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VICTORIA

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# SUPPLEMENTARY REPORT

OF THE

# AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1963

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*Ordered by the Legislative Assembly to be printed, 15th October, 1963.*

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*By Authority:*

A. C. BROOKS, GOVERNMENT PRINTER, MELBOURNE.

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# REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT PRESENTED ON 1ST OCTOBER, 1963 IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1963.

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.

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, 1963, totalled £655,000.

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

1961-62.		1962-63.
£		£
478,463	Medical Departments .. .. .	528,473
44,545	Catering .. .. .	46,308
38,266	Housekeeping .. .. .	40,326
42,174	Engineer's Department .. .. .	40,532
21,821	Tasmanian Services .. .. .	21,588
21,571	Transport .. .. .	21,177
18,161	Laundry .. .. .	18,626
91,372	Administration .. .. .	99,411
555	Miscellaneous .. .. .	495
756,928		816,936

The revenue for the past two years was :—

643,000	Government Grant .. .. .	655,000
981	Donations .. .. .	1,110
21,982	Recoup by Tasmanian Government .. .. .	21,684
9,028	Charges for Treatment of Doctors' Private Patients .. .. .	10,873
18,996	Pharmaceutical Benefits .. .. .	20,963
11,316	Hospital Benefits .. .. .	13,976
59,831	Patients' Fees .. .. .	64,700
4,807	Home Nursing Subsidy .. .. .	7,954
3,179	Miscellaneous .. .. .	3,887
773,120		800,147

The deficit of £16,789 for 1962-63 indicated in the above statement was financed almost wholly from the surplus of the previous year.

During the year, the Institute repaid from loan funds the balance of £120,000 of a loan which had been made by the Anti-Cancer Council. The following abridged balance-sheets set out the financial position of the Institute as at 30th June, 1962 and 1963.

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

30.6.1962.		30.6.1963.	
£		£	£
	Current Liabilities—		
43,983	Creditors .. .. .		46,446
	Deferred Liability—		
120,000	Anti-Cancer Council .. .. .		—
	Funds—		
98,029	Maintenance Fund .. .. .	78,357	
86,826	Depreciation Fund .. .. .	88,110	
38,316	Other Funds (including various bequests) .. .. .	43,095	
		<hr/>	209,562
	Capital—		
1,641,878	Loan Fund—Act No. 6213. .. .. .	1,823,810	
82,176	Queen Victoria Hospital, donors, &c. .. .. .	89,797	
		<hr/>	1,913,607
<hr/>			<hr/>
2,111,208			2,169,615
			<hr/>

## The Assets were :—

30.6.1962.		30.6.1963.	
£		£	£
	Current Assets—		
66,039	Cash at Bank .. .. .	78,668	
23,117	Debtors and Prepayments .. .. .	22,567	
25,807	Stores and Materials on Hand .. .. .	21,055	
		<hr/>	122,290
	Investments—		
86,826	Depreciation Fund .. .. .	88,110	
35,980	Other Funds .. .. .	40,585	
		<hr/>	128,695
	Fixed Assets at cost—		
1,339,434	Buildings and Improvements .. .. .	1,362,606	
19,209	Motor Cars .. .. .	18,019	
30,440	Furniture and Furnishings .. .. .	31,814	
462,108	Equipment .. .. .	477,026	
		<hr/>	1,889,465
22,248	Loss on disposal of assets .. .. .	..	29,165
<hr/>			<hr/>
2,111,208			2,169,615
			<hr/>

## COAL MINE WORKERS PENSIONS TRIBUNAL.

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.

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

1961-62. £	INCOME.								1962-63. £	
	Contributions—Acts Nos. 6221/6622—									
40,542	Government	..	..	..	..	..	..	..	40,985	
40,542	Mine Owners	..	..	..	..	..	..	..	40,985	
7,416	Mine Workers	..	..	..	..	..	..	..	6,530	
88,500									88,500	
22,097	Interest on Investments	..	..	..	..	..	..	..	24,934	
110,597									113,434	
	EXPENDITURE.									
82,586	Pensions	..	..	..	..	..	..	..	86,435	
691	Refunds of Contributions	..	..	..	..	..	..	..	1,071	
3,559	Administration	..	..	..	..	..	..	..	3,570	
86,836									91,076	
23,761	Surplus for year	..	..	..	..	..	..	..	22,358	

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

30.6.1962. £									30.6.1963. £	
483,854	Accumulated Funds	..	..	..	..	..	..	..	506,213	
	Represented by—									
16,559	Current Assets less Liabilities	..	..	..	..	..	..	..	18,918	
295	Fixed Assets	..	..	..	..	..	..	..	295	
467,000	Investments at cost	..	..	..	..	..	..	..	487,000	
483,854									506,213	

## 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 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, 1963, was £733,824, of which £752 was not received. The expenditure for the year was in excess of the estimate by £34,159, but miscellaneous receipts £39,400, 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:—

—	1959-60.	1960-61.	1961-62.	1962-63.
<i>Receipts.</i>	£	£	£	£
Surplus from previous year .. .. .	5,121	151	969	10,154
Statutory contributions .. .. .	547,023	603,237	659,693	733,072
Other receipts .. .. .	28,597	28,000	34,261	39,400
	580,741	631,388	694,923	782,626
<i>Payments.</i>				
Salaries, wages, and maintenance .. .. .	350,331	364,481	418,514	452,919
Loan repayments .. .. .	40,564	43,519	48,582	55,241
Loan interest .. .. .	33,724	35,137	36,369	39,433
Land, buildings, rolling-stock, and equipment ..	40,906	55,205	42,064	65,291
Motor replacement fund .. .. .	49,275	53,780	58,671	67,434
Compensation fund .. .. .	10,000	10,000	10,000	10,000
Other payments .. .. .	55,790	68,297	70,569	77,665
Surplus carried forward to next year .. .. .	151	969	10,154	14,643
	580,741	631,388	694,923	782,626

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

30.6.1962.		£		£	30.6.1963.	£	£
	<i>Source of Funds—</i>						
	<i>External—</i>						
746,682	Loan Liability .. .. .					786,441	
7,570	Less unexpended .. .. .					9,815	
<u>739,112</u>						<u>776,626</u>	
	<i>Internal—</i>						
	Excess of assets over liabilities transferred from Country Fire Brigades Board .. .. .					138,136	
138,136							
445,083	Income and Expenditure Account—accumulated balance					538,688	
749,640	Reserves .. .. .					840,225	
	Funds .. .. .					414,425	
	Less invested on account of Compensation, Superannuation and other Trust purposes ..					308,640	
119,633						<u>105,785</u>	
<u>1,452,492</u>							<u>1,622,834</u>
<u>2,191,604</u>							<u>2,399,460</u>
	<i>Represented by—</i>						
	<i>Current Assets—</i>						
10,154	Cash .. .. .					14,643	
8,737	Sundry Debtors .. .. .					9,738	
50,142	Stocks—including uniforms issued .. .. .					59,982	
<u>69,033</u>						<u>84,363</u>	
	<i>Less</i>						
	<i>Current Liabilities—</i>						
38,187	Sundry Creditors .. .. .					37,937	
<u>30,846</u>						<u>46,426</u>	
	<i>Investments—</i>						
119,633	Motor Replacement and Sale of Property Funds .. .. .					105,785	
	<i>Fixed Assets—</i>						
112,967	Land .. .. .					118,651	
662,402	Buildings .. .. .					691,604	
1,051,804	Rolling-stock .. .. .					1,205,653	
204,017	Plant and Machinery .. .. .					221,648	
9,935	Other .. .. .					9,693	
<u>2,041,125</u>						<u>2,247,249</u>	
<u>2,191,604</u>						<u>2,399,460</u>	

## ELECTRICITY COMMISSION.

The profit for the year as shown in the Commission's Profit and Loss Account was £314,037. This was the result after—

- (i) crediting £491,667, adjustment of the book value of briquette stocks; and
- (ii) writing off £1,000,000 on account of "Deferred Interest and Other Expenditure on Works under Construction".

Further references to these adjustments are made later herein.

Another significant factor which influenced the result for the year was the provision of £1,500,000 for accelerated depreciation of peak load steam power stations.

The closing down of the Yallourn "E2" Power Station during an extensive period of maintenance also affected the Commission's profit margin for the year, as the loss in production had to be made good by the purchase of electricity from New South Wales under the interchange arrangement and by the generation of electricity at a higher cost at peak load thermal power stations.

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

1961-62.		1962-63.
£		£
56,926,581	Operating Income .. .. .	63,640,281
42,344,274	Operating Expenditure .. .. .	46,172,893
<u>14,582,307</u>	Excess of Operating Income over Operating Expenditure .. .. .	<u>17,467,388</u>
24,698	Add—Miscellaneous Income .. .. .	18,697
<u>14,607,005</u>		<u>17,486,085</u>
	Deduct—	
14,474,065	Interest .. .. .	15,929,259
380,000	Loan Flotation Expenses .. .. .	340,000
491,122	Miscellaneous Expenditure .. .. .	394,456
<u>15,345,187</u>		<u>16,663,715</u>
738,182	<i>Loss Result for year before Special Adjustments</i>	<i>Profit— 822,370</i>
—	Deduct—Deferred Interest and Other Expenditure on Works under Construction Written Off .. .. .	1,000,000
	Add—Briquette Stock Adjustment .. .. .	491,667
		<u>508,333</u>
<u>738,182</u>	<i>Loss Result for year after Special Adjustments</i>	<i>Profit— 314,037</i>
	Appropriation to—	
—	Rural Development Reserve .. .. .	350,000
—	Contingency and General Reserve .. .. .	287,537
		<u>637,537</u>
	Transfer from—	
301,750	Rural Development Reserve .. .. .	323,500
436,432	Contingency and General Reserve .. .. .	..
<u>738,182</u>		<u>314,037</u>



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

1961-62.		1962-63.	
£		£	£
1,201,517	Profit on Electricity Supply .. .. .	2,731,671	
15,437	Profit on Brown Coal Sales .. .. .	48,150	
<hr/>		<hr/>	
1,216,954			2,779,821
<hr/>		<hr/>	
413,144	Loss on Briquetting .. .. .	669,302	
186,528	Loss on Tramways .. .. .	173,357	
<hr/>		<hr/>	
599,672			842,659
<hr/>		<hr/>	
617,282			1,937,162
<hr/>		<hr/>	
	<i>Less—</i>		
466,424	Excess of Miscellaneous Expenditure over Income .. .. .	375,759	
889,040	Interest during Construction .. .. .	739,033	
—	Writing off of Deferred Interest and Other Expenditure on Works under Construction .. .. .	1,000,000	
		<hr/>	
		2,114,792	
	Add—Adjustment of Briquette Stocks .. .. .	491,667	
<hr/>		<hr/>	
1,355,464			1,623,125
<hr/>		<hr/>	
738,182	<i>Loss</i>	<i>Profit—</i>	314,037
<hr/>		<hr/>	
	<i>Result for year.</i>		

As explained in my previous report, the briquetting business and brown coal sales to the public are now treated as financial subsidiaries of the Commission's electricity business. However, the Commission is continuing to maintain records of these separate operations.

*Electricity Supply.*—An increase of £6,062,402 in sales of electricity for the year represented an increase of 11·7 per cent. on sales figures for 1961-62.

With approximately 32,000 new consumers during the year, the upward trend in the number of consumers was maintained. This factor together with a higher average consumption as the result of improved economic conditions and a return to normal weather is reflected in the increased income for the year.

Tariff rates remained unchanged with the exception of a reduction which was granted in the Mildura area when electricity supplies in that area became available on the interconnected system.

Compared with the previous year, expenditure increased by £4,532,248 or 8·9 per cent., due largely to the appointment of additional personnel, higher interest and depreciation charges, and, as previously explained, higher generation costs at peak load thermal power stations and the costs involved in the purchase of electricity.

As disclosed in the summary which follows, proceeds of sales under the various headings increased with the exception of those from traction supplies.

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

					1960-61.	1961-62.	1962-63.
					£	£	£
Sales—							
Domestic	..	..	..	..	16,018,923	16,309,501	18,059,777
Commercial	..	..	..	..	7,352,726	7,645,557	8,503,648
Industrial	..	..	..	..	12,645,488	13,032,513	15,177,650
Traction	..	..	..	..	1,970,808	1,957,948	1,942,815
Bulk Supplies	..	..	..	..	11,707,309	11,983,023	13,266,820
Public Lighting and Miscellaneous	..	..	..	..	601,345	1,049,952	1,090,186
					<u>50,296,599</u>	<u>51,978,494</u>	<u>58,040,896</u>
Operating Charges—							
Power Generation	..	..	..	..	27,307,852	28,782,278	29,287,561
Purchased Electricity	..	..	..	..	2,334,763	2,502,343	4,455,167
Transmission, Transformation, and Distribution					17,083,525	19,492,356	21,566,497
					<u>46,726,140</u>	<u>50,776,977</u>	<u>55,309,225</u>
Profit	..	..	..	..	<u>3,570,459</u>	<u>1,201,517</u>	<u>2,731,671</u>

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

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

Branch.						1960-61.	1961-62.	1962-63.
						£	£	£
Metropolitan	..	..	..	..	..	20,273,384	20,718,467	22,848,365
Ballarat	..	..	..	..	..	1,092,508	1,125,252	1,263,650
North-Western Region	..	..	..	..	..	1,935,491	2,164,688	2,356,698
Eastern Metropolitan	..	..	..	..	..	5,529,984	5,947,096	6,849,225
Geelong	..	..	..	..	..	2,156,337	2,135,748	2,736,164
Gippsland	..	..	..	..	..	2,845,246	2,857,207	3,133,290
Midland	..	..	..	..	..	638,633	688,929	781,262
North-Eastern	..	..	..	..	..	2,739,416	2,826,654	3,101,273
South-Western	..	..	..	..	..	1,598,941	1,699,214	1,897,550
Yallourn	..	..	..	..	..	80,715	85,372	103,600
Kiewa	..	..	..	..	..	22,241	27,529	31,229
						<u>38,912,896</u>	<u>40,276,156</u>	<u>45,102,306</u>
Metropolitan Bulk Supplies	..	..	..	..	..	11,383,703	11,702,338	12,938,590
						<u>50,296,599</u>	<u>51,978,494</u>	<u>58,040,896</u>

*Brown Coal Production and Distribution.*—The tonnage of coal won for the year, 17,244,345 tons, exceeded the 1961-62 production by just over one million tons. Almost the whole of this excess was utilized for power production.

The summary which follows presents in comparative form the annual tonnage output from the various open cuts over the past three years and, in parenthesis, in respect of each year, the production costs per ton to the nearer penny.

		1960-61.	1961-62.	1962-63.
		Tons.	Tons.	Tons.
Morwell	.. ..	2,515,773 (15s. 1d.)	3,298,318 (13s. 10d.)	3,873,916 (12s. 1d.)
Yallourn	.. ..	11,864,704 (7s. 4d.)	12,456,478 (8s. 1d.)	12,892,693 (8s. 1d.)
Yallourn North Cuts	.. ..	840,908 (12s. 3d.)	486,618 (15s. 7d.)	477,736 (13s. 10d.)
		<u>15,221,385</u>	<u>16,241,414</u>	<u>17,244,345</u>

Distribution of the output was as follows:—

	1960-61.	1961-62.	1962-63.
	Tons.	Tons.	Tons.
Power Production .. .. .	9,399,597	10,381,151	11,352,112
Briquette Manufacture .. .. .	5,339,654	5,456,763	5,515,127
Sales to Public .. .. .	482,134	403,500	377,106
	<u>15,221,385</u>	<u>16,241,414</u>	<u>17,244,345</u>

It should be stated that the decreases in production costs per ton at Morwell and at Yallourn North open cuts resulted mainly from reduced expenditure on overburden removal.

