provisions of Section 220 of the *Melbourne and Metropolitan Board of Works Act 1958* were used for the first time when an amount of £400,000 was raised for highway works. Interest charges and sinking fund contribution in respect of this loan are included in the debits to the Planning and Highways Revenue Account. Details of this Account for the past three years are given below:—

	1959-60.	1960-61.	1961-62.
	£	£	£
Revenue—			
Metropolitan Improvement Rate and Sundry Income	978,130	1,067,951	1,589,244
Less Expenditure—			
Management	160,143	171,681	177,021
Maintenance	3,247	3,440	11,814
Interest .. .. .	..	..	18,589
Contribution to Sinking Fund .. .. .	..	..	12,097
	163,390	175,121	219,521
Balance—surplus transferred to Planning and Highways Reserve	814,740	892,830	1,369,723

At 30th June, 1962, the credit balances in the accounts of the Board relating to its Planning and Highways functions were:—

	£
Loan Liability—Loan 476	400,000
Sinking Fund—Metropolitan Improvement Fund	12,097
Planning and Highways Reserve.. .. .	4,841,082
	<u>5,253,179</u>

These balances were represented by the following assets and/or expenditure—

	£	£
Metropolitan Improvement Fund—		
Cash at Bank	41,514	
Less Cash held temporarily on account of Metropolitan General Fund (estimate)	5,541	
		<u>35,973</u>
Securities—Short Term		300,000
Arrears—Rates and Charges (estimate)		65,641
Reserved Land—held temporarily under Section 57, Act No. 6849	2,153,951	
Compensation under Section 42, Act No. 6849	80,568	
		<u>2,234,519</u>
Planning, Highways and Foreshore Works—Expenditure		2,617,046
		<u>5,253,179</u>

Assets and Liabilities and Funds.—The statement hereunder shows the Assets and Liabilities and Funds of the Board at 30th June, in each of the past three years:—

	30.6.1960.	30.6.1961.	30.6.1962.
	£	£	£
Current Assets—			
Cash in hand and at bank	508,417	2,104,744	777,049
Securities—Short Term	3,925,000	3,125,000	7,250,000
Arrears of Rates and Charges	374,306	459,758	639,930
Sundry Debtors	163,597	409,565	441,108
Stores and Materials on hand	1,021,415	1,007,262	1,049,931
Livestock on hand	191,005	206,550	196,220
Reserved Land—Planning and Highways			
Acquired Land	1,057,550	1,748,984	2,153,951
Compensation for loss on sales	2,800	20,122	80,568
	<u>7,244,090</u>	<u>9,081,985</u>	<u>12,588,757</u>
Deferred Charges—			
Plant Depreciation Variance Account.. .. .	48,137		
Fixed Assets—			
Planning and Highways Works	670,885	1,381,208	2,617,046
Water Supply Works	48,732,894	51,937,868	55,658,044
Sewerage Works	36,431,994	41,013,573	47,341,236
Sewerage House Connexions	396,909	396,909	396,909
Main Drainage and River Improvement Works	8,453,638	8,911,526	9,437,944
Buildings, Water Meters, and other items	4,082,887	4,408,069	4,672,854
	<u>98,769,207</u>	<u>108,049,153</u>	<u>120,124,033</u>
Less Renewals Fund	6,646,081	6,932,550	7,251,249
	<u>92,123,126</u>	<u>101,116,603</u>	<u>112,872,784</u>
Plant and Tools	931,917	877,011	913,239
Motor Vehicles	275,721	275,617	270,738
Furniture and Fittings	181,083	186,780	182,838
	<u>93,511,847</u>	<u>102,456,011</u>	<u>114,239,599</u>
Investments—			
External—Stock—Commonwealth, &c.	3,203,500	2,753,500	4,391,500
Internal—Stock—Melbourne and Metropolitan Board of Works	1,281,839	1,717,234	2,436,574
	<u>4,485,339</u>	<u>4,470,734</u>	<u>6,828,074</u>
Total Assets	<u>105,289,413</u>	<u>116,008,730</u>	<u>133,656,430</u>