*Briquetting.*—Operations of this branch resulted in a loss of £669,302 compared with a loss of £413,144 in the preceding year.

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

	1960-61.	1961-62.	1962-63.
	Tons.	Tons.	Tons.
Sales .. .. .	860,980	907,003	1,075,457
Transferred to Works .. .. .	882,445	940,158	711,132
Total Distribution .. .. .	1,743,425	1,847,161	1,786,589
Losses—Deterioration, transit, &c. .. .. .	18,104	8,321	5,120
Stock variation .. .. .	45,090	— 35,545	13,638
Production .. .. .	<u>1,806,619</u>	<u>1,819,937</u>	<u>1,805,347</u>

Of the total briquette production in 1962-63, the major part, 1,256,114 tons, was produced at the Morwell factory from coal transported from Yallourn and the remainder, 549,233 tons, was produced at Yallourn.

Total distribution of 1,786,589 tons for the year was less by 60,572 tons than in the previous year. Due to decreased requirements for power production, the quantity transferred to Works was reduced by 229,026 tons. However, sales to the public were higher by 168,454 tons and proceeds of sales by £723,624 as compared with the relevant figures for 1961-62.

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

	1960-61.		1961-62.		1962-63.	
Sales—	£	£	£	£	£	£
Domestic .. .. .	2,051,501		2,078,805		2,551,096	
Industrial .. .. .	2,334,862		2,368,838		2,620,171	
	<u>4,386,363</u>		<u>4,447,643</u>		<u>5,171,267</u>	
Stock Variation .. .. .	282,656	4,669,019	—222,135	4,225,508	95,323	5,266,590
Manufacturing Costs .. .. .	3,305,110		3,042,519		3,837,801	
Distribution and Selling .. .. .	1,814,568		1,596,133		2,098,091	
	<u>5,119,678</u>		<u>4,638,652</u>		<u>5,935,892</u>	
Loss	450,659		Loss	413,144	Loss	669,302

In the preceding statements, the stock variation figures are presented without taking into consideration the stock adjustment of which mention was made briefly in my introductory remarks. This adjustment has been effected by means of a special credit in the Commission's Profit and Loss Account. This procedure is sound as the adjustment properly relates to the operational results of past years. If, on the other hand, it had been applied on an operational basis to the 1962-63 accounts, it would have had the effect of distorting the briquette production figure and trading result for the year.

It should be explained that the adjustment in question involved the writing up of briquette stocks by 80,000 tons and increasing their book value by £491,667. The necessity for the adjustment was realized late in 1962 when it became obvious during a period when physical stocks at the Paisley fuel depots were lower than usual, that the book records of briquettes held at that depot were understated. The actual quantity understated, namely, 80,000 tons, was established first by measurement and verified subsequently by independent aerial photogrammetric survey. The prime reason furnished for this material error was that no allowance in weight had been made for the moisture content of briquettes which, for the purpose of dust alleviation, had been watered prior to weighing and despatch to the Newport Power Station.

*Tramways.*—Operations for the year at Ballarat and Bendigo resulted in a total loss amounting to £173,357, which was £13,171 less than in the previous year.

Tram mileages aggregated 839,009 as compared with 841,316 in the previous year, while the number of passengers carried was 5,583,118 as against 6,004,520 in 1961–62.

Operating figures as shown hereunder indicate that the increase in fares as from 1st March, 1963, contributed to the reduction in losses. Although there were reductions in mileage travelled and passengers carried together with a decrease of £5,669 in operating charges, traffic receipts increased by £7,502.

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

1961–62.		1962–63.		
£		Ballarat. £	Bendigo. £	Total. £
284,208	Operating charges .. .. .	150,728	127,811	278,539
97,680	Traffic Receipts, Advertising, &c. .. .. .	63,967	41,215	105,182
<u>186,528</u>	Loss .. .. .	<u>86,761</u>	<u>86,596</u>	<u>173,357</u>

Accumulated losses on operations including those of the Geelong system which was discontinued in March, 1956, amounted, at 30th June, 1963, to £3,264,758 in addition to £175,763 on account of capital written off.

*Depreciation.*—An analysis of depreciation charges for the past three years is furnished below:—

	1960–61. £	1961–62. £	1962–63. £
Normal provision—charged to operations .. .. .	8,516,140	9,462,658	10,514,342
Special provision—charged to operations .. .. .	1,500,000	900,000	1,500,000
Indirect—charged to Fixed Capital.. .. .	562,983	536,716	544,346
Total provision .. .. .	<u>10,579,123</u>	<u>10,899,374</u>	<u>12,558,688</u>
Amortization—Development of Open Cuts—charged to operations .. .. .	386,658	267,750	275,754
Total .. .. .	<u>10,965,781</u>	<u>11,167,124</u>	<u>12,834,442</u>

The increase of £1,051,684 in the normal provision was due to new assets being brought into service.

The special provision of £1,500,000 in 1962-63 conformed with the Commission's amended plan for especially providing for the "write-off" of peak load steam power stations over a period of ten years in lieu of a period of five years as originally intended. As from and inclusive of the year 1959-60 to the close of the year under review, the annual sums provided for this purpose have amounted to £4,900,000. However, due to charges amounting to £115,575 on account of retirements of power stations at Hamilton and Mildura, the special provision of £4,900,000 was reduced to £4,784,425 as at the 30th June, 1963.

The net increase of £10,492,825 during 1962-63 in the provision for depreciation is explained hereunder:—

	£
Balance—30th June, 1962 .. .. .	61,613,259
Add Provision for year .. .. .	12,558,688
	<hr/>
	74,171,947
Less Retirements and Adjustments .. .. .	2,065,863
	<hr/>
Balance—30th June, 1963 .. .. .	72,106,084
	<hr/>

*Interest.*—As compared with the previous year, there was a net increase of £1,473,483 in this item. The reasons for this increase were—an increase in the Commission's loan liability and the conversion of its maturing loans to new loans carrying higher interest rates offset by higher income from investments.

An analysis of the annual accounts for the year disclosed that interest charges of £15,929,259 represented 25·3 per cent. of £62,836,608, the revenue expenditure for the year, excluding special adjustments.

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

	1960-61.	1961-62.	1962-63.
	£	£	£
On Capital Liabilities .. .. .	13,289,918	14,722,225	16,316,526
On Consumers' and other Advances for Construction ..	615,301	711,243	863,789
On Current Liabilities .. .. .	130,948	121,714	124,040
	<hr/>	<hr/>	<hr/>
	14,036,167	15,555,182	17,304,355
Deduct Interest earned on Investments .. .. .	617,533	694,687	970,377
	<hr/>	<hr/>	<hr/>
	13,418,634	14,860,495	16,333,978
	<hr/>	<hr/>	<hr/>

These totals were allocated in the accounts as under:—

	£	£	£
Profit and Loss Account—			
Interest on Assets in operation .. .. .	11,817,341	13,585,025	15,190,226
Interest during construction .. .. .	1,156,622	889,040	739,033
	<hr/>	<hr/>	<hr/>
	12,973,963	14,474,065	15,929,259
Fixed Assets—			
Indirect interest included in charges for services ..	444,671	386,430	404,719
	<hr/>	<hr/>	<hr/>
	13,418,634	14,860,495	16,333,978
	<hr/>	<hr/>	<hr/>

The Commission's balances as at 30th June, 1962, and 1963, are summarized hereunder:—

30.6.62.		30.6.63.	
£		£	£
<b>Fixed Assets—</b>			
343,826,892	Assets in Service at cost .. .. .	366,507,629	
61,613,259	Deduct Provision for Depreciation .. .. .	72,106,084	
<hr/>		<hr/>	
282,213,633		294,401,545	
1,396,809	Deduct Consumers' Contributions .. .. .	1,609,108	
<hr/>		<hr/>	
280,816,824		292,792,437	
16,903,512	Assets not yet in service—at cost .. .. .	21,525,901	
8,085,857	Development of Open Cuts—balance of cost .. .. .	7,943,787	
<hr/>		<hr/>	
305,806,193			322,262,125
<b>Deferred Assets and Charges—</b>			
1,951,836	Real Estate Debtors .. .. .	2,154,936	
1,378,775	Interest and other Expenditure on Works under Construction .. .. .	1,458,775	
873,654	Unamortized Loan Flotation Expenses .. .. .	886,731	
398,592	Other Deferred Charges .. .. .	382,736	
<hr/>		<hr/>	
4,602,857			4,883,178
<hr/>			
12,724,323	Investments at Cost .. .. .		18,301,423
<hr/>			
<b>Current Assets—</b>			
221,684	Balances at Bank and Cash in hand .. .. .	186,367	
5,142,990	Consumers' and other Accounts Receivable .. .. .	5,624,622	
3,792,571	Unread Meters—Estimated Income .. .. .	4,189,135	
4,482,025	Materials and Fuel at Cost .. .. .	5,095,125	
<hr/>		<hr/>	
13,639,270			15,095,249
<hr/>			
336,772,643			360,541,975
<hr/>			
<b>Less Current Liabilities—</b>			
436,847	Bank Overdraft .. .. .	240,000	
6,902,219	Accounts Payable and Accruals (other than Interest) .. .. .	5,962,967	
3,420,383	Interest Accrued .. .. .	3,699,615	
497,911	Consumers' Deposits and Service Charges in advance .. .. .	561,185	
<hr/>		<hr/>	
11,257,360			10,463,767
<hr/>			
325,515,283			350,078,208
<hr/>			

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

£		£	£
70,145,613	State Treasury (net) .. .. .	77,778,938	
230,782,416	Commission Loans (net) .. .. .	243,587,123	
915,985	Loans of Acquired Undertakings .. .. .	892,357	
<hr/>		<hr/>	
301,844,014			322,258,418
<hr/>			
14,446,362	Consumers' and other Advances for Construction .. .. .		18,182,901
<hr/>			
<b>Reserves—</b>			
1,553,067	Obsolescence .. .. .	1,482,185	
552,886	Rural Development .. .. .	579,386	
7,118,954	Contingency and General .. .. .	7,575,318	
<hr/>		<hr/>	
9,224,907			9,636,889
<hr/>			
325,515,283			350,078,208
<hr/>			

NOTE.—The liability to the State Treasury includes the undermentioned amounts raised in London and repayable in sterling—at 30th June, 1962, £4,259,555; at 30th June, 1963, £5,013,603.

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

	30.6.61.	30.6.62.	30.6.63.
	£	£	£
Coal Production .. .. .	21,944,081	22,810,681	26,113,340
Briquette Production and Distribution .. .. .	20,119,615	20,290,212	19,557,980*
Power Production—			
Thermal Stations .. .. .	91,993,069	101,260,228	110,775,028
Hydro Stations.. .. .	39,720,536	39,632,107	39,647,544
Transmission System .. .. .	50,019,939	57,890,410	64,372,658
Distribution .. .. .	73,665,185	82,134,513	90,264,268
General Service Assets .. .. .	34,138,427	36,712,253	37,302,712
	<u>331,600,852</u>	<u>360,730,404</u>	<u>388,033,530</u>
Deduct Provision for Depreciation .. .. .	52,384,087	61,613,259	72,106,084
	<u>279,216,765</u>	<u>299,117,145</u>	<u>315,927,446</u>
Deduct Extensions payable by Consumers .. .. .	1,201,722	1,396,809	1,609,108
	<u>278,015,043</u>	<u>297,720,336</u>	<u>314,318,338</u>
Development of Open Cuts—Balance of Cost .. .. .	8,340,578	8,085,857	7,943,787
	<u>286,355,621</u>	<u>305,806,193</u>	<u>322,262,125</u>

\* The reduction in book value of this item is due to the writing off of unused briquetting plant.

New expenditure for the year, £30,964,120, which is summarized hereunder, was partly offset by retirements and adjustments amounting to £2,065,863 :—

	£	£
Coal Production—		
Morwell .. .. .	1,268,891	
Yallourn .. .. .	1,010,273	
	<u>2,279,164</u>	2,279,164
Briquette Production and Distribution .. .. .		342,450
Power Production—		
Morwell .. .. .	985,338	
Yallourn .. .. .	1,020,559	
Hazelwood .. .. .	7,972,916	
Kiewa .. .. .	211,640	
Other .. .. .	64,534	
	<u>10,254,987</u>	10,254,987
Transmission .. .. .		6,856,846
Distribution—		
Metropolitan .. .. .	2,510,249	
Country .. .. .	6,166,190	
	<u>8,676,439</u>	8,676,439
General Service Assets—		
Plant and Equipment.. .. .	1,101,088	
Offices, Stores, &c. .. .. .	505,164	
	<u>1,606,252</u>	1,606,252
Other .. .. .		947,982
		<u>30,964,120</u>

*Real Estate Debtors Account.*—£2,154,936.—Commission properties, mostly in the Yallourn area, were sold for £431,971. However, as a result of credits on account of proceeds of sales and payments of instalments, the balance of this Account increased by £280,321 only.

*Deferred Interest and Other Expenditure on Works under Construction.*—The debit balance of this Account rose during the year from £1,378,775 to £1,458,775, an increase of £80,000. This increase, which was the net result of three major entries, is explained hereunder :—

	£
There was charged to the Account the further estimated loss on realization of unused items of briquetting plant amounting to .. .. .	1,056,000
There was added to this charge the amount by which the actual exceeded the preliminary estimated loss on the sale of unused briquetting plant to the Neyveli-Lignite Corporation of India, viz. .. .. .	24,000
	<u>1,080,000</u>
The total of the charges to the Account in 1962-63, was, therefore .. .. .	1,080,000
The effect of this gross charge, however, was reduced by the amount written off in the year to Profit and Loss Account, viz. .. .. .	1,000,000
	<u>80,000</u>
Accordingly, the net increase to the Account was, as indicated above .. .. .	80,000

Further mention of the charges to this Account is made under the next sub-heading.

*Unused Briquetting Plant.*—In 1953, when the Commission decided not to proceed with the erection of No. 3 and No. 4 Briquetting factories at Morwell, the then existing contracts for the supply of the relevant items of plant were, as far as possible, cancelled. Actually, in this regard, the Commission was unable to free itself of commitment to purchase briquetting plant parts to a total cost of £4,325,807. At the request of the Commission and in consideration of an appropriate storage charge, the manufacturer of these parts has, for some years, held a proportion of them in storage in Germany.

A substantial section of the plant referred to above was sold to Neyveli-Lignite Corporation of India at a price much less than cost. With respect to the remaining parts, a recent review of the position disclosed that, after allowing for the value of certain parts transferred for use in other locations or transferred to store as spares or reserves, their book value (including local sales already effected) was £1,196,254.

It would seem that, having regard to obsolescence and the limited demand for briquetting plant parts, a further substantial loss will be involved in the disposal of the remaining parts. In fact, it has been estimated by the Commission that the additional loss which will be incurred will amount to £1,056,000 and this, when added to the loss involved in the sale of the parts to Neyveli-Lignite, India, makes the estimated over-all loss on the sale of this unused plant, £2,230,000. Pending the writing off of this sum to Profit and Loss Account, it has been accounted for in the Commission's books by means of charges to "Deferred Interest and other Expenditure on Works under Construction". Details of these charges are given below:—

	£
Year 1959-60—	
Preliminary estimated loss on the sale of a proportion of the unused plant to Neyveli-Lignite Corporation .. .. .	1,150,000
Year 1962-63—	
Excess of actual over preliminary estimated loss on above sale .. .. .	24,000
Actual loss on the above sale .. .. .	1,174,000
Estimated loss on realization of remaining unused parts .. .. .	1,056,000
Estimated over-all loss .. .. .	2,230,000

It should be added that, to the 30th June, 1963, storage and preservation of unused parts have cost the Commission £960,970.

The following summary is presented in further explanation of the several aspects already mentioned and also for the purpose of furnishing an over-all view of the position in respect of the unused plant:—

	£	£
Net proceeds from sale of parts to Neyveli-Lignite, India .. .. .		789,611
Transfers to Account—"Deferred Interest and other Expenditure on Works under Construction"—		2,230,000
Plant used for other purposes .. .. .		252,590
Plant transferred to Store as Spares or Reserves .. .. .		913,352
Plant unsold—		
Stored in Germany (1,452 tons) .. .. .	612,130	
Stored in Australia (3,554 tons) .. .. .	584,124	
	1,196,254	
Less amount transferred to Deferred Charges being estimated loss on realization .. .. .	1,056,000	
Estimated proceeds .. .. .		140,254
Total cost .. .. .		4,325,807

*Loans.*—The loan liability increased by £20,414,404 during the year. In 1961-62, the increase was £19,588,514 and in 1960-61, £17,254,286.



The increase of £20,414,404 may be explained as follows:—

					£	£
Net increase in Commission Loans	..	..	..	..	12,804,707	
Net increase in Treasury Loans	..	..	..	..	7,633,325	
					<hr/>	20,438,032
Less Decrease in Municipal Loans	..	..	..	..		23,628
						<hr/>
						20,414,404
						<hr/>

The loan liability as at 30th June, 1963, £322,258,418, does not include £500,000 advanced by the Treasury on 28th June, 1963. This sum was not received by the Commission until 3rd July, 1963.

With respect to loans raised in the year by the Commission, £14,154,639 was obtained from public loans and £19,475,740 from private borrowings—a total of £33,630,379. However, the relevant liability for Commission loans increased by £12,804,707 only. The difference, £20,825,672, represented conversions, £7,873,877, redemptions, £12,527,081, and payments in reduction of current loans, £424,714.

The Commission's loan liability to the Treasury as shown in the Balance Sheet, £77,778,938, is the net figure after allowing for the Commission's equity of £8,050,833 in the National Debt Sinking Fund. The increase in this equity during 1962–63 was £701,084 in respect of which a credit of £168,827 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 :—

1961-62. £		1962-63. £            £
	Income—	
	Sales—	
11,006,947	Gas .. .. .	11,955,743
3,849,178	Residual Products and Appliances .. .. .	3,990,605
14,856,125		15,946,348
	Expenditure—	
	Gas—	
6,448,051	Manufacture .. .. .	6,697,379
215,081	Transmission .. .. .	220,988
3,315,617	Distribution .. .. .	3,506,496
3,419,990	Residual Products, Appliances and Selling Expenses .. .. .	3,696,096
443,875	Management .. .. .	531,468
5,090	Audit Fees .. .. .	4,522
5,445	Directors' Fees .. .. .	5,627
259,388	Planning, Research, and Development .. .. .	282,392
235,452	Superannuation and Retiring Allowances .. .. .	247,489
116,000	Long Service Leave .. .. .	150,000
158,469	Other Costs .. .. .	205,580
14,622,458		15,548,037
233,667	Profit on Trading .. .. .	398,311
75	Income from General Investments .. .. .	75
233,742		398,386
25,000	Contingency Reserve .. .. .	25,000
208,742	Net Profit for year carried to Profit and Loss Appropriation Account .. .. .	373,386

The quantity of gas sold for the year was 76,146,674 therms returning 37·6d. per therm as compared with, in 1961-62, 70,218,532 therms for the same unit return.

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

	£	£
Balance carried forward 30th June, 1962 .. .. .	1,034	
Net Profit for year from Profit and Loss Account .. .. .	373,386	
Available for Appropriation .. .. .	..	374,420
Interest temporarily capitalized written off (part) .. .. .	25,000	
Special provision for Long Service Leave .. .. .	30,000	
Dividend Equalization Reserve (Preference Shares) .. .. .	50,000	
Reserve for Increased Cost of Replacement of Fixed Assets .. .. .	50,000	
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1962 .. .. .	78,820	
Preference Dividend to be paid—		
4 per cent. per annum for half year ended 30th June, 1963 .. .. .	78,820	
Arrears of Dividends .. .. .	59,115	
	..	371,755
Balance carried forward .. .. .	..	2,665

The following is a statement of the Corporation's balances at 30th June, 1963 arranged so as to show the funds employed by the Corporation and the assets representing the total funds. For the purpose of comparison the figures at the close of the previous year also are given.

1962.		1963.
£		£            £
	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—	
883,158	Land Revaluation Reserve .. .. .	883,158
127,456	National Debt Sinking Fund (Treasury allocation of Commonwealth contribution) .. .. .	149,679
28,668	Contingencies Reserve .. .. .	53,668
	Reserve for Increased Cost of Replacement of Fixed Assets .. .. .	50,000
	Dividend Equalization Reserve (Preference Shares) .. .. .	50,000
		<hr/>
		1,186,505
1,034	Profit and Loss Appropriation Account .. .. .	2,665
<hr/>		<hr/>
8,981,292		9,130,146
<hr/>		
	Deferred Liabilities—	
5,018,446	Advances from State of Victoria .. .. .	5,018,446
224,042	Less securities purchased and cancelled by the National Debt Commission .. .. .	258,811
<hr/>		<hr/>
4,794,404		4,759,635
<hr/>		
	Debentures and Debenture Stock (Secured)—	
2,537,544	Redeemable within twelve months .. .. .	1,318,084
29,062,133	Redeemable after twelve months .. .. .	31,901,740
		<hr/>
		33,219,824
17,430	Balances owing on Fixed Assets acquired, due within twelve months .. .. .	.. .. .
	Contingent Liabilities—	
59,114	(1) Arrears of Preference Dividend for period 1st July, 1951 to 30th June, 1961 .. .. .	.. .. .
<hr/>		<hr/>
749	(2) Uncalled amount on Shares held in another Company .. .. .	749
45,392,803	(3) Commitments under Contract for Capital Expenditure .. .. .	995,818
<hr/>		<hr/>
		47,109,605

1962.		1963.
£		£            £
	<b>Fixed Assets—</b>	
7,167,652	Freeholds and Leaseholds .. .. .	7,384,742
37,725,243	Machinery, Plant, and Equipment .. .. .	39,254,027
3,984,880	Capital Work in Progress .. .. .	4,787,484
<hr/>		<hr/>
48,877,775		51,426,253
7,638,658	<i>Less</i> Provision for Depreciation and Amortization (see explanatory note No. 3 herein) .. .. .	8,641,420
<hr/>		<hr/>
41,239,117		42,784,833
	<b>Current Assets—</b>	
		£
125,876	Cash in hand and at Banks .. .. .	201,756
950,000	Short-term Deposits .. .. .	1,376,081
	Trade and Other Debtors (less provision for Bad and Doubtful Debts and Consumers' Deposits) .. .. .	2,875,242
2,822,923		2,118,089
2,020,518	Stocks at Cost or Valuation .. .. .	54,196
72,110	Prepayments .. .. .	<hr/>
<hr/>		6,625,364
5,991,427		
	<i>Less</i> Current Liabilities and Provisions—	
1,741,963	Trade and Other Creditors .. .. .	2,092,896
414,117	Bank Overdraft .. .. .	228,019
	State of Victoria (Balance of advances for purchase of preference shares) .. .. .	9,190
6,039		
	<b>Provisions—</b>	
66,080	Long Service Leave (see explanatory note No. 2 herein) .. .. .	140,072
9,155	Retiring Allowances (see explanatory note No. 4 herein) .. .. .	19,306
19,500	Deferred Repairs (see explanatory note No. 5 herein) .. .. .	145,059
2,826	Special Repairs to Generators, Morwell .. .. .	..
88,673	Preference Dividend .. .. .	137,935
<hr/>		<hr/>
2,348,353		2,772,477
<hr/>		<hr/>
3,643,074	Net Current Assets .. .. .	3,852,887
	<b>Investment—</b>	
750	Company Shares (at cost) .. .. .	750
	<b>Intangibles—</b>	
252,915	Interest Temporarily Capitalized .. .. .	227,915
256,947	Unamortized Debenture Issue Expenses .. .. .	243,220
<hr/>		<hr/>
45,392,803		471,135
<hr/>		<hr/>
		47,109,605

EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1963.

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. The past service cost for Long Service Leave related to employees who may become entitled to such leave, or payment in lieu thereof, has not been provided for in the accounts beyond a provision of £140,072, which includes the value of leave that has actually become due. The past service cost is estimated to be substantially in excess of that provision and is being provided for over a period of years by charges against and appropriations of profit.

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 a special provision of £107,173 was charged in addition to depreciation at rates generally provided by the Corporation. The cost of plant in course of retirement 1963, £991,074, (1962, £377,771) is deducted in the accounts from the provision for Depreciation.

4. Retiring Allowances are payable to certain employees who are not contributors to the Superannuation Fund. Such allowances are in relation to past service and are granted at the discretion of the Directors. The provision at 30th June, 1963, £19,306, represents the estimated amount which may be granted to employees who became eligible for consideration at that date.

5. Certain plant repair projects not carried out during the year have been provided for and charged against the year's profits. Also charged but not carried out were proposed alterations and renovations to Head Office premises, totalling £44,500. The total of all items has been described in the balance sheet as Provisions—Deferred Repairs £145,059 (1962—£19,500).

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, 1962.	1962-63.	Total.	Charged in State's Accounts.
	£	£	£	
<b>Acquisition of Shares—</b>				
Subscription for 4,000,000 Ordinary Shares of £1 ..	4,000,000	..	4,000,000	Loan Fund
Purchase of Preference Shares .. .. .	3,389,447	50,000	3,439,447	
	7,389,447	50,000	7,439,447	
<b>Advances—</b>				
Advance for Capital Works .. .. .	5,000,000	..	5,000,000	Loan Fund
Loan Flotation Expenses .. .. .	18,446	835	19,281	
	5,018,446	835	5,019,281	
<b>Preference Share Dividend Guarantee—</b>				
Advanced to the Corporation .. .. .	177,347	..	177,347	Consolidated Revenue
Less Repayments .. .. .	177,347	..	177,347	
	..	..	..	
<b>Total Investments and Advances by the State ..</b>	<b>12,407,893</b>	<b>50,835</b>	<b>12,458,728</b>	
<b>Costs to the State on account of the above—</b>				
Interest on Loans .. .. .	4,102,499	484,173	4,586,672	Consolidated Revenue
Sinking Fund Contribution .. .. .	285,534	31,057	316,591	
	4,388,033	515,230	4,903,263	
<b>Less Recoups, &amp;c., from Corporation—</b>				
Interest on Advances .. .. .	1,780,713	229,722	2,010,435	
Sinking Fund Contribution .. .. .	96,585	12,546	109,131	
Dividends on Preference Shares .. .. .	1,098,360	144,458	1,242,818	
	2,975,658	386,726	3,362,384	
<b>Net Cost to the State ..</b>	<b>1,412,375</b>	<b>128,504</b>	<b>1,540,879</b>	

The transfer of preference shares by sale is restricted to sale at par to the State. At 30th June, 1963, the State was the registered owner of 3,427,091 shares. The transfer of a further 3,166 shares was in course and £9,190 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 the arrears of preference dividends, amounting to £59,114, are to be met out of the surplus for the year.

### GEELONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1962, was £544,174, an increase of £30,469 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, and Long Service Leave Provision accounted for £56,795, leaving a net surplus of £487,379.

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

	1961.	1962.
<i>Revenue.</i>	£	£
<b>Operating Revenue—</b>		
Harbor Revenue .. .. .	927,497	997,979
Shipping Services .. .. .	231,061	221,978
Other .. .. .	33,501	34,708
<b>Non-operating Revenue—</b>		
Interest .. .. .	22,194	33,778
Sale of Scrap Materials .. .. .	529	935
<b>Total Revenue .. .. .</b>	<b>1,214,782</b>	<b>1,289,378</b>
<i>Expenditure.</i>		
<b>Operating Expenses—</b>		
Administration, &c. .. .. .	103,644	104,816
Shipping Services .. .. .	198,483	204,662
<b>Maintenance—</b>		
General .. .. .	77,219	75,356
Depreciation and Amortization .. .. .	166,450	188,560
<b>Non-operating Expenses—</b>		
Loan Expenses .. .. .	..	250
Superannuation .. .. .	14,831	15,413
Interest .. .. .	138,756	155,129
Miscellaneous .. .. .	1,694	1,018
<b>Total Expenditure .. .. .</b>	<b>701,077</b>	<b>745,204</b>
<b>Net Revenue .. .. .</b>	<b>513,705</b>	<b>544,174</b>
<b>Appropriations—</b>		
Sinking Fund .. .. .	27,974	30,974
Insurance Fund .. .. .	25,000	25,000
Long Service Leave .. .. .	322	821
<b>Total Appropriations .. .. .</b>	<b>53,296</b>	<b>56,795</b>
<b>Net Surplus .. .. .</b>	<b>460,409</b>	<b>487,379</b>

The analysis of the Trust's balance-sheets hereunder indicates, *inter alia*, the Trust's substantial internal resources—

31.12.1961.		£		£	£	£
	Source of Funds—					
	External—					
2,797,401	Loan Liability .. .. .					3,067,407
	Internal—					
2,623,445	Endowments .. .. .				2,623,445	
3,000,014	Net Revenue Account—accumulated surplus .. .. .				3,487,393	
318,014	General Reserve .. .. .				345,298	
	Specific Reserves and Funds .. .. .			609,925		
	<i>less</i> Investments .. .. .			600,343		
9,847				9,582		
5,951,320						6,465,718
8,748,721						9,533,125
	Represented by—					
	Current Assets—					
7,934	Cash .. .. .				46,815	
382,676	General and Short Term Investments .. .. .				677,139	
94,731	Sundry Debtors and Prepayments .. .. .				120,566	
19,390	Stores (at cost) .. .. .				37,715	
504,731					882,235	
	<i>less—</i>					
	Current Liabilities—Sundry Creditors and Accruals .. .. .			88,460		
	Contractors' Deposits and Retentions .. .. .			56,980		
130,711				145,440		
374,020						736,795
	Deferred Assets—					
11,813	Various advances, &c. .. .. .					18,009
	Fixed Assets (at Cost <i>less</i> Depreciation)—					
77,302	Land (Purchased and Vested) .. .. .				79,176	
797,844	Buildings and Improvements .. .. .				801,112	
6,902,958	Harbor Works .. .. .				7,314,061	
482,072	Floating Plant .. .. .				486,767	
87,499	Other Plant and Vehicles .. .. .				81,886	
15,213	Furniture and Fittings .. .. .				15,319	
8,362,888						8,778,321
8,748,721						9,533,125

## GRAIN ELEVATORS BOARD.

The Board's system of bulk receival facilities was expanded in the year by the erection of five additional "Behlen" horizontal-type storages with a total capacity of 433,000 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 1961-62 season totalled 53,843,808 bushels as compared with 63,233,548 bushels in 1960-61 and 35,580,662 in 1959-60.