	30.6.1960.	30.6.1961.	30.6.1962.
	£	£	£
Current Liabilities—			
Loan Interest, Matured Debentures and Inscribed Stock	860,720	1,061,040	1,061,307
Sundry Creditors and Deposits	672,718	650,118	915,513
	<u>1,533,438</u>	<u>1,711,158</u>	<u>1,976,820</u>
Deferred Liabilities—			
Superannuation Fund	1,463,363	1,561,843	1,691,598
Provision for Furlough	250,312	264,881	282,111
	<u>1,713,675</u>	<u>1,826,724</u>	<u>1,973,709</u>
Loan Liability—			
Government of Victoria	443,744	441,345	438,858
Public Loans	86,065,276	94,358,500	108,058,202
	<u>86,509,020</u>	<u>94,799,845</u>	<u>108,497,060</u>
Total Liabilities	<u>89,756,133</u>	<u>98,337,727</u>	<u>112,447,589</u>
Excess of Assets over Liabilities, represented by—			
Sinking Fund	8,397,880	9,226,455	10,088,191
Loans Redeemed Reserve	183,804	327,028	521,243
General Reserve	2,657,304	2,985,622	3,592,920
Planning and Highways Sinking Fund			12,097
Planning and Highways Reserve	2,578,308	3,471,138	4,841,082
Rates Equalization Reserve	266,553	147,253	622,534
Exchange Reserve	688,500	688,500	688,500
Deferred Maintenance Reserve	103,605	103,605	103,605
Provision for Water Charges Adjustment	125,000	125,000	125,000
Insurance Account	497,810	496,226	476,158
Distributable Expense Variance Account	33,865	99,480	130,030
Accumulated Surplus	651	696	7,481
	<u>15,533,280</u>	<u>17,671,003</u>	<u>21,208,841</u>
Total Liabilities and Funds	<u>105,289,413</u>	<u>116,008,730</u>	<u>133,656,430</u>

Included in the Fixed Assets are certain assets which have been replaced or abandoned. Action to remove these items from their present classification is in course.

The increase of £607,298 in the General Reserve was accounted for as follows:—

	£
Expenditure from Revenue on account of Drainage and River Improvements	371,175
Estimated value of privately constructed water mains taken over by the Board, less reimbursements made by the Board	215,054
Contribution towards the improvement of the Yarra River Bank, between Queen's Bridge and Spencer-street Bridge, Melbourne	10,000
Contributions towards cost of other works of the Board	15,169
	<u>611,398</u>
Deduction on account of net loss on realization of plant, motor vehicles &c.	4,100
	<u>607,298</u>

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, 1962, was £108,058,202.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by £12,074,880. Major increases were:—

	£
Reservoir and Conduit Construction, &c.	218,994
Water Supply—extension large mains	2,138,691
" " reticulation, water meters, &c.	1,617,726
Construction and Amplification—sewage disposal, &c.—Metropolitan Farm	185,757
Sewerage—extension mains, treatment works, &c.	4,963,522
" Brooklyn Pumping Station	1,178,086
Main Drains and River Improvements—extensions, &c.	526,418
Metropolitan Main Highways	1,177,539
Foreshore Improvement	58,298

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1962, conducted by my officers pursuant to the provisions of the *Melbourne and Metropolitan Tramways Act 1958* 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 :—

				Year ended 30.6.1961.		Year ended 30.6.1962.
				£		£
Operations—						
Tramways and Omnibuses .. .. .	..	..	..	Deficit	127,291	Deficit 208,806
Properties and Miscellaneous .. .. .	..	..	..	Surplus	20,259	Surplus 27,583
				Deficit	107,032	Deficit 181,223
Interest on Investments .. .. .	..	..	..		109,820	.. 107,265
Result for year .. .. .	..	..	..	Surplus	2,788	Deficit 73,958

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

					Year ended 30.6.1961.		Year ended 30.6.1962.
					£		£
Provision for—							
Long Service Leave .. .. .	..	..	..	..	113,956		119,836
Retiring Gratuities .. .. .	..	..	..	..	198,319		212,916
Accrued Sick Leave .. .. .	..	..	..	..	3,454		6,455
Public Liability Claims .. .. .	..	..	..	..	77,830		87,063
Obsolescence in Stores Stock .. .. .	..	..	..	..	..		4,840
					393,559		431,110

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, 1961, and 1962, are summarized hereunder :—

30.6.1961.					30.6.1962.
£					£
	Current Assets—				
26,364	Cash at Bank .. .. .	..	..	..	19,449
36,447	Cash in Hand .. .. .	..	..	..	26,508
182,811	Sundry Debtors .. .. .	..	..	..	188,805
549,672	Stores on Hand and Work in Progress .. .. .	..	..	..	527,377
795,294					762,139
80,000	Payment in Advance—Bus Service Extensions .. .. .	..	..	..	..
	Fixed Assets—				
6,926,319	Permanent Way, Overhead Construction, Transmission Lines .. .. .	..	..	..	7,059,459
4,885,776	Rolling Stock .. .. .	..	..	..	4,836,515
2,067,084	Land and Buildings .. .. .	..	..	..	2,175,931
1,421,298	Plant, Furniture, and Fittings, &c. .. .. .	..	..	..	1,321,374
15,300,477					15,393,279
7,548,898	Less Provision for Depreciation .. .. .	..	..	..	7,371,711
7,751,579					8,021,568
8,626,873	Carried forward .. .. .	..	..	..	8,783,707