The figures herein for 1961-62 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 1961-62 accounting period of £216,702. Appropriations therefrom, including £138,716 taken to the General Reserve Fund, leave a surplus from the year's operations of £15,875.

		<i>Revenue.</i>			
1960-61.	£			1961-62.	£
704,221		Australian Wheat Board—Recoupable expenditure for operating and maintenance .. .. .	..	685,069	
..		Australian Wheat Board—Recoupable expenditure (Non-operating) ..	..	1,480	
370,264		Capital Facilities Allowance .. .. .	..	384,749	
46,769		Depreciation Reserve Fund Investment Interest .. .. .	..	56,918	
14,470		Interest on General Investments .. .. .	..	47,866	
36,361		.. .. Reserve Fund Investments .. .. .	..	38,717	
2,470		.. .. Insurance Reserve Fund Investments .. .. .	..	3,340	
3,167		.. .. Renewals Reserve Fund Investments .. .. .	..	7,274	
<hr/>				<hr/>	
1,177,722				1,225,413	
		<i>Expenditure.</i>			
		Operating and Maintenance—		£	
207,179		Geelong Terminal .. .. .	..	176,417	
177,988		Country Elevators .. .. .	..	194,744	
76,672		Emergency Bulk Wheat Storages .. .. .	..	60,259	
128,273		Administration Expenses .. .. .	..	126,039	
114,109		*Depreciation and Renewals .. .. .	..	127,610	
				<hr/>	
704,221		Expenditure recoupable from the Australian Wheat Board ..	..	685,069	
206,921		Interest on Loans .. .. .	..	267,244	
6,495		Amortization—Preliminary Expenses and Loan Flotation Expenses ..	..	6,502	
		Sinking Fund Charges—			
2,657		National Debt Sinking Fund (Act No. 6266) .. .. .	..	2,657	
39,306		Debenture and Inscribed Stock Sinking Fund (Act No. 6266) ..	..	47,239	
<hr/>				<hr/>	
959,600				1,008,711	
218,122		Net Revenue .. .. .	..	216,702	
4,105		Add Net Profit on realization of investments .. .. .	..	5,421	
<hr/>				<hr/>	
222,227				222,123	
194,228		Add Net Accumulation brought forward .. .. .	..	252,687	
<hr/>				<hr/>	
416,455				474,810	
		<i>Less Appropriations—</i>			
46,769		*Depreciation Reserve Fund .. .. .	..	56,918	
111,361		*General Reserve Fund .. .. .	..	138,716	
2,470		*Insurance Reserve Fund .. .. .	..	3,340	
3,168		*Renewals Reserve Fund .. .. .	..	7,274	
<hr/>				<hr/>	
163,768				206,248	
252,687		Net Accumulation at 31st October .. .. .	..	268,562	
<hr/>				<hr/>	

\* Subject to Treasurer's approval.



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

31.10.1961.		31.10.1962.
£		£            £
	<b>Current Assets—</b>	
3,255	Stores, &c. .. .. .	677
1,074,239	Sundry Debtors, Accrued Interest, and Advances .. .. .	1,265,045
40,424	Cash .. .. .	62,522
		<hr/> 1,328,244
1,117,918		
2,221,803	Investments .. .. .	2,407,274
	<b>Fixed Assets—at Cost—</b>	
	<b>Construction—</b>	£
3,083,729	Country Elevators .. .. .	3,961,293
366,674	Geelong Terminal .. .. .	366,189
		<hr/> 4,327,482
	<b>Equipment and Plant—</b>	
365,367	Country Elevators .. .. .	385,432
353,832	Geelong Terminal .. .. .	355,315
		<hr/> 740,747
346,068	Transport Facilities .. .. .	398,571
		<hr/> 5,466,800
	<b>Fixed Assets—less depreciation—</b>	
71,324	Equipment and Plant—Mobile .. .. .	77,758
2,420	Marmalake No. 1 Emergency Store .. .. .	2,420
31,258	Motor Vehicles, Office Furniture and Equipment .. .. .	38,527
42,309	Freehold Land and Buildings .. .. .	42,431
		<hr/> 161,136
	<b>Other Debit Balances—</b>	
19,729	Preliminary and Loan Flotation Expenses .. .. .	13,346
425	National Debt Sinking Fund—Cash in Fund .. .. .	413
46	Obsolete Asset—Disposal Suspense .. .. .	46
		<hr/> 13,805
		<hr/> 9,377,259
8,022,902		
	<b>Current Liabilities—</b>	
94,935	Sundry Creditors .. .. .	279,464
	<b>Loans—</b>	
924,181	Government of Victoria .. .. .	913,218
3,894,813	Public .. .. .	4,667,004
		<hr/> 5,580,222
	<b>Reserves and Sinking Funds—</b>	
	<b>Cancelled Securities Reserves—</b>	
142,793	National Debt Sinking Fund .. .. .	153,711
52,257	Debentures and Inscribed Stock .. .. .	57,866
301,390	Matured Public Loans .. .. .	301,390
1,097,193	Depreciation Reserve Fund .. .. .	1,258,443
2,420	Marmalake No. 1 Emergency Storage Reserve .. .. .	2,420
5,012	Country Bulkhead Equipment Suspense .. .. .	5,012
55,695	Insurance Reserve Fund .. .. .	69,713
817,634	General Reserve Fund .. .. .	856,351
128,869	Debentures and Inscribed Stock Sinking Fund .. .. .	166,832
59,247	Renewals Reserve Fund .. .. .	162,266
32,232	Provision for Long Service Leave .. .. .	33,402
		<hr/> 3,067,406
2,694,742		
	<b>Suspense Accounts—</b>	
56,078	Country Elevators—Electrification .. .. .	61,143
1,478	Rebagging Wheat .. .. .	1,151
73	Geelong Pier .. .. .	73
101,145	Superannuation .. .. .	115,125
2,688	Motor Vehicle Disposal .. .. .	4,031
82	Unclaimed Interest .. .. .	82
252,687	Revenue Account—Net Accumulation .. .. .	268,562
		<hr/> 9,377,259
8,022,902		

Incomplete contracts totalling £1,360,851 have not been included in the balances shown.

## HOME FINANCE TRUST.

The *Home Finance Act* 1962, No. 6933, which replaced, as from the 4th March, 1963, the prior relevant legislation, empowers the Home Finance Trust to raise money from lending institutions by way of deposit or bank overdraft for the purpose of making housing loans on the security of both first and second mortgage. In the terms of the Act, the Treasurer may, with the approval of the Governor in Council, execute guarantees in favour of the Commissioners of the State Savings Bank of Victoria or any person or body agreeing to deposit money with the Trust or in favour of any bank providing accommodation on overdraft.

The amount so agreed to be deposited or lent at 30th June, 1963, was £7,150,000 as compared with £6,075,000 at 30th June, 1962. Of the amount of £7,150,000 a sum of £125,000 will be deposited for the purpose of loans by the Trust on the security of second mortgage. Details are:—

	£	£
The Commissioners of the State Savings Bank of Victoria .. .. .	..	3,525,000
Private Savings Banks .. .. .	2,350,000	
„ Trading Banks .. .. .	575,000	
	<hr/>	2,925,000
Insurance Companies .. .. .	..	700,000
		<hr/>
		7,150,000
		<hr/>

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 .. .. .	..	7,150,000
Less—Amount not yet drawn by Trust .. .. .	956,535	
Amount repaid to lending institution .. .. .	92,773	
Sundry bank credits .. .. .	400	
	<hr/>	1,049,708
Total liability of Trust to lending institutions .. .. .	..	6,100,292
		<hr/>

Loans approved by the Trust to borrowers amounted to £7,359,608, of which sum £38,920 related to second mortgages. Advances secured by first mortgage at 30th June, 1963, amounted to £6,132,818 (net). Up to that date no advances had been made on the security of second mortgage. 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, 1962, and 1963. The figures are subject to audit.

30.6.1962		30.6.1963
£	<i>Assets.</i>	£
5,440,134	Current ordinary loans secured by first mortgage .. .. .	6,439,048
63,000	Current loans (three-year maximum) secured by mortgage .. .. .	59,470
..	Contracts of Sale—Repossessed properties .. .. .	10,500
7,115	Arrears—Mortgagors .. .. .	9,644
22,279	Sundry debtors (interest accrued but not yet payable, &c.) .. .. .	26,366
10	Cash on hand .. .. .	10
<hr/>		<hr/>
5,532,538		6,545,038
		<hr/>
£	<i>Liabilities</i>	£
4,884,628	Deposits—Repayment of which is guaranteed by the Treasurer of Victoria .. .. .	5,657,227
335,556	Bank Overdraft—Repayment also guaranteed by the Treasurer .. .. .	443,065
		<hr/>
11,188	Prepayments by mortgagors .. .. .	15,300
252,499	Loans Redemption Account .. .. .	363,390
..	Repayments of principal under Contracts of Sale .. .. .	1,264
..	Mortgagors' equities in properties subject to Contracts of Sale .. .. .	516
480	Sundry creditors .. .. .	293
48,187	Home Finance Fund No. 1—Surplus .. .. .	63,983
<hr/>		<hr/>
5,532,538		6,545,038
		<hr/>

## 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, many municipalities have, in various forms, assisted the Commission financially. In this regard, the Melbourne City Council has contributed the sum of £212,000 for the purpose of slum reclamation, the City of Prahran has donated a block of flats with a book value of £42,158, and several other municipalities have made gifts of land for housing projects of a special nature.

The audit of the accounts for 1962-63 has been completed and the related financial statements have been certified by me.

A summary of the Commission's revenue and expenditure for 1961-62 and 1962-63 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.

1961-62.							1962-63.		
£	REVENUE.						£	£	
5,547,534	Rentals	..	..	..	..	..	5,704,848		
1,244,913	Gross Surplus—House Sales	..	..	..	..	..	1,143,421		
118,394	Loan Redemption written back	less allowances to house purchasers					..	124,609	
690,445	Interest—House Sales (net)	..	..	..	..	..	769,985		
75,323	„ Sundry	..	..	..	..	..	71,732		
57,074	Miscellaneous	..	..	..	..	..	39,838		
7,733,683								7,854,433	
EXPENDITURE.									
2,598,390	Interest—less amounts capitalized and applied to House Sales	..	..	..	..	..	2,609,700		
786,771	Loan Redemption—Commonwealth and State Agreement	..	..	..	..	..	806,244		
2,266	Contribution to National Debt Sinking Fund	..	..	..	..	..	2,100		
4,000	„ Debenture Loan Sinking Fund	..	..	..	..	..	4,000		
1,856	Redemption of Debentures	..	..	..	..	..	1,947		
381,464	Administration—general	..	..	..	..	..	405,060		
203,048	Administration—house sales	..	..	..	..	..	203,392		
47,244	Cost of rent collection in country areas, &c.	..	..	..	..	..	45,642		
902,110	Rates—less amount capitalized	..	..	..	..	..	980,889		
14,839	Insurable Risks	..	..	..	..	..	18,538		
48	Loan Conversion Expenses	..	..	..	..	..	64		
963,157	Provision for accruing maintenance	..	..	..	..	..	964,030		
15,645	„ „ irrecoverable rents	..	..	..	..	..	15,429		
81,420	Cost of Communal Services—flats and Garden Maintenance	..	..	..	..	..	86,378		
231,745	Appropriation to House Purchasers' Death Benefit Fund	..	..	..	..	..	239,377		
980,494	Transfer to House Sales Reserve Suspense Account	..	..	..	..	..	770,181		
54,216	Maintenance and repairs on houses sold	..	..	..	..	..	48,181		
7,468	Miscellaneous	..	..	..	..	..	12,420		
7,276,181								7,213,572	
457,502	Surplus for the year	..	..	..	..	..		640,861	

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

	1961-62		1962-63	
	£	£	£	£
Surplus—Miscellaneous Funds	..	..	..	..
Realized Profit—House Sales	..	..	..	..
		* 69,634		..* 68,351
		627,859		.. 805,687
		697,493		874,038
<i>Less—</i>				
Cost of Statutory Functions—non-Revenue Producing	..	30,985		28,032
Loss—Rental Operations	..	209,006	239,991	205,145
		457,502		640,861

\* Includes notional interest on interest free loans—1961-62, £23,386.; 1962-63, £17,664.

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

	1961-62.		1962-63.	
	£	£	£	£
Gross rental charges .. .. .		5,887,436		6,050,479
<i>Deduct—</i>				
Rental rebates allowed .. .. .	316,941		325,495	
Losses from vacancies .. .. .	22,961		20,136	
		339,902		345,631
Credit for Rentals—General Revenue Account		5,547,534		5,704,848

Late in 1962-63, the then existing method of determination of rental charges was under consideration. Since the close of the year, an over-all revision of rental charges has been made. In my opinion, the relevant statutory and regulatory provisions should be examined with a view to ensuring that the revised charges are not inconsistent with legal requirements.

*Sales of Houses.*—For the year, 1,802 units were sold for a total sum of £7,658,133. Details are:—

	No.	Cost.	Selling Price.	Surplus.
		£	£	£
Cash Sales—State .. .. .	1	1,140	3,720	2,580
Commonwealth—State Housing Agreement 1945	5	11,858	16,296	4,438
Commonwealth—State Housing Agreement 1956	1	3,215	3,930	715
Sales per War Service Homes Commission—C.S.H.A. 1945	10	18,871	36,748	17,877
Terms Sales—State .. .. .	20	19,535	65,216	45,681
Commonwealth—State Housing Agreement 1945	667	1,868,843	2,662,460	793,617
Commonwealth—State Housing Agreement 1956	1,098	4,591,250	4,869,763	278,513
	1,802	6,514,712	7,658,133	1,143,421
Comparable figures—1961-62 .. .. .	2,148	8,155,462	9,400,375	1,244,913

The surplus for 1962-63 shown in the above summary does not include the sum of £38,600 which was the Commission's gain on the resale of repossessed houses.

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, 1,802, included a number of vacated rental units. In respect of these particular units, expenditure amounting to £48,181 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 for 1960-61, 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 .. .. .	1,143,421	
Less Transfer to House Sales Reserve Suspense Account .. .. .	770,181	
	<hr/>	373,240
Loan Redemption—Surplus after allowances to purchasers, &c. .. .. .	..	124,609
Interest receivable on term sales .. .. .	2,370,945	
Less Interest payable on houses sold .. .. .	1,600,960	
	<hr/>	
Interest on House Sales (net) .. .. .	769,985	
Less Appropriation to House Purchasers' Death Benefit Fund .. .. .	239,377	
	<hr/>	530,608
Other House Sales revenue (included in Miscellaneous revenue in General Revenue Account) .. .. .	..	28,803
		<hr/>
		1,057,260
Administration—House Sales .. .. .	203,392	
Maintenance and repairs on houses sold .. .. .	48,181	
	<hr/>	251,573
Net Credit to General Revenue on account of House Sales .. .. .		<hr/>
		805,687

The amount of £770,181 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, 1963, 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 the 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, 1962 and 1963, is summarized hereunder:—

30.6.1962.		30.6.1963.
£		£      £
	<i>Current Assets—</i>	
691,295	Sundry Debtors .. .. .	703,884
150,191	Cash at Bank and in Transit .. .. .	282,628
		<hr/>
841,486		986,512
1,556,864	<i>Investments</i> .. .. .	1,685,550
	<i>Deferred Assets—</i>	
46,036,989	House Purchase Debtors .. .. .	52,287,953
	<i>Fixed Assets—</i>	
19,454,305	Estates—Cost of land, developmental and incidental expenses .. .. .	20,913,043
105,931,731	Dwellings and Shops .. .. .	111,079,174
300,027	Holmesglen Housing Factory—Land and Buildings .. .. .	304,978
..	Administrative Building .. .. .	250,080
		<hr/>
125,686,063		132,547,275
29,759,510	Less Suspense Account for estimated capital costs of houses sold .. .. .	33,184,117
		<hr/>
95,926,553		99,363,158
3,043,314	Cost of properties acquired for Slum Reclamation .. .. .	3,481,893
65,583	Store rooms, Offices, &c. .. .. .	66,561
179,738	Plant, vehicles, office furniture, and equipment .. .. .	186,850
249,662	Concrete House Project .. .. .	592,397
		<hr/>
99,464,850		103,690,859
183,440	<i>Deposit and Trust Account—Cash at Bank and securities</i> .. .. .	182,558
	<i>Intangibles—</i>	
28,567	Loan Flotation Expenses—Less amount written off .. .. .	36,105
27,339	Plans and Designs, &c. .. .. .	30,655
34,563	Slum Reclamation—Unrecouped costs .. .. .	187,642
		<hr/>
90,469		254,402
148,174,098	Total .. .. .	<hr/>
		159,087,834

30.6.62.		30.6.63.
£		£
	<i>Current Liabilities—</i>	
1,021,018	Sundry Creditors .. .. .	405,589
	<i>Loans—</i>	
126,595,109	Government advances .. .. .	135,395,580
506,204	Debenture issues .. .. .	434,257
417,346	Death Benefit Fund Advances .. .. .	523,439
		<hr/> 136,353,276
127,518,659		
	<i>Advances and Subsidies—</i>	
1,319,934	Subsidy from Loan for Slum Reclamation .. .. .	1,246,158
112,000	Subsidy from City of Melbourne for Slum Reclamation .. .. .	212,000
..	Gift of Flats—City of Prahran .. .. .	42,158
	<i>Reserves and Sinking Funds—</i>	
83,796	Debenture Loans Redemption .. .. .	85,743
151,820	Cancelled Securities—National Debt Sinking Fund .. .. .	169,973
29,207	Debenture Loan Sinking Fund .. .. .	33,085
6,079,151	Loan Redemption—Commonwealth and State Agreement .. .. .	6,691,497
1,705,259	Accruing Maintenance Provision .. .. .	1,643,647
35,000	Irrecoverable Rents Provision .. .. .	40,000
6,433,793	House Sales Reserve Suspense Account .. .. .	7,214,887
981,484	House Sales—Death Benefit Scheme .. .. .	1,279,153
1,577,499	Land Realization Reserve .. .. .	1,905,210
		<hr/> 19,063,195
17,077,009		
942,038	Accumulated Surplus .. .. .	1,582,900
	<i>Deposit and Trust Account—</i>	
183,440	Contractors' deposits and other trust moneys .. .. .	182,558
		<hr/> 159,087,834
148,174,098	Total .. .. .	

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

“Sundry Debtors, £703,884”, is the net result of the gross amount due under this head reduced by £66,097 on account of sales of vacant land including an amount of £50,000, advance payment by the Transport Regulation Board in consideration of a proposed purchase by that Body of a part of a reclamation area at Carlton. A formal agreement in this matter has yet to be executed.

The item, “House Purchase Debtors, £52,287,953”, is also 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.

As indicated, the Commission acquired during the year an administrative building involving expenditure up to the close of the year of £250,080. This property is situated at 625 Swanston-street, Melbourne.

The amounts, £249,662, as at the 30th June, 1962, and £592,397, as at the 30th June, 1963, against the item “Concrete House Project” are, in effect, the notional liabilities, as at the respective dates, of the Concrete House Project to the Commission. The increase from £249,662 to £592,397 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, 1962 .. .. .		249,662
<i>Add—</i>		
Decrease in Sundry Creditors—Accrued Wages .. .. .	172,985	
Increase in Materials on hand .. .. .	87,177	
Increase in book value of Equipment, Plant, Tools, &c. .. .. .	83,982	
		<hr/> 344,144
		593,806
<i>Deduct—</i>		
Decrease in Current Assets .. .. .	442	
Increase in Reserves for (a) Long Service Leave .. .. .	29	
(b) Maintenance of Factory Building .. .. .	938	
		<hr/> 1,409
Item—“Concrete House Project” as at 30th June, 1963 .. .. .		<hr/> 592,397

In lieu of a provision for depreciation, the Project was charged by the Commission with interest at the rate of 4 per centum per annum on the value of the Factory buildings. In the summary of the Commission's Revenue Account for 1962-63 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.

*House Purchasers' Death Benefit Fund.*—House purchasers, unless disqualified 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, 1963, are summarized below:—

	£	£
Balance as at 30th June, 1962 .. .. .	..	981,484
Add Appropriation for year (Section 109 Act No. 6275) .. .. .	..	239,377
Income from Investments .. .. .	..	59,714
Premiums .. .. .	..	6,310
		<hr/> 305,401
		1,286,885
Deduct Payments on Account of Deceased Purchasers .. .. .	..	7,732
		<hr/> 1,279,153
Balance as at 30th June, 1963 .. .. .	..	1,279,153

The sum of the investments of the Fund, £1,260,929, includes an amount of £523,439 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 £1,685,550".

In respect of the advance of £523,439, 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. Further, the Actuary appointed pursuant to the provisions of Section 109 (3) of the *Housing Act* 1958 to investigate the state and sufficiency of the Fund as at 30th June, 1961, has in his report on the investigation, questioned the advisability of this investment.

Certain aspects of the Benefit Scheme have also been raised by me. These have been mainly confined to the legal requirements for admission to the Scheme and the benefits to be derived from participation therein.

*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 1961-62 and 1962-63 are:—

	1961-62.		1962-63.	
	£	%	£	%
Rates .. .. .	78,356	7·9	79,806	7·5
Interest .. .. .	173,892	4·3	204,180	4·6
Administration .. .. .	328,048	33·5	370,848	36·0
	<hr/> 580,296		<hr/> 654,834	

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

*Provision for Maintenance.*—As at the 30th June, 1962, the balance of the Accruing Maintenance Provision Account was £1,705,259. To this amount there was added in 1962–63 the sum of £964,030 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the Account in 1962–63 was £1,025,642 leaving a balance at credit of the Account at the close of the year of £1,643,647.

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

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

*Loan Liability.*—During the year an additional £9,444,750 was made available to the Commission under the terms of the 1961 Commonwealth and State Housing Agreement, increasing total loans to £148,833,581. At 30th June, 1963, the liability in respect of loans was £136,353,276. Details are :—

<i>State Housing.</i>				£	£
From the Government of Victoria—Housing .. .. .	..	..	..	1,133,203	
” ” ” ” ” Slum Reclamation .. .. .	..	..	..	2,432,283	
„ Debenture issues of the Commission .. .. .	..	..	..	590,000	
				—————	
				4,155,486	
Government Loan transferred to the Commission .. .. .	..	..	..	30,000	
				—————	4,185,486
<i>Less</i> Securities purchased out of National Debt Sinking Fund and cancelled				230,335	
Debentures redeemed under Housing Act .. .. .	..	..	..	155,743	
Repayments on Slum Reclamation .. .. .	..	..	..	483,243	
				—————	869,321
					—————
					3,316,165
<i>Commonwealth and State Housing Agreements.</i>					
Loan Advances received from the Commonwealth of Australia .. .. .	..	..	..	144,648,095	
<i>Less</i> Repayments .. .. .	..	..	..	12,134,423	
				—————	132,513,672
<i>House Purchasers' Death Benefit Fund.</i>					
Loan to Commission .. .. .	..	..	..	..	*523,439
					—————
<i>Loan Liability as per Balance Sheet</i> .. .. .	..	..	..		136,353,276

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

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



## LATROBE VALLEY WATER AND SEWERAGE BOARD.

Functions of the Latrobe Valley Water and Sewerage Board 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. Advances from the Treasury in 1962-63 amounted to £402,342 (Water £341,516, Sewerage £60,826). Advances for works made to the Board to 30th June, 1963, amounted to £7,978,984 (Water £5,223,053, Sewerage £2,755,931).

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

With the completion of Stage 2 Water Supply Works, water was supplied to a major consumer at Maryvale as from July, 1962, resulting in a substantial increase in the item "Water Charges" as shown in the General Revenue Account hereunder.

The accounts of the Board to 30th June, 1963, have been audited. For purposes of comparison, figures for the previous year are given in the abridged statements which follow.

### FARM REVENUE ACCOUNT.

1961-62.							1962-63.		
£							£	£	
<i>Income—</i>									
2,720	Rental Board Properties .. .. .						2,787		
..	Sale of Effluent .. .. .						1,091		
17,307	Profit—Sheep Trading Account .. .. .						37,392		
..	Profit—Cattle Trading Account .. .. .						5,317		
20,027								46,587	
<i>Expenditure—</i>									
16,306	Farm Operation and Maintenance .. .. .						16,834		
2,593	Production of Fodder .. .. .						5,101		
21,852	Interest on Loans .. .. .						23,174		
5,054	Interest on Overdraft .. .. .						968		
5,092	Depreciation Provision .. .. .						5,531		
10,186	Administrative Expenses .. .. .						9,059		
642	Maintenance Farm Dwellings .. .. .						542		
623	Loss—Cattle Trading Account .. .. .						..		
62,348								61,209	
42,321	Deficit on Farm Account transferred to General Revenue .. .. .						..	14,622	

### GENERAL REVENUE ACCOUNT.

£							£	£	
<i>Income—</i>									
116,535	Water Charges .. .. .						270,361		
103,592	Disposal Charges .. .. .						108,405		
9,023	Maintenance Outfall Sewer (Tar Removal Costs) .. .. .						6,650		
3,025	Rents and Income—Board Properties .. .. .						5,017		
5,478	Other .. .. .						4,220		
237,653								394,653	
<i>Expenditure—</i>									
95,206	Interest on Loans .. .. .						*178,946		
..	Interest on Overdraft .. .. .						6,776		
30,274	Depreciation .. .. .						42,102		
65,537	Maintenance of Works .. .. .						35,951		
1,977	Maintenance of Staff Residences .. .. .						2,998		
24,632	Other Expenses .. .. .						45,664		
217,626								312,437	
20,027	Surplus for year .. .. .						..	82,216	
42,321	Deficit on Farm Revenue Account .. .. .						..	14,622	
†22,294	Deficit	<i>Net result for year</i>					‡ Surplus	67,594	

\* This figure includes interest charges, as from 1st October, 1962, on capital invested in Stage 2 Works. Revenue from these works, however, was received by the Board from 8th July, 1962. The charge for interest prior to 1st October, 1962, was capitalized.

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

‡ Surplus on Water Fund £66,658; Surplus on Sewerage Fund £936.

## BALANCE-SHEET.

30.6.1962.		30.6.1963.	
£		£	£
6,951,231	Works (including Works in Progress) .. .. .	7,342,655	
143,788	Plant and Equipment .. .. .	128,727	
147,398	Land, Buildings, Residences .. .. .	160,650	
32,130	Office and Laboratory Equipment .. .. .	33,309	
41,629	Stores, Tools, &c. .. .. .	40,560	
1,650	Wool and Ensilage on Hand .. .. .	675	
70,448	Livestock on Hand (at market value less selling charges) .. .. .	89,556	
8,040	Debtors and Prepayments .. .. .	12,816	
133,469	Investment—Depreciation .. .. .	172,774	
968	Cash at Bank .. .. .	103	
235,746	Interest on Works during Construction .. .. .	261,855	
5,640	Asset Realization Account .. .. .	7,253	
17,252	Accumulated Deficit .. .. .	..	
<u>7,789,389</u>		<u>8,250,933</u>	
7,417,795	Treasurer of Victoria—Loans .. .. .	7,763,568	
45	Treasurer of Victoria—Interest .. .. .	105	
7,553	Capital Expenditure Borne by the State .. .. .	65,147	
2,500	Grant Government of Victoria .. .. .	2,500	
968	Contractors' Deposits and other Trust Moneys .. .. .	103	
4,353	Sundry Creditors .. .. .	4,670	
168,835	Depreciation Reserve .. .. .	220,407	
187,340	Bank Overdraft .. .. .	144,091	
..	Accumulated Surplus .. .. .	40,342	
..	Appropriation for Plant Renewals .. .. .	10,000	
<u>7,789,389</u>		<u>8,250,933</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.

As indicated in the previous year's report, it was necessary, for the purpose of the adoption of the 28th February as the closing date of the Board's financial year, for the Board to prepare its financial statements for the 1961–62 accounting period on an eight monthly basis. In the circumstances, the figures for that period are presented herein for the purpose, not of comparability, but of continuity only.

The audit of the accounts to 28th February, 1963, has been completed. The following statements summarize transactions on the Board's accounts in the past three accounting periods.