30.6.1961.		£		£	30.6.1962.	£
8,626,873	Brought forward		..	..		8,783,707
997,150	Intangible Assets		..	..	985,554	
531,847	Less Provision for Amortization		..	..	551,647	
465,303						433,907
2,234,100	Investments		..	..		2,217,937
11,326,276	Total Assets		..	..		11,435,551
Current Liabilities—						
312,767	Sundry Creditors		..	..	341,930	
31,113	Contractors' and other Deposits		..	..	25,407	
8,917	Less Deposits other than Cash		..	..	8,662	
						16,745
334,963						358,675
Accrued Liabilities—						
145,176	Interest on Loans		..	..	149,285	
34,803	Other		..	..	113,732	
179,979						263,017
9,719,380	Loans		..	..		9,669,875
Specific Provisions—						
100,000	Provision for Fire Damage		..	..	100,000	
156,000	„ „ Public Liability Claims		..	..	85,000	
250,000	„ „ Accrued Sick Leave		..	..	250,000	
762,660	„ „ Retiring Gratuities		..	..	762,660	
250,000	„ „ Long Service Leave		..	..	250,000	
15,000	„ „ Stores Obsolescence		..	..	7,683	
50,000	„ „ Future Bus Services, &c.		..	..	..
1,583,660						1,455,343
11,817,982	Total Liabilities		..	..		11,746,910
The excess of Liabilities over Assets is represented by—						
570,492	The Accumulated Deficit brought forward		..	..	570,492	
	Less—The application of part of the depreciation provision to the reduction of the Accumulated Deficit		..	..	254,305	
						316,187
	Plus—Deficit for year		..	..	73,958	
78,786	Less—Commonwealth Grants for Tramlines constructed at its request		..	..		390,145
491,706						78,786
						311,359

It will be noted that there was an apparent reduction from £156,000 to £85,000 in the "Provision for Public Liability Claims". This reduction was the effect of an adjustment made to the account during the year in order that it might clearly show the amount regarded by the Board as necessary to meet any major claims which, in the future, might arise under this head. Actually, the amount of the reduction, £71,000, represented the accrued liability in respect of a number of smaller claims. Accordingly, this sum was transferred from the "Provision for Public Liability Claims" to "Accrued Liabilities—Other".

Following on previous audit comment, a review of the annual rates of provision for depreciation and amortization of fixed and intangible assets of the Board was undertaken in the year. As a result, revised rates were adopted in respect of certain asset groups and applied to those groups as if such rates had operated over the whole of their life.

The consequential credit adjustment of £445,543 to the provision for depreciation was used to write off certain assets and intangibles amounting to £191,238. The balance of the credit was, as shown in the Balance-sheet, applied to the reduction of the accumulated deficit.

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:—

							30.6.1961.	30.6.1962.
							£	£
Provision for depreciation and amortization	..	..	..	..	..	..	7,355,045	7,220,206
Sinking Fund	..	..	..	..	..	..	725,700	*703,152
Total Provision	..	..	..	..	..	..	<u>8,080,745</u>	<u>7,923,358</u>

* NOTE.—Of the investments of the Board amounting to £2,217,937, as at 30th June, 1962, investments to the sum of £703,152 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, 1960, and 1961, is given hereunder:—

1960.		1961.
£		£ £
	Operational Receipts—	
2,102,248	Wharfage Rates	1,977,988
352,891	Tonnage Rates	387,537
226,669	Rent, &c., from Lands	275,777
102,269	Rent of Sheds	101,272
175,896	Special Berth and Appropriation Fees, &c.	193,858
44,072	Storage, Receiving and Delivery Fees	66,018
651,178	Crane Hire	681,375
531	Plant Hire	400
21,124	Towage	14,561
27,969	Cargo Lights	23,263
35,197	Sale, Electric Energy	31,924
125,410	Miscellaneous	153,598
3,865,454		3,907,571
	Operational Disbursements—	
738,901	Management and General Expenses	754,164
655,443	Port Operating Expenses	645,040
580,491	Maintenance—Dredging and Properties	770,901
645,789	Interest	697,760
955	Loan Flotation Expenses	515
1,577	Damage to Trust Plant	4,804
7,469	Refunds of Revenue	13,037
2,630,625		2,886,221
	Appropriations—	
495,662	Consolidated Revenue	£ 482,193
180,509	Sinking Fund	260,930
		743,123
3,306,796		3,629,344
558,658	Operational Surplus	278,227
	Other Disbursements (net)—	
404,892	Investments .. .. .	..
4,097	Employees' Housing .. .. .	..
11,718	Miscellaneous	1,132
420,707		1,132
	Other Receipts (net)—	
..	Investments	441,195
13,635	Sales Property, Plant, &c.	18,183
25,423	Sundry Debtors	29,356
43,630	Superannuation.. .. .	44,013
22,477	Stocks of Materials	28,278
..	Employees' Housing	2,247
..	Suspense Account	5,440
105,165		568,712
243,116	Carried forward	845,807

1960.		1961.	
£		£	£
243,116	Brought forward .. .. .	..	845,807
1,339,000	Loan Moneys received	2,945,380	
555,300	Less Loans Redeemed	2,636,680	
		<hr/>	308,700
1,026,816			<hr/>
149,600	Cash Overdrawn, 1st January .. .. .	..	1,154,507
			187,718
877,216	Available for New Works .. .. .	..	966,789
1,064,934	New Works .. .. .	..	1,192,032
			<hr/>
187,718	Cash Overdrawn, 31st December .. .. .	..	225,243
			<hr/>

The loan liability increased by £41,642 to £14,240,702 at 31st December, 1961.

METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to 1961-62 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1961-62, the funds so provided were—Fire Insurance Companies, £1,231,885, and Municipalities £619,525.

	1958-59.	1959-60.	1960-61.	1961-62.
<i>Revenue.</i>				
Surplus from previous year	£ 16,529	£ 75,974	£ 55,198	£ 122,865
Statutory contributions	1,340,197	1,457,776	1,616,410	1,851,410
Other	21,470	36,478	37,111	72,691
	1,378,196	1,570,228	1,708,719	2,046,966
<i>Expenditure.</i>				
Salaries, Wages, and Maintenance, &c.	1,217,329	1,378,738	1,433,181	1,644,460
Loan Repayments	8,116	9,716	9,191	10,274
Transfers to Funds and Interest on Loans	76,777	126,576	143,482	173,841
	1,302,222	1,515,030	1,585,854	1,828,575
Surplus carried forward to next year	75,974	55,198	122,865	218,391

The financial position of the Board as at 30th June, 1961, and 30th June, 1962, is summarized hereunder:—

30.6.1961.		30.6.1962.
£		£
	Source of Funds—	
	External—	
322,166	Loan liability	351,892
17,810	Less unexpended	2,839
304,356		349,053
	Internal—	
960,526	Excess of assets over liabilities	1,120,692
1,182,465	Funds	1,403,548
979,019	Less invested on account of Superannuation and other Trust purposes	1,124,606
203,446		278,942
1,163,972		1,399,634
1,468,328		1,748,687
	Represented by—	
	Current Assets—	
..	Cash	148,124
47,654	Sundry Debtors and Advances	60,713
82,794	Stock on Hand	96,754
191	Work in progress	501
130,639		306,092
	Less—	
	Current Liabilities—	
50	Sundry Creditors	62
8,577	Cash Deficit .. .. .	..
8,627		306,030
122,012		265,262
266,962	Investments .. .. .	..
	Fixed Assets—	
770,428	Land and Buildings	836,283
88,789	Plant, machinery, and equipment	105,133
220,137	Rolling Stock	235,979
1,468,328		1,177,395
		1,748,687

ONION MARKETING BOARD.

Final accounts in respect of the last complete pool period, that ended on 15th November, 1961, have been audited. Details of the operations in this and the previous pool period are:—

	Pool.	
	1960.	1961.
	tons.	tons.
Total Onions acquired	16,115	10,504
	£	£
Proceeds from sales	635,604	399,539
Administration and marketing expenses	30,442	23,681
Payments to growers	604,713	381,376

The average return per ton to the growers was £37 10s. in 1960 and £36 6s. in 1961.

The lower production in 1961 did not result in an increased return to the growers, as Victorian onions were marketed in competition with plentiful supplies from interstate sources.

PORTLAND HARBOR TRUST.

The audit of the accounts of the Trust to 30th June, 1962, has been completed. After taking into consideration a State contribution of £302,000 and the provisions for sinking fund and accruing long service leave, there was a net surplus of £21,553 from the year's operations. This compares with a surplus of £71,208 in 1960-61.

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

1960-61.			1961-62.	
£			£	£
Operating Revenue—				
36,759	Wharfage Rates	..	..	49,380
6,237	Tonnage Rates	..	..	7,902
5,712	Haulage	..	..	9,337
115	Slipway Charges	..	..	258
6,150	Shipping Services	..	..	17,463
4,411	Rent	..	..	9,840
59,384				94,180
Operating Expenditure—				
18,629	Administrative	..	..	23,827
22,215	Maintenance	..	..	46,651
7,561	Shipping Services	..	..	24,073
582	Depreciation	..	..	7,096
48,987				101,647
10,397	(Surplus) Operating Surplus or Deficit..	..	..	(Deficit) 7,467
Non-operating Revenue—				
3,049	Interest	..	..	6,704
296	Licences	..	..	306
455	Other	..	..	607
3,800				7,617
14,197				150
Non-operating Expenditure—				
239,848	Loan Interest	..	..	256,791
2,959	Loan Flotation Expenses	..	..	1,315
242,807				258,106
228,610	Excess of Expenditure over Revenue	..	..	257,956
Appropriations—				
592	Long Service Leave	..	..	583
23,590	Sinking Fund	..	..	21,908
24,182				22,491
252,792				280,447
324,000	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes	..	..	302,000
71,208	Net Surplus for year	..	..	21,553
46,657	Accumulated Surplus at 30th June	..	..	68,210

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, £434,582 and National Debt Sinking Fund contributions, £21,896.

BALANCE-SHEET.

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

30.6.1961.		30.6.1962.
£		£ £
74,265	Current Liabilities	88,795
	Deferred Liabilities—	
5,000	Treasury Advance	5,000
6,477,122	Loan Funds	6,938,869
8,324	Other	8,025
<hr/>		<hr/>
6,490,446		6,951,894
	Funds of the Trust—	
79,289	Endowments	68,480
103,658	Sinking Fund	130,376
<hr/>		<hr/>
182,947		198,856
46,657	Accumulated Surplus	68,210
<hr/>		<hr/>
229,604		267,066
<hr/>		<hr/>
6,794,315		7,307,755
	Current Assets—	
14,520	Cash	150,245
83,531	Stores	84,035
19,868	Other	8,946
<hr/>		<hr/>
237,737*	Investments	243,226
		*279,200
	Fixed Assets—	
75,518	Property Vested (<i>less</i> written off)	64,709
4,540	Other (<i>less</i> depreciation)	4,508
6,358,601	Construction Works	6,716,112
<hr/>		<hr/>
6,794,315		6,785,329
<hr/>		<hr/>
6,794,315		7,307,755

* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1962, comprised Advances from the Treasurer, £2,041,450 (including £12,450 discount and expenses on loans) and £4,897,419 raised by the Trust 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 £434,582.

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 £56,960, and subsidiary stores £27,075. 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, £279,200, 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.

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 £11,510 compared with a surplus of £12,676 in the preceding year. Particulars are :—

1960-61. £	Receipts.	1961-62. £	1960-61. £	Payments.	1961-62 £
115,552	Fees and Commission	118,823	155,662	Salaries, pay in lieu of long service leave, overtime and payroll tax	167,949
78,452	Surplus — Interest Suspense Account	84,315	1,133	Publicity	1,118
			15,000	Rent	15,000
			9,533	Other expenses (net)	7,561
			12,676	Surplus for the year	11,510
<u>194,004</u>		<u>203,138</u>	<u>194,004</u>		<u>203,138</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—

	1959-60.	1960-61.	1961-62.
	£	£	£
Consolidated Revenue—			
Fees and Commission.. .. .	97,276	115,552	118,823
Probate Duty	103,797	148,685	165,791
Surplus from Interest Suspense Account	82,146	78,452	84,315
Maintenance—Patients in Mental Hospitals	43,168	29,487	23,748
Stationery, Postages recouped	4,238	4,888	4,537
Sundry Receipts .. .. .	..	1,918	496
	<u>330,625</u>	<u>378,982</u>	<u>397,710</u>
Transfer to Treasury Trust Fund—			
Unclaimed Moneys—after 6 years	10,135	56,257	30,906
Unpresented cheques, &c.	485	1,477	1,579
	<u>10,620</u>	<u>57,734</u>	<u>32,485</u>

RURAL FINANCE AND SETTLEMENT COMMISSION

FINANCE BRANCH

(Formerly Rural Finance Corporation.)

As from the appointed day, 17th March, 1962, proclaimed in accordance with the provisions of the *Rural Finance and Settlement Commission Act 1961*, the Rural Finance Corporation and the Soldier Settlement Commission were abolished and were succeeded by the Rural Finance and Settlement Commission. In terms of the Act, the new Commission exercises its powers and performs its duties in two separate and distinct branches of its establishment. One branch, the Finance Branch, handles rural finance matters under the *Rural Finance Act 1958*, and the other, the Settlement Branch, deals with soldier settlement and land settlement respectively, under the *Soldier Settlement Act 1958* and the *Land Settlement Act 1959*.

The Finance Branch acts independently of the Treasury in accounting matters and its accounts are, therefore, explained and commented upon herein. On the other hand, the basic financial records of the Settlement Branch are part of the Treasury accounting system and these have already been discussed in my report to the House on the Treasurer's accounts.

The objects of the Finance Branch, which are set out in Section 5 of the Rural Finance Act, 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 Commission to take charge of the administration of any money provided from the Public Account for any special purpose. The Commission 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, 1962, and a balance-sheet as at that date were prepared. The operating profit was £116,637 as compared with £94,914 in the preceding year.

Advances under Part IV.—Under Part IV. of the Act the Commission 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 Commission's income. Interest receivable by the Commission under this heading and included in the year's revenue totalled £10,730.

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

	£	£
Grants from Commonwealth Government .. .. .	..	2,392,000*
Add Amounts received from farmers to 30th June, 1961	2,845,463	
Repayments of advances, 1st July, 1961, to 30th June, 1962	100,623	
	<hr/>	2,946,086†
		<hr/>
		5,338,086
Less Payments re debt adjustment to 30th June, 1961	3,635,980	
Payments re debt adjustment 1st July, 1961, to 30th June, 1962	6,808	
	<hr/>	3,642,788
		<hr/>
Unexpended balance 30th June, 1962 .. .. .	..	1,695,298‡

* 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.

‡ Includes £572 cash in transit.

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

Loans under Part III.—Loans made during the year totalled £1,499,163. At the close of the year, £9,191,057 was held by borrowers of which £7,169,818 was held in respect of primary industries and £2,021,239 on account of secondary industries.