### INSURANCE ACCOUNT.

		1960-61.		1961-62.		1962-63.
	<i>Receipts.</i>	£		£		£
Balance at Bank .. .. .		40,220		34,994		21,622
Premiums .. .. .		680,883		6,814		82,373
Surrender Values .. .. .		106,422		25,822		26,347
Death Claims .. .. .		61,208		7,854		6,340
Matured Policies .. .. .		51,189		48,845		71,763
Taken-over Policies .. .. .		1,587		19		68
Investments Temporary—Redeemed .. .. .		..		..		82,000
Other .. .. .		1,373		..		666
		942,882		124,348		291,179
	<i>Payments.</i>					
Insurance Companies .. .. .		268,712		3,067		78,390
Management Account—Commission, &c. .. .. .		11,358		162		4,390
Authorities and Employees .. .. .		228,847		94,721		113,264
Transferred to Benefit Contracts Account .. .. .		398,971		4,776		..
Investments Temporary—Purchased .. .. .		..		..		90,000
Balance at Bank .. .. .		34,994		21,622		5,135
		942,882		124,348		291,179

## PROVIDENT FUND.

	<i>Receipts.</i>	1960-61.	1961-62.	1962-63.
		£	£	£
Balance at Bank .. .. .		76,662	35,576	14,885
Contributions .. .. .		196,327	26,083	194,947
Interest on Investments .. .. .		33,568	20,747	46,049
Other (including Investments Redeemed) .. .. .		65,110	13,666	306,495
		<u>371,667</u>	<u>96,072</u>	<u>562,376</u>
<i>Payments.</i>				
Employees .. .. .		121,513	73,808	119,803
Refunds to Authorities .. .. .		13,652	7,379	13,205
Investments .. .. .		200,000	..	409,500
Other .. .. .		926	..	16,714
Balance at Bank .. .. .		35,576	14,885	3,154
		<u>371,667</u>	<u>96,072</u>	<u>562,376</u>

The position of the Fund at 30th June, 1961, and 28th February, 1962 and 1963, was :—

	1961.	1962.	1963.
	£	£	£
Contributors' credits .. .. .	819,370	744,250	836,818
Unallotted Interest .. .. .	21,336	40,870	48,311
Contributions paid in advance, &c. .. .. .	..	6,265	13,908
Contributions payable to Benefit Contracts Account .. .. .	..	14,964	..
	<u>840,706</u>	<u>806,349</u>	<u>899,037</u>
Represented by—			
Cash at Bank .. .. .	35,576	14,885	3,154
Investments .. .. .	805,130	791,464	894,469
Contributions due, &c. .. .. .	..	..	1,414
	<u>840,706</u>	<u>806,349</u>	<u>899,037</u>

## BENEFIT CONTRACTS ACCOUNT.

	<i>Income.</i>	1960-61.	1961-62.	1962-63.
		£	£	£
Contract Premiums .. .. .		510,909	50,939	742,448
Proceeds of Surrendered Policies .. .. .		838,103	1,522,863	318
Interest on Investments .. .. .		25,196	94,286	205,707
Underwriting Commission .. .. .		..	3,850	1,200
Other .. .. .		..	1,800	41
		<u>1,374,208</u>	<u>1,673,738</u>	<u>949,714</u>
<i>Expenditure.</i>				
Death Benefits .. .. .		..	74,331	79,060
Withdrawal Benefits .. .. .		642	33,566	80,005
Refunds to Authorities .. .. .		1,818	5,004	17,952
Contribution to Management Account .. .. .		8,333	16,667	23,892
Other .. .. .		..	3,509	9,524
		<u>10,793</u>	<u>133,077</u>	<u>210,433</u>
Surplus .. .. .		<u>1,363,415</u>	<u>1,540,661</u>	<u>739,281</u>

As at 30th June, 1961, and 28th February, 1962 and 1963, the funds of the Benefit Contracts Account amounted to—

	1961.	1962.	1963.
	£	£	£
	1,363,415	2,903,983	3,643,264
and were represented by—			
Current assets <i>less</i> liabilities .. .. .	530,007	96,179	2,664
Investments .. .. .	816,741	2,807,804	3,640,600
Prepayments .. .. .	16,667	..	..
	1,363,415	2,903,983	3,643,264

#### MANAGEMENT ACCOUNT.

<i>Income.</i>				1960-61.	1961-62.	1962-63.
				£	£	£
Commission—						
New Business .. .. .				31,823	662	574
Collection .. .. .				9,924	162	4,119
Interest on Investments .. .. .				13,713	8,857	17,501
Contribution from Benefit Contracts Account .. .. .				8,333	16,667	23,892
Contribution from Provident Fund .. .. .				..	..	1,000
Other .. .. .				1,293	1,017	5,507
				65,086	27,365	52,593
<i>Expenditure.</i>				£	£	£
Board Members' Fees .. .. .				725	420	462
Salaries .. .. .				12,220	13,547	23,781
Other Administration Charges .. .. .				5,435	10,348	15,531
Rates, &c. .. .. .				1,075	975	1,266
Depreciation .. .. .				2,330	3,733	7,240
				21,785	29,023	48,280
Surplus .. .. .				43,301	..	4,313
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:—

	1960-61.	1961-62.	1962-63.
	£	£	£
Invested (net) .. .. .	12,750	..	15,675
Contingent Account .. .. .	7,514	3,305	4,313

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:—

	1961.	1962.	1963.
	£	£	£
Accumulated Funds .. .. .	433,898	425,341	413,090
Asset Replacement Reserve .. .. .	2,330	6,029	12,976
	436,228	431,370	426,066
Represented by—			
Current assets <i>less</i> liabilities .. .. .	71,170	47,057	3,193
Investments .. .. .	233,550	226,350	265,820
Freehold property .. .. .	119,658	121,580	120,337
Furniture, equipment and office machines .. .. .	9,909	35,235	32,783
Motor Car .. .. .	1,283	1,148	944
Prepayments, &c. .. .. .	658	..	2,989
	436,228	431,370	426,066

## MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1963, has been completed and the statements of accounts for the year have been duly certified by me.

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

	1960-61.	1961-62.	1962-63.
	£	£	£
<b>Rates and Charges—</b>			
Water Supply .. .. .	4,106,083	5,179,234	5,573,383
Sewerage .. .. .	4,154,576	4,586,541	5,091,008
Drainage and Rivers .. .. .	672,492	750,738	836,748
	8,933,151	10,516,513	11,501,139
 <b>Farm—</b>			
Gross profit on cattle .. .. .	154,668	136,102	140,058
Gross profit on sheep .. .. .	59,177	38,146	65,936
Rent .. .. .	5,197	5,325	3,531
Sundry Trading Operations .. .. .	5,547	3,766	3,801
	224,589	183,339	213,326
Gross Revenue .. .. .	9,157,740	10,699,852	11,714,465
 <b>Working Expenses—</b>			
Management .. .. .	1,197,948	1,272,221	1,332,409
Maintenance .. .. .	1,959,800	2,081,468	2,118,522
Interest (including overseas exchange) .. .. .	4,724,808	5,276,272	5,920,195
	7,882,556	8,629,961	9,371,126
Gross Surplus .. .. .	1,275,184	2,069,891	2,343,339
 <b>General Expenditure—</b>			
Loan Flotation Expenses .. .. .	114,255	191,958	159,320
Staff Gratuities .. .. .	52,964	56,001	72,080
Contributions to Superannuation Fund .. .. .	74,434	69,221	66,438
Depreciation—Furniture and Fittings, &c. .. .. .	26,994	31,332	24,835
Pensions (cost of living allowance in superannuation payments) .. .. .	55,268	40,380	41,601
Main Drainage Works .. .. .	331,158	371,175	415,023
	655,073	760,067	779,297
 <b>Statutory Expenditure—</b>			
Contributions to Municipalities .. .. .	16,992	16,992	16,992
Carried forward .. .. .	672,065	777,059	796,289

	1960-61.	1961-62.	1962-63
	£	£	£
Brought Forward .. .. .	672,065	777,059	796,289
Provisions and Transfers to Reserves—			
Contributions to Renewals Fund .. .. .	191,695	216,144	236,927
Contributions to Sinking Fund .. .. .	387,455	400,407	440,018
Contributions to Loans Redeemed Reserve .. .. .	143,224	194,215	306,982
Contributions to Rates Equalization Reserve .. .. .	..	475,281	550,000
	722,374	1,286,047	1,533,927
Total Expenditure .. .. .	1,394,439	2,063,106	2,330,216
Net Deficit .. .. .	119,255	..	..
Net Surplus .. .. .	..	6,785	13,123
Add Accumulated Surplus brought forward 1st July .. .. .	651	696	7,481
Add Amount transferred from Rates Equalization Reserve .. .. .	119,300	..	..
Accumulated Surplus at 30th June, carried forward	696	7,481	20,604

It will be seen that the surplus of £13,123 for the year was the result after making a contribution of £550,000 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).
	£	£	£	£
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
1962-63.. .. .	5,573,383	5,091,008	836,748	101,184,296

The aggregate of Net Annual Values on which the rates were assessed continued to rise ; all municipalities 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
Chelsea Area (from and inclusive of 1962-63)—Water Rate	1 0	1 0

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

Interest charges continued to be a heavy burden on the Board's revenue, the proportion of interest and exchange to gross revenue from rates and charges being 51·48 per centum as compared with 50·17 per centum in the previous year. In this regard, it will be noted that the actual charge to revenue on account of interest and exchange rose from £5,276,272 in 1961-62, to £5,920,195 in 1962-63.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund £147,645; Sinking Fund £505,014; and Superannuation Fund £85,931. Exchange on interest remitted overseas amounted to £32,568.

A section of the Drainage and River Improvement capital works was financed from revenue to the extent of £415,023, 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, 1963, are shown hereunder:—

	Contribution from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1963.
	£	£	£	£
Sinking Funds .. .. .	452,115	505,014	957,129	11,057,417
Loans Redeemed Reserve .. .. .	306,982	..	306,982	828,225
Renewals Fund .. .. .	236,927	147,645	384,572	7,596,399
Superannuation Fund .. .. .	66,438	85,931	152,369	1,816,248
Insurance Account .. .. .	..	..	..	463,806
	1,062,462	738,590	1,801,052	21,762,095

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of £13,403,394 as at 30th June, 1963. Thus, the sum of the Board's Funds and Reserves as at that date was £35,165,489. Of this sum, £20,771,979 was invested, £828,225 was applied to loan redemption and £13,565,285 was utilized in the Board's undertaking.

*Town Planning, Metropolitan Highways, &c.*—The Metropolitan Improvement Rate remained unchanged at 4d. and was assessed on properties with an aggregate net annual value of £103,847,891.

Details of the Planning and Highways Revenue Account for the past three years are given below:—

	1960-61.	1961-62.	1962-63.
	£	£	£
Revenue—			
Metropolitan Improvement Rate and Sundry Income .. .. .	1,067,951	1,589,244	1,792,646
Less Expenditure—			
Management .. .. .	171,681	177,021	251,866
Maintenance .. .. .	3,440	11,814	32,138
Interest .. .. .	..	18,589	24,524
Contribution to Sinking Fund .. .. .	..	12,097	12,097
	175,121	219,521	320,625
Balance—surplus transferred to Planning and Highways Reserve .. .. .	892,830	1,369,723	1,472,021



At 30th June, 1963, 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 .. .. .	24,799
Planning and Highways Reserve.. .. .	6,313,103
	<hr/>
	6,737,902

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

	£	£
Metropolitan Improvement Fund—		
Cash at Bank .. .. .	46,245	
Cash held temporarily in Metropolitan General Fund (estimate) .. .. .	5,601	
	<hr/>	51,846
Securities—Short Term .. .. .	..	770,000
Arrears—Rates and Charges (estimate) .. .. .	..	70,237
Reserved Land—held temporarily under Section 57, Act No. 6849 .. .. .	2,732,394	
Compensation under Section 42, Act No. 6849 .. .. .	127,033	
	<hr/>	2,859,427
Planning, Highways and Foreshore Works—Expenditure .. .. .	..	2,986,392
		<hr/>
		6,737,902

*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:—

	1961.	1962.	1963.
	£	£	£
Current Assets—			
Cash in hand and at bank .. .. .	2,104,744	777,049	607,858
Securities—Short Term .. .. .	3,125,000	7,250,000	4,655,000
Arrears of Rates and Charges .. .. .	459,758	639,930	652,964
Sundry Debtors .. .. .	409,565	441,108	484,642
Stores and Materials on hand .. .. .	1,007,262	1,049,931	1,035,931
Livestock on hand .. .. .	206,550	196,220	201,562
Reserved Land—Planning and Highways—			
Acquired Land .. .. .	1,748,984	2,153,951	2,732,394
Compensation for loss on sales .. .. .	20,122	80,568	127,033
	<hr/>	<hr/>	<hr/>
	9,081,985	12,588,757	10,497,384
Fixed Assets—			
Planning and Highways Works .. .. .	1,381,208	2,617,046	2,986,392
Water Supply Works .. .. .	51,937,868	55,658,044	60,726,938
Sewerage Works .. .. .	41,013,573	47,341,236	52,973,341
Sewerage House Connexions .. .. .	396,909	396,909	396,909
Main Drainage and River Improvement Works .. .. .	8,911,526	9,437,944	10,024,613
Buildings, Water Meters, and other items .. .. .	4,408,069	4,672,854	5,064,084
	<hr/>	<hr/>	<hr/>
	108,049,153	120,124,033	132,172,277
Less Renewals Fund .. .. .	6,932,550	7,251,249	7,596,399
	<hr/>	<hr/>	<hr/>
	101,116,603	112,872,784	124,575,878
Plant and Tools .. .. .	877,011	913,239	1,106,635
Motor Vehicles .. .. .	275,617	270,738	291,954
Furniture and Fittings .. .. .	186,780	182,838	193,361
	<hr/>	<hr/>	<hr/>
	102,456,011	114,239,599	126,167,828
Investments—			
External—Stock—Commonwealth, &c. .. .. .	2,753,500	4,391,500	13,351,500
Internal—Stock—Melbourne and Metropolitan Board of Works .. .. .	1,717,234	2,436,574	2,770,079
	<hr/>	<hr/>	<hr/>
	4,470,734	6,828,074	16,121,579
	<hr/>	<hr/>	<hr/>
Total Assets .. .. .	116,008,730	133,656,430	152,786,791

	1961.	1962.	1963.
	£	£	£
Current Liabilities—			
Loan Interest, Matured Debentures and Inscribed			
Stock .. .. .	1,061,040	1,061,307	1,143,615
Sundry Creditors and Deposits .. .. .	650,118	915,513	1,154,718
	<u>1,711,158</u>	<u>1,976,820</u>	<u>2,298,333</u>
Deferred Liabilities—			
Superannuation Fund .. .. .	1,561,843	1,691,598	1,816,248
Provision for Furlough .. .. .	264,881	282,111	312,453
	<u>1,826,724</u>	<u>1,973,709</u>	<u>2,128,701</u>
Loan Liability—			
Government of Victoria .. .. .	441,345	438,858	623,590
Public Loans .. .. .	94,358,500	108,058,202	122,295,778
	<u>94,799,845</u>	<u>108,497,060</u>	<u>122,919,368</u>
Total Liabilities .. .. .	<u>98,337,727</u>	<u>112,447,589</u>	<u>127,346,402</u>
Excess of Assets over Liabilities, represented by—			
Sinking Fund .. .. .	9,226,455	10,088,191	11,032,618
Loans Redeemed Reserve .. .. .	327,028	521,243	828,225
General Reserve .. .. .	2,985,622	3,592,920	4,419,323
Planning and Highways Sinking Fund .. .. .	..	12,097	24,799
Planning and Highways Reserve .. .. .	3,471,138	4,841,082	6,313,103
Rates Equalization Reserve .. .. .	147,253	622,534	1,174,794
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 .. .. .	496,226	476,158	463,806
Distributable Expense Variance Account .. .. .	99,480	130,030	246,012
Accumulated Surplus .. .. .	696	7,481	20,604
	<u>17,671,003</u>	<u>21,208,841</u>	<u>25,440,389</u>
Total Liabilities and Funds .. .. .	<u>116,008,730</u>	<u>133,656,430</u>	<u>152,786,791</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.

As indicated in the summary, the Board's investments—long and short-term—increased by £6,698,505 (net). This increase was due to the additions in provisions and reserves already referred to herein and to the investment of a substantial amount of loan moneys not immediately required for works.