The Profit and Loss Accounts for the financial years ended 30th June, 1961 and 1962, are summarized hereunder :—

		INCOME.							
1961.								1962.	
£								£	£
436,758	Interest .. .. .	..	..	..	..	..	..	..	474,896
4,572	Application and Legal Fees .. .. .	..	..	..	..	..	..	..	8,916
<hr/>									
441,330									483,812
		<i>Less</i> EXPENDITURE AND PROVISIONS.							
57,718	Administration .. .. .	..	..	..	..	..	..	60,166	
266,064	Interest on Loan Indebtedness .. .. .	..	..	..	..	..	..	285,135	
11,538	Interest on Redeemed Securities .. .. .	..	..	..	..	..	..	13,906	
1,195	Depreciation .. .. .	..	..	..	..	..	..	1,032	
3,591	Long Service Leave Provision .. .. .	..	..	..	..	..	..	1,726	
6,310	Provision for Superannuation .. .. .	..	..	..	..	..	..	5,210	
<hr/>									
346,416									367,175
<hr/>									
94,914	Operating Profit for Year .. .. .	..	..	..	..	..	..	..	116,637
7,956	Add Interest on General Reserve Investments .. .. .	..	..	..	..	..	..	..	11,227
<hr/>									
102,870									127,864
<hr/>									
	<i>Less—</i>								
20,568	National Debt Sinking Fund—Contribution .. .. .	..	..	..	..	..	..	21,793	
5,449	Discounts and Expenses on Loans .. .. .	..	..	..	..	..	..	4,019	
..	Bad Debts .. .. .	..	..	..	..	..	..	491	
<hr/>									
26,017									26,303
<hr/>									
76,853	Net Profit Transferred to General Reserve .. .. .	..	..	..	..	..	..	..	101,561
<hr/>									

Pursuant to his authority under the Act, the Treasurer determined for 1961–62, as was the case in each of the two preceding years, the annual rate of interest payable on loans from the State to the Commission at 1 per centum less than the rate payable on loans raised by the Commonwealth on behalf of the State.

At 30th June, 1961, and 30th June, 1962, funds available to the Commission were :—

30.6.1961.		30.6.1962.	
£		£	£
	Loan Funds—		
8,323,078	Loan Liability—Treasurer of Victoria (net) .. .. .	..	8,906,184
	Other Funds—		
13,249	Advances <i>Farmers Debts Adjustment Act</i> 1943—Treasurer of Victoria ..	12,403	
2,341,644*	Funds provided by Grant under <i>Commonwealth Loan (Farmers Debts Adjustment) Act</i> 1935	2,341,644*	
9,702	Interest on Mortgages prior to 26th April, 1950	9,702	
<hr/>			2,363,749
8,470	Trust Account—Amounts in suspense .. .. .	..	6,523
1,393	Sundry Creditors .. .. .	..	1,840
309,897	Reserve—National Debt Sinking Fund (including Commonwealth contributions) ..	..	365,869
19,937	Provision for Long Service Leave .. .. .	..	12,388
23,418	Provision for Superannuation .. .. .	..	29,760
393,415	Reserve Fund .. .. .	..	494,976
<hr/>			
11,444,203			12,181,289
<hr/>			

* Excludes £50,356 (Net), Bad Debts written off.

The funds were applied as follows:—

30.6.1961.		30.6.1962.
£		£ £
	Loans and Advances—	
8,602,106	Loans under Part III.— <i>Rural Finance Act 1958</i>	9,191,057
749,863	Advances under <i>Farmers Debts Adjustment Act 1935, and Part IV.—</i> <i>Rural Finance Act 1958</i>	656,048
13,249	Advances under <i>Farmers Debts Adjustment Act 1943</i>	12,403
147,935	Interest Due and Accrued	9,859,508 175,473
	Cash at Treasury—	
1,601,483	Rural Rehabilitation Fund—	1,694,726
..	Cash in transit	572
885	National Debt Sinking Fund	944
		1,696,242
	Fixed Assets—	
3,688	Furniture and Office Equipment <i>less Depreciation</i>	4,552
1,400	Motor Cars <i>less Depreciation</i>	980
197	Charges paid in Advance	5,532 1,094
	Cash—	
106,118	At bank and in hand	8,373
..	Cash at Call	125,000
		133,373
	Investments (at cost) on account of—	
16,572	Long Service Leave Provision	12,322
179,207	General Reserve	273,245
21,500	Superannuation Provision	24,500
		310,067
<u>11,444,203</u>		<u>12,181,289</u>

Interest due and accrued, £175,473, shown in the preceding summary, comprised interest due, £105,385, and interest accrued, £70,088.

Included in the amount of £105,385—Interest due—is a sum of £26,174 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, 1961, to the extent of £32,676 on account of interest, and £51,126 on account of instalments of principal. During 1961–62, £22,000 was received from the company and applied by the Commission towards meeting current interest, £10,648, arrears of interest, £6,502, and reduction of arrears of principal, £4,850. This apportionment was the result of a concession granted by the Commission, to operate for four six-monthly periods commencing on 1st January, 1961. As a result, by 30th June, 1962, the company's arrears on account of interest had been reduced to £26,174, and in respect of principal, had increased to £54,275.

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 (£494,976) 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 1961-62 were :—

Receipts—	£	£	£
Treasurer of Victoria—			
From Loan Fund	65,000		
Decentralization Fund	69		
Commonwealth Grant—Tobacco Growers	68,720		
		133,789	
From borrowers—			
Repayments of Principal	75,027		
Interest on Advances	17,194		
		92,221	
		226,010	
<i>Add</i> Cash at Bank—1st July, 1961			16
			226,026
<i>Less</i> Payments—			
Grants to Tobacco Growers		68,720	
Advances to Settlers—			
Goulburn Valley (Rehabilitation of Peach Growers)	1,275		
Sunraysia District (Capital Improvements and Replacements)	4,089		
Secondary Industries	19,501		
Lake Corangamite Area (Flood Relief)	20,750		
Tresco District (Capital Improvements)	759		
Tobacco Growers	12,450		
		58,824	
Treasurer of Victoria—Instalments of Principal and Interest		92,221	
		219,765	
Cash at Bank—30th June, 1962			6,261

SEED BEANS MARKETING BOARD.

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, 1962, are reviewed hereunder:—

Stock Movements:—

	No. 4 Pool Bushels.		No. 5 Pool Bushels.	
	1960-61.	1961-62.	1960-61.	1961-62.
Stocks on hand at 1st March	8,558	5,958	1,852	1,281
Sales for the year	2,600	4,861	571	893
Loss in weight .. .. .	..	153	..	83
Stocks on hand at 28th February	5,958	944	1,281	305
	£	£	£	£
Valuation of stocks at 28th February	7,448	1,652	1,601	534

Financial transactions during the two years were —

No. 4 Pool—	1960-61.		1961-62.	
	£	£	£	£
Excess of Income over Expenditure to 1st March	99,265		97,803	
Proceeds of Sales in excess of stock valuations ..	683		2,541	
Proceeds of Sales of Sacks .. .. .	..		511	
Writing up of stock valuations .. .. .	..		472	
Members fees written back .. .. .	..		686	
		99,948		102,013
<i>Less—</i>				
Handling charges, storages, &c.	74		1,774	
Administration	581		291	
Writing down of Stock Valuation	1,490		..	
Loss in Weight .. .. .	..		193	
		2,145		2,258
Excess of Income over Expenditure to 28th February		97,803		99,755

Advances to growers from 1st March, 1957, to 28th February, 1962, on account of deliveries amounted to £96,230.

No. 5 Pool—	1960-61.		1961-62.	
	£	£	£	£
Excess of Income over Expenditure to 1st March	4,721		4,876	
Proceeds of Sales in excess of stock valuations ..	903		1,271	
Proceeds of Sales of Sacks .. .. .	..		59	
Writing up of Stock Valuations .. .. .	..		152	
Members fees written back .. .. .	..		686	
Freight adjustment .. .. .	..		68	
		5,624		7,112
<i>Less—</i>				
Handling charges, storages, &c.	60		394	
Administration	361		53	
Writing down of Stock Valuation	321		..	
Loss in Weight	6		103	
		748		550
Excess of Income over Expenditure to 28th February		4,876		6,562

Advances to growers from 1st March, 1961, to 28th February, 1962, on account of deliveries amounted to £4,663.

Operation of the Board during the period ended 28th February, 1962, was confined to an attempt to dispose of 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 during recent years have been primarily for culinary purposes at considerably reduced prices. However, in anticipation of sales at a higher price in the near future, the Board, at the close of the year under review, wrote up the valuation of these stocks to the extent indicated in the summaries above.

THE STATE SUPERANNUATION BOARD.

The Superannuation Fund.—The State Superannuation Board is responsible, under the provisions of the *Superannuation Act 1958*, for the administration of the Fund, from which is provided, on a contributory basis, retiring benefits 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, 1960.	Year Ended 30th June, 1961.	Year Ended 30th June, 1962.
<i>Receipts.</i>	£	£	£
Balance (including investments)	29,560,628	32,548,454	35,970,643
Contributions from officers (Net)	2,572,784	2,294,928	2,075,990
Contributions from Consolidated Revenue	3,597,850	3,818,368	4,142,005
Interest	1,463,465	1,641,346	1,814,922
Underwriting Commission	7,237	9,711	18,914
Advance from State Treasury .. .. .	..	600,000	..
	37,201,964	40,912,807	44,022,474
<i>Disbursements.</i>			
Pensions	4,650,233	4,935,797	5,363,927
Endowment Assurances	491	233	280
Assurance Premiums (Net)	725	207	1,062
Lump Sum Payments (Limited Contributors)	2,061	5,927	2,400
Interest on Advance from State Treasury .. .. .	..	..	17,550
	4,653,510	4,942,164	5,385,219
The Balance was	32,548,454	35,970,643	38,637,255
Of which there was invested	32,548,170	35,970,328	*38,619,925
Leaving a cash balance of	284	315	17,330

* Face value of Investments, £38,411,204.