The increase of £826,403 in the General Reserve was accounted for as follows:—

	£	£
Expenditure from Revenue on account of Drainage and River Improvements		415,023
Estimated value of privately constructed water mains taken over by the Board,		
less reimbursements made by the Board .. .. .		98,567
Contributions towards cost of works by—		
(a) various Public Authorities .. .. .	296,678	
(b) others .. .. .	10,118	
	<u>306,796</u>	
Net profit on realization of land, plant, motor vehicles, &c. .. .. .		6,017
		<u>826,403</u>

The Board's loan authority for its normal functions as fixed by Act No. 6895 is £155,000,000 against which the actual loan liability at 30th June, 1963, was £122,919,368.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by £12,048,244. Major increases were:—

	£
Reservoir and Conduit Construction, &c. .. .. .	837,968
Water Supply—extension large mains .. .. .	2,913,742
"  "  reticulation, water meters, &c. .. .. .	1,643,800
Construction and Amplification—sewage disposal, &c.—Farm .. .. .	191,716
Sewerage—extension mains, treatment works, &c. .. .. .	4,657,149
"  Brooklyn Pumping Station .. .. .	783,283
Main Drains and River Improvements—extensions, &c. .. .. .	586,612
Metropolitan Main Highways .. .. .	927,779
Foreshore Improvement .. .. .	66,474

## MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1963, 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 chartered accountant. 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 30.6.1962.		Year ended 30.6.1963.
				£		£
Operations—						
Tramways and Omnibuses	..	..	..	Deficit 208,806	Deficit	206,232
Properties and Miscellaneous	..	..	..	Surplus 27,583	Surplus	81,010
				Deficit 181,223	Deficit	125,222
Interest on Investments	..	..	..	.. 107,265		130,022
Result for year				Deficit 73,958	Surplus	4,800

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

				Year ended 30.6.1962.		Year ended 30.6.1963.
				£		£
Provision for—						
Long Service Leave	..	..	..	.. 119,836		117,015
Retiring Gratuities	..	..	..	.. 212,916		206,263
Accrued Sick Leave	..	..	..	.. 6,455		54,437
Public Liability Claims	..	..	..	.. 87,063		103,048
Obsolescence in Stores Stock	..	..	..	.. 4,840		3,903
				431,110		484,666

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, 1962, and 1963, are summarized hereunder :—

30.6.1962.				30.6.1963.			
£				£			
Current Assets—							
45,957	Balances at Bank and Cash in Hand	..	..	..	43,200		
188,805	Sundry Debtors	..	..	..	126,033		
527,377	Stores on Hand and Work in Progress	..	..	..	519,044		
762,139							688,277
Fixed Assets—							
7,059,459	Permanent Way, Overhead Construction, Transmission Lines				7,160,722		
4,836,515	Rolling Stock	..	..	..	4,792,311		
2,175,931	Land and Buildings	..	..	..	2,222,005		
1,321,374	Plant, Furniture, and Fittings, &c.	..	..	..	1,338,722		
15,393,279					15,513,760		
7,371,711	Less Provision for Depreciation	..	..	..	7,528,248		
8,021,568							7,985,512
8,783,707	Carried forward	..	..	..			8,673,789

30.6.1962.		30.6.1963.	
£		£	£
8,783,707	Brought forward .. .. .		8,673,789
985,554	Intangible Assets .. .. .	997,331	
551,647	Less Provision for Amortization .. .. .	571,358	
433,907			425,973
2,217,937	Investments .. .. .		1,807,268
11,435,551	Total Assets .. .. .		10,907,030
Current Liabilities—			
341,930	Sundry Creditors .. .. .	401,739	
25,407	Contractors' and other Deposits .. .. .	35,440	
8,662	Less Deposits other than Cash .. .. .	18,057	
358,675		17,383	
			419,122
Accrued Liabilities—			
149,285	Interest on Loans .. .. .	142,480	
113,732	Other .. .. .	128,495	
263,017			270,975
9,669,875	Loans .. .. .		9,161,611
Specific Provisions—			
100,000	Provision for Fire Damage .. .. .	100,000	
85,000	„ „ 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	
7,683	„ „ Stores Obsolescence .. .. .	10,163	
1,455,343			1,457,823
11,746,910	Total Liabilities .. .. .		11,309,531
The excess of Liabilities over Assets is represented by—			
390,145	The Accumulated Deficit brought forward .. .. .	390,145	
	Plus—Expenditure for the year on abandonment of Permanent Way and Electrical Equipment of Line .. .. .	95,942	
		486,087	
	Less—Surplus for year .. .. .	4,800	
			481,287
	Accumulated Deficit at 30th June, 1963 .. .. .		481,287
78,786	Less—Grants from Commonwealth of Australia for Tramlines con- structed at its request .. .. .		78,786
311,359			402,501

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

	30.6.1962.	30.6.1963.
	£	£
Provision for depreciation and amortization .. .. .	7,220,206	7,445,038
Sinking Fund .. .. .	703,152	*654,568
Total Provision .. .. .	7,923,358	8,099,606

\* NOTE.—Of the investments of the Board amounting to £1,807,268, as at 30th June, 1963, investments to the sum of £654,568 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, 1961, and 1962, is given hereunder:—

1961.		1962.	
£		£	£
Operational Receipts—			
1,977,988	Wharfage Rates .. .. .	2,103,650	
387,537	Tonnage Rates .. .. .	335,427	
275,777	Rent, &c., from Lands .. .. .	309,275	
101,272	Rent of Sheds .. .. .	104,143	
193,858	Special Berth and Appropriation Fees, &c. .. .. .	204,491	
66,018	Storage, Receiving and Delivery Fees .. .. .	51,811	
681,375	Crane Hire .. .. .	619,113	
400	Plant Hire .. .. .	823	
14,561	Towage .. .. .	14,168	
23,263	Cargo Lights .. .. .	25,316	
31,924	Sale, Electric Energy .. .. .	35,980	
153,598	Miscellaneous .. .. .	132,337	
<u>3,907,571</u>			<u>3,936,534</u>
Operational Disbursements—			
754,164	Management and General Expenses .. .. .	827,779	
645,040	Port Operating Expenses .. .. .	698,221	
770,901	Maintenance—Dredging and Properties .. .. .	602,981	
697,760	Interest .. .. .	759,067	
515	Loan Flotation Expenses .. .. .	2,381	
4,804	Damage to Trust Plant .. .. .	10,596	
13,037	Refunds of Revenue .. .. .	9,309	
<u>2,886,221</u>		<u>2,910,334</u>	
Appropriations—			
482,193	Consolidated Revenue .. .. .	£ 484,945	
260,930	Sinking Fund .. .. .	201,919	
		<u>686,864</u>	
<u>3,629,344</u>			<u>3,597,198</u>
278,227	Operational Surplus .. .. .		339,336
Other Disbursements (net)—			
1,132	Stocks and Loose Tools .. .. .		15,346
<u>277,095</u>			<u>323,990</u>
Other Receipts (net)—			
441,195	Investments .. .. .	24,071	
18,183	Sales Property, Plant, &c. .. .. .	36,105	
29,356	Sundry Debtors .. .. .	10,419	
44,013	Superannuation .. .. .	1,728	
28,278	Stocks of Materials .. .. .		
2,247	Employees' Housing .. .. .	6,081	
5,440	Suspense Account .. .. .	20,095	
<u>568,712</u>			<u>98,499</u>
845,807	Carried forward .. .. .		<u>422,489</u>

1961.		1962.	
£		£	£
845,807	Brought forward .. .. .	..	422,489
2,945,380	Loan Moneys Received .. .. .	2,967,770	
2,636,680	Less Loans Redeemed .. .. .	2,131,540	
<u>308,700</u>			<u>836,230</u>
1,154,507			1,258,719
187,718	Cash Overdrawn, 1st January .. .. .	..	<u>225,243</u>
966,789	Available for New Works .. .. .	..	1,033,476
1,192,032	New Works .. .. .	..	<u>1,088,822</u>
<u>225,243</u>	Cash Overdrawn, 31st December .. .. .	..	<u>55,346</u>

The loan liability increased by £634,315 to £14,875,017 at 31st December, 1962.

## METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to 1962-63 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1962-63, the funds so provided were—Fire Insurance Companies, £1,178,914, and Municipalities £591,100.

	1959-60.	1960-61.	1961-62.	1962-63.
<i>Revenue.</i>				
Surplus from previous year .. .. .	£ 75,974	£ 55,198	£ 122,865	£ 218,391
Statutory contributions .. .. .	1,457,776	1,616,410	1,851,410	1,770,014
Other .. .. .	36,478	37,111	72,691	65,604
	1,570,228	1,708,719	2,046,966	2,054,009
<i>Expenditure.</i>				
Salaries, Wages, and Maintenance, &c. .. .. .	1,378,738	1,433,181	1,644,460	1,750,769
Loan Repayments .. .. .	9,716	9,191	10,274	11,121
Transfers to Funds and Interest on Loans .. .. .	126,576	143,482	173,841	185,520
	1,515,030	1,585,854	1,828,575	1,947,410
Surplus carried forward to next year .. .. .	55,198	122,865	218,391	106,599

The financial position of the Board as at 30th June, 1962, and 30th June, 1963, is summarized hereunder:—

30.6.1962.		30.6.1963.
£		£
	Source of Funds—	
	External—	
351,892	Loan liability .. .. .	355,772
2,839	Less unexpended .. .. .	..
349,053		355,772
	Internal—	
1,120,692	Excess of assets over liabilities .. .. .	1,228,204
1,403,548	Funds .. .. .	1,506,884
1,124,606	Less invested on account of Superannuation and other Trust purposes .. .. .	1,286,559
278,942		220,325
1,399,634		1,448,529
1,748,687		1,804,301
	Represented by—	
	Current Assets—	
148,124	Cash .. .. .	..
60,713	Sundry Debtors and Advances .. .. .	55,969
96,754	Stock on Hand .. .. .	89,548
501	Work in progress .. .. .	356
306,092		145,873
	Less—	
	Current Liabilities—	
62	Sundry Creditors .. .. .	974
..	Cash Deficit .. .. .	97,232
62		98,206
306,030		47,667
265,262	Investments .. .. .	345,062
	Fixed Assets—	
836,283	Land and Buildings .. .. .	1,016,498
105,133	Plant, machinery, and equipment .. .. .	117,479
235,979	Rolling Stock .. .. .	277,595
		1,411,572
1,748,687		1,804,301

## PORTLAND HARBOR TRUST.

The audit of the accounts of the Trust to 30th June, 1963, is in course. After taking into consideration a State contribution of £249,400 and the provisions for sinking fund and accruing long service leave, there was a net deficit of £40,339 from the year's operations. This compares with a surplus of £21,553 in 1961-62.

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

1961-62.			1962-63.	
£			£	£
	Operating Revenue—			
49,380	Wharfage Rates	.. .. .	63,224	
7,902	Tonnage Rates	.. .. .	10,748	
9,337	Haulage	.. .. .	12,207	
258	Slipway Charges	.. .. .	213	
17,463	Shipping Services	.. .. .	22,241	
9,840	Rent	.. .. .	9,909	
94,180				118,542
	Operating Expenditure—			
23,827	Administrative	.. .. .	32,646	
46,651	Maintenance	.. .. .	40,058	
24,073	Shipping Services	.. .. .	34,636	
7,096	Depreciation	.. .. .	7,283	
101,647				114,623
7,467	(Deficit) Operating Surplus or Deficit..		(Surplus)	3,919
	Non-operating Revenue—			
6,704	Interest	.. .. .	9,055	
306	Licences	.. .. .	411	
607	Other	.. .. .	13	
7,617				9,479
150				13,398
	Non-operating Expenditure—			
256,791	Loan Interest	.. .. .	280,862	
1,315	Loan Flotation Expenses	.. .. .	513	
258,106				281,375
257,956	Excess of Expenditure over Revenue			267,977
	Appropriations—			
583	Long Service Leave	.. .. .	591	
21,908	Sinking Fund	.. .. .	21,171	
22,491				21,762
280,447				289,739
302,000	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes	.. .. .		249,400
21,553	(Surplus) Net Surplus or Deficit for year		(Deficit)	40,339
68,210	Accumulated Surplus at 30th June			27,871

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, £532,694 and National Debt Sinking Fund contributions, £26,999.



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

30.6.1962.		30.6.1963.	
£		£	£
88,795	Current Liabilities .. .. .	..	78,130
	Deferred Liabilities—		
5,000	Treasury Advance .. .. .	5,000	
6,938,869	Loan Funds .. .. .	7,178,218	
8,025	Other .. .. .	7,634	
<u>6,951,894</u>			<u>7,190,852</u>
	Funds of the Trust—		
68,480	Endowments .. .. .	59,872	
130,376	Sinking Fund .. .. .	157,683	
<u>198,856</u>		<u>217,555</u>	
68,210	Accumulated Surplus .. .. .	27,871	
<u>267,066</u>			<u>245,426</u>
<u>7,307,755</u>			<u>7,514,408</u>
	Current Assets—		
150,245	Cash .. .. .	65,596	
84,035	Stores .. .. .	66,203	
8,946	Other .. .. .	4,018	
<u>*279,200</u>		<u>135,817</u>	
	Investments .. .. .	..	*361,240
	Fixed Assets—		
64,709	Property Vested ( <i>less</i> written off) .. .. .	56,101	
4,508	Other ( <i>less</i> depreciation) .. .. .	4,217	
6,716,112	Construction Works .. .. .	6,957,033	
<u>7,307,755</u>		<u>7,017,351</u>	
			<u>7,514,408</u>

\* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1963, comprised Advances from the Treasurer, £2,041,450 (including £12,450 discount and expenses on loans) and £5,136,768 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 £532,694.

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 £48,782, and subsidiary stores £17,421. Conventional stores are checked selectively by the audit and are supported by a certificate of the Chief Storekeeper. Subsidiary stores consist of the stockpiles of rock and aggregate.

Investments, £361,240, include funds not immediately required by the Trust and lodged with the Trust's bankers either for a fixed period or at call and specific investments on account of funds and provisions.

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

## PUBLIC TRUSTEE.

The powers and duties of the Public Trustee are prescribed by the *Public Trustee Act 1958*. Funds of the estates administered by him are outside the ambit of the Public Account, all receipts being paid into a "Common Fund" under his direct control as authorized by the Act. The comparative statement below shows the composition of the Common Fund at the close of each of the past three years.

	30.6.1961.		30.6.1962.		30.6.1963.	
	£	%	£	%	£	%
Inscribed Stock .. .. .	1,768,550	33	2,468,550	42	2,718,400	41
Bank Deposit Stock .. .. .	350,000	7	350,000	6	350,000	5
Municipal Debentures .. .. .	755,158	14	660,789	11	565,165	9
Mortgages .. .. .	2,010,634	38	2,200,859	37	2,521,978	39
Loan to Co-operative Housing Society ..	167,969	3	151,969	3	145,858	2
Cash at Bank and in Hand .. .. .	260,032	5	66,940	1	243,587	4
	<u>5,312,343</u>	<u>100</u>	<u>5,899,107</u>	<u>100</u>	<u>6,544,988</u>	<u>100</u>

In addition to funds held in the Common Fund, the Public Trustee controls investments and property with a recorded value of £11,071,484 at 30th June, 1963.