Receipts for the year exceeded disbursements by £2,666,612. Net investments amounted to £2,649,597, and the cash balance at the close of the year was £17,330.

Due largely to the number of railway officers who, under the provisions of the *Superannuation (Railway Service) Act 1961*, reduced the number of units of pension for which they were contributing, gross contributions received from officers during the year were less than the comparable figure for the previous year by £104,456. Further, "contributions refunded" increased by £114,482, with the result that net receipts from this source were £218,938 less than in 1960-61.

In 1960-61, the Board, as security for an advance of £600,000 obtained from the State Treasury to meet refunds under the *Superannuation (Railway Service) Act 1961*, executed and lodged with the Treasurer of Victoria transfers in respect of certain inscribed stock. These holdings matured during the year and at 30th June had been converted to the following:—

	£
State Electricity Commission Inscribed Stock 5 $\frac{7}{8}$ per cent. maturing 1st February, 2002	100,000
State Electricity Commission Inscribed Stock 5 $\frac{1}{2}$ per cent. maturing 1st April, 2002	500,000
	600,000

Consolidated Revenue contributions to the Fund rose by £323,637. 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 £428,130 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 £3,422,157 in 1960-61 and a further £2,649,597 was invested during 1961-62. These substantial increases in the investments mainly accounted for the increase of £173,576 in interest earned by the fund during 1961-62.

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) .. .. .	..	106,107
Receipts—		
Contributions from Teachers .. .. .	..	19,394
Contribution from Consolidated Revenue .. .. .	..	19,325
Interest on Investments .. .. .	..	5,421
		<hr/>
Funds Available .. .. .	..	150,247
		<hr/>
Payments—		
Contributions Refunded—		
Teachers .. .. .	..	903
Consolidated Revenue .. .. .	..	771
		<hr/>
Lump Sum Payment .. .. .	..	2,540
Interest on Contributions Refunded .. .. .	..	243
		<hr/>
Total Payments .. .. .	..	4,457
		<hr/>
Leaving a Balance of .. .. .	..	145,790
Of which was Invested .. .. .	..	*145,769
		<hr/>
Leaving a Cash Balance of .. .. .	..	21
		<hr/>

* Face value of Investments, £146,241.

VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1962, is in course, and the figures given below are subject to the completion thereof.

Transactions for 1961-62 resulted in a loss of £23,791 as compared with a loss of £21,055 in 1960-61. A summarized statement of trading operations for the two years is as follows:—

REVENUE.

1960-61.	1961-62.
£ Sales—	£
439,643 Meat, Offal and By-products	451,817
23,641 Hides, Skins and Wool	23,317
320,724 Storage, Treatment and General Receipts	327,228
1,634 Stock Increase	4,281
785,642	806,643
1,814 Interest on Investments	4,467
162,979 Inter-departmental Transactions	136,574
950,435	947,684
21,055 Loss	23,791
971,490	971,475

EXPENDITURE.

197,203 Purchases of Livestock and Meat	219,113
497,143 Working Expenses—Wages, Fuel, Freight, Stores, &c.	493,463
39,352 General Expenses—Rent, Rates, Pay-roll Tax, &c.	42,390
23,623 Administration—Head Office, Salaries, &c.	21,761
23,569 Depreciation	24,460
780,890	801,187
27,621 Interest—Treasurer of Victoria	33,714
162,979 Inter-departmental Transactions	136,574
971,490	971,475

Turnover was adversely affected during the year by the inability of the Authority to use, to its full capacity, the cold store at Ballarat which was being replaced by a new building.

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

	At 30th June		
	1960.	1961.	1962.
	£	£	£
Current Liabilities	138,435	144,400	137,496
Loan for Fixed Assets	556,659	681,075	681,075
Capital	290,034	290,034	290,034
Profits and Reserves	12,392	..	..
	997,520	1,115,509	1,108,605
Current Assets	158,478	134,903	142,995
Fixed Assets <i>less</i> Depreciation	839,042	974,008	934,289
Losses <i>less</i> Reserves .. .. .	..	6,598	31,321
	997,520	1,115,509	1,108,605

The State has continued to provide working capital for the Authority and to 30th June, 1962, 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 again in 1961-62 for the Authority to obtain temporary finance under this arrangement.

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

ACKNOWLEDGMENT.

I wish to record 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 course of the performance of their respective duties. Also, I desire to extend my thanks to the Government Printer and his staff who so kindly responded to my request for the prompt printing of this and my earlier Report upon the Treasurer's Accounts.

R. W. GILLARD,
Auditor-General.

Melbourne, 31st October, 1962.