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

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

Operations through the Suspense and Reserve Accounts for the financial years 1961-62 and 1962-63 were:—

## INTEREST SUSPENSE ACCOUNT.

1961-62.		1962-63.
£		£
302,556	Income from investments .. .. .	349,777
	Appropriations—	
155,241	Interest allocated to estates .. .. .	180,919
13,000	Provision for interest payable to estates .. .. .	15,000
50,000	Estates Guarantee and Reserve Account .. .. .	50,000
84,315	Consolidated Revenue .. .. .	103,858
<u>302,556</u>		<u>349,777</u>

## ESTATES GUARANTEE AND RESERVE ACCOUNT.

1961-62.		1962-63.
£		£
273,507	Balance at 1st July .. .. .	336,973
50,000	Transfer from Interest Suspense Account .. .. .	50,000
13,466	Interest credited on balance .. .. .	16,640
<u>336,973</u>		<u>403,613</u>
—	less Legal fees .. .. .	3
<u>336,973</u>	Balance at 30th June .. .. .	<u>403,610</u>

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

Receipts from the management of estates by way of fees and commission, as well as the interest contribution already mentioned, are paid into Consolidated Revenue from which operating expenses are met. On this basis, the net result of operations for the year was a surplus of £13,412 compared with a surplus of £11,510 in the preceding year. Particulars are:—

1961-62. £	Receipts.	1962-63. £	1961-62. £	Payments.	1962-63 £
118,823	Fees and Commission	118,192	167,949	Salaries, pay in lieu of long service leave, overtime and payroll tax	163,620
84,315	Surplus — Interest Suspense Account	103,858	1,118	Publicity	1,331
			15,000	Rent	36,122
			7,561	Other expenses (net)	7,565
			11,510	Surplus for the year	13,412
<u>203,138</u>		<u>222,050</u>	<u>203,138</u>		<u>222,050</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—

	1960-61.	1961-62.	1962-63.
	£	£	£
<b>Consolidated Revenue—</b>			
Fees and Commission.. ..	115,552	118,823	118,192
Probate Duty .. ..	148,685	165,791	133,038
Surplus from Interest Suspense Account .. ..	78,452	84,315	103,858
Maintenance—Patients in Mental Hospitals .. ..	29,487	23,748	33,114
Stationery, Postages recouped .. ..	4,888	4,537	5,019
Sundry Receipts .. ..	1,918	496	2,331
	<u>378,982</u>	<u>397,710</u>	<u>395,552</u>
<b>Transfer to Treasury Trust Fund—</b>			
Unclaimed Moneys—after 6 years .. ..	56,257	30,906	34,573
Unpresented cheques, &c. .. ..	1,477	1,579	649
	<u>57,734</u>	<u>32,485</u>	<u>35,222</u>

## RURAL FINANCE AND SETTLEMENT COMMISSION

### FINANCE BRANCH

The Rural Finance and Settlement Commission continued until the 30th June, 1963, to exercise its powers and perform its duties in two separate and distinct branches of its establishment. One, the Finance Branch, handled rural finance matters under the *Rural Finance Act* 1958, and the other, the Settlement Branch, dealt with soldier settlement and land settlement under the *Soldier Settlement Act* 1958 and the *Land Settlement Act* 1959 respectively.

The Finance Branch is outside the ambit of the Treasury accounting system and its accounts, therefore, are 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.

In connexion with the position as outlined above, it should be observed that the *Rural Finance and Settlement Commission Act* 1963, No. 7011, which, *inter alia*, had the effect of amalgamating the two Branches of the Commission, was proclaimed to operate from the 12th June, 1963, but, in accordance with the provisions of sub-section (3) of Section 1 of the said Act, the actual amalgamation of the two Branches was deferred until the 1st July, 1963.

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, 1963, and a balance-sheet as at that date were prepared. The operating profit was £102,954 as compared with £116,637 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. No such advances were made during 1962–63.

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 £9,745.

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, 1963 .. .. .	2,946,086	
Repayments of advances, 1st July, 1962, to 30th June, 1963 .. .. .	97,323	
	3,043,409†	
		5,435,409
Less Payments <i>re</i> debt adjustment to 30th June, 1963 .. .. .	..	3,642,788
		1,792,621

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

† Includes mortgage interest £9,702 received prior to 28th April, 1950.

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 £1,482,408. At the close of the year, £9,601,798 was held by borrowers of which £7,635,631 was held in respect of primary industries and £1,966,167 on account of secondary industries.

The Profit and Loss Accounts for the financial years ended 30th June, 1962 and 1963, are summarized hereunder :—

1962.		INCOME.						1963.	
£							£	£	
474,896	Interest .. .. .	..	..	..	..	..	..	519,884	
8,916	Application and Legal Fees .. .. .	..	..	..	..	..	..	7,984	
<u>483,812</u>								<u>527,868</u>	
<i>Less</i> EXPENDITURE AND PROVISIONS.									
60,166	Administration .. .. .	..	..	..	..	..	54,702		
285,135	Interest on Loan Indebtedness .. .. .	..	..	..	..	..	348,104		
13,906	Interest on Redeemed Securities .. .. .	..	..	..	..	..	16,422		
1,032	Depreciation .. .. .	..	..	..	..	..	1,691		
1,726	Long Service Leave Provision .. .. .	..	..	..	..	..	1,443		
5,210	Provision for Superannuation .. .. .	..	..	..	..	..	2,552		
<u>367,175</u>								<u>424,914</u>	
116,637	Operating Profit for Year .. .. .	..	..	..	..	..	..	102,954	
11,227	Add Interest on General Reserve Investments .. .. .	..	..	..	..	..	..	16,998	
<u>127,864</u>								<u>119,952</u>	
<i>Less—</i>									
21,793	National Debt Sinking Fund—Contribution .. .. .	..	..	..	..	..	23,228		
4,019	Discounts and Expenses on Loans .. .. .	..	..	..	..	..	5,645		
491	Bad Debts .. .. .	..	..	..	..	..	1,145		
<u>26,303</u>								<u>30,018</u>	
101,561	Net Profit Transferred to General Reserve .. .. .	..	..	..	..	..	..	89,934	

Pursuant to his authority under the Act, the Treasurer determined, for 1962–63, the annual rate of interest payable on loans from the State to the Commission at  $\frac{1}{2}$  per centum less than the rate payable on loans raised by the Commonwealth on behalf of the State. The reduction in the concessional interest rate (1 per centum 1958–59 to 1961–62) is reflected in the above statement.

At 30th June, 1962, and 30th June, 1963, funds available to the Commission were :—

30.6.1962.								30.6.1963.	
£							£	£	
<i>Loan Funds—</i>									
8,906,184	Loan Liability—Treasurer of Victoria (net) .. .. .	..	..	..	..	..	..	9,516,008	
<i>Other Funds—</i>									
12,403	Advances <i>Farmers Debts Adjustment Act</i> 1943—Treasurer of Victoria .. .. .	..	..	..	..	..	10,140		
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		
							<u>2,361,486</u>		
6,523	Trust Account—Amounts in suspense .. .. .	..	..	..	..	..	..	5,871	
1,840	Sundry Creditors .. .. .	..	..	..	..	..	..	2,649	
365,869	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	..	..	..	..	..	..	428,153	
12,388	Provision for Long Service Leave .. .. .	..	..	..	..	..	..	14,584	
29,760	Provision for Superannuation .. .. .	..	..	..	..	..	..	33,598	
494,976	Reserve Fund .. .. .	..	..	..	..	..	..	584,911	
<u>12,181,289</u>								<u>12,947,260</u>	

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

The funds were applied as follows:—

30.6.1962.		30.6.1963.
£		£
	Loans and Advances—	
9,191,057	Loans under Part III.— <i>Rural Finance Act 1958</i> .. .. .	9,601,798
656,048	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Act 1958</i> .. .. .	558,725
12,403	Advances under <i>Farmers Debts Adjustment Act 1943</i> .. .. .	10,140
		<hr/>
175,473	Interest Due and Accrued .. .. .	157,381
	Cash at Treasury—	
1,694,726	Rural Rehabilitation Fund— .. .. .	1,792,621
572	Cash in transit .. .. .	..
944	National Debt Sinking Fund .. .. .	2,407
		<hr/>
		1,795,028
	Fixed Assets—	
4,552	Furniture and Office Equipment <i>less</i> Depreciation .. .. .	6,248
980	Motor Cars <i>less</i> Depreciation .. .. .	686
		<hr/>
		6,934
1,094	Charges paid in Advance .. .. .	1,051
	Cash—	
8,373	At bank and in hand .. .. .	51,562
125,000	Cash at Call .. .. .	454,000
		<hr/>
		505,562
	Investments (at cost) on account of—	
12,322	Long Service Leave Provision .. .. .	12,446
273,245	General Reserve .. .. .	273,695
24,500	Superannuation Provision .. .. .	24,500
		<hr/>
		310,641
<hr/>		<hr/>
12,181,289		12,947,260
<hr/>		<hr/>

Interest due and accrued, £157,381, shown in the preceding summary, comprised interest due, £80,174, and interest accrued, £77,207.

As indicated in my previous report, the several loans to a certain company engaged in secondary industry matured on 31st December, 1962. These loans were not redeemed by the company on the due date. Upon review, the Commission agreed to the following re-arrangement:—

	£
Consolidation of Outstanding Loans .. .. .	205,846
Consolidation of Interest Arrears .. .. .	29,400
	<hr/>
New Loan .. .. .	235,246
	<hr/>

Subject to the company complying with certain conditions, the Commission further agreed that the new loan, although payable on demand, would not be called up until 31st December, 1967. Interest due on the consolidated loan at 30th June, 1963, £4,685, has not yet been paid.

The purpose of the Reserve Fund (£584,911) 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 1962-63 were :—

Receipts—	£	£	£
Treasurer of Victoria—			
From Loan Fund .. .. .		35,000	
From borrowers—			
Repayments of Principal .. .. .	38,970		
Interest on Advances .. .. .	16,086		
		55,056	
Add Cash at Bank—1st July, 1962 .. .. .		6,261	
		61,317	96,317
<i>Less Payments—</i>			
To Settlers—			
Goulburn Valley (Rehabilitation of Peach Grovers) .. .. .	375		
Sunraysia District (Capital Improvements and Replacements) .. .. .	2,874		
Lake Corangamite Area (Flood Relief) .. .. .	1,320		
Tresco District (Capital Improvements) .. .. .	5,418		
Tobacco Growers .. .. .	450		
Orchardists (Hail Damage) .. .. .	6,803		
		17,240	
„ Secondary Industries .. .. .		13,185	
„ Treasurer of Victoria—Instalments of Principal and Interest .. .. .		55,056	
		85,481	85,481
Cash at Bank—30th June, 1963 .. .. .			10,836

### 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, 1961.	Year Ended 30th June, 1962.	Year Ended 30th June, 1963.
<i>Receipts.</i>	£	£	£
Balance (including investments) .. .. .	32,548,454	35,970,643	38,637,255
Contributions from officers (Net) .. .. .	2,294,928	2,075,990	2,666,444
Contributions from Consolidated Revenue .. .. .	3,818,368	4,142,005	4,403,457
Interest .. .. .	1,641,346	1,814,922	2,019,160
Underwriting Commission .. .. .	9,711	18,914	13,750
Advance from State Treasury .. .. .	600,000	..	..
	40,912,807	44,022,474	47,740,066
<i>Disbursements.</i>			
Pensions .. .. .	4,935,797	5,363,927	5,735,831
Endowment Assurances .. .. .	233	280	..
Assurance Premiums (Net) .. .. .	207	1,062	639
Lump Sum Payments (Limited Contributors) .. .. .	5,927	2,400	1,159
Interest on Advance from State Treasury .. .. .	..	17,550	32,250
	4,942,164	5,385,219	5,769,879
The Balance was .. .. .	35,970,643	38,637,255	41,970,187
Of which there was invested .. .. .	35,970,328	38,619,925	*41,969,723
Leaving a cash balance of .. .. .	315	17,330	464

\* Face value of Investments, £41,795,171.

Receipts for the year exceeded disbursements by £3,332,932. Net investments amounted to £3,349,798, and the cash balance at the close of the year was £464.

“Contributions from officers” was not affected, as in the previous two years, by refunds made under the provisions of the *Superannuation (Railway Officers) Act 1961*, and when compared with the figure for 1961–62, receipts under this heading show an increase of £590,454. Actually, receipts rose by £75,599 only, but there was a sharp fall in refunds, figures for the years ended 30th June, 1962 and 1963, being £823,994 and £309,139 respectively.

Consolidated Revenue contributions to the Fund rose by £261,452. 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 £371,904 and there was a commensurate increase in the Government contribution.

All funds held by the Board in excess of current requirements for the payment of pensions and refunds of contributions, &c., are invested in authorized securities. Investments were increased by £2,649,597 in 1961–62 and a further £3,349,798 was invested during 1962–63. These substantial increases in the investments mainly accounted for the increase of £204,238 in interest earned by the Fund during 1962–63.



As security for the advance of £600,000 made from Consolidated Revenue in 1961, the Board has executed and lodged with the Treasurer transfers in respect of inscribed stock as listed below :—

	£
State Electricity Commission 3 $\frac{5}{16}$ per cent., maturing 1st July, 1965	200,000
State Electricity Commission 3 $\frac{5}{16}$ per cent., maturing 1st July, 1965 ..	100,000
State Electricity Commission 3 $\frac{1}{4}$ per cent., maturing 1st December, 1964	300,000
	<hr/>
	600,000
	<hr/>

*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) .. .. .	..	145,790
Receipts—		
Contributions from Teachers .. .. .	..	17,007
Contribution from Consolidated Revenue .. .. .	..	16,695
Interest on Investments .. .. .	..	7,580
Profit on Redemption of Investments .. .. .	..	32
		<hr/>
Funds Available .. .. .	..	187,104
		<hr/>
Payments—		
Pensions .. .. .	..	59
Lump Sum Payment.. .. .	..	871
Contributions Refunded—		
Teachers .. .. .	..	3,209
Consolidated Revenue .. .. .	..	3,186
		<hr/>
		6,395
Interest on Contributions Refunded .. .. .	..	536
		<hr/>
Total Payments .. .. .	..	7,861
		<hr/>
Leaving a Balance of .. .. .	..	179,243
Of which was Invested .. .. .	..	*179,241
		<hr/>
Leaving a Cash Balance of .. .. .	..	2
		<hr/>

\* Face value of Investments, £179,680.

**VICTORIAN INLAND MEAT AUTHORITY.**

The audit of the accounts of the Authority for the year ended 30th June, 1963, is in course, and the figures given below are subject to the completion thereof.

Transactions for 1962-63 resulted in a profit of £20,090 after providing for £4,500 for long service leave, as compared with a loss of £23,791 in 1961-62. A summarized statement of trading operations for the two years is as follows:—

**REVENUE.**

1961-62.	1962-63.
£ Sales—	£
451,817 Meat, Offal and By-products .. .. .	701,781
23,317 Hides, Skins and Wool .. .. .	28,232
327,228 Storage, Treatment and General Receipts .. .. .	448,875
4,281 Stock Increase .. .. .	49,177
806,643	1,228,065
4,467 Interest on Investments .. .. .	1,343
811,110	1,229,408
23,791 Loss .. .. .	..
834,901	1,229,408

**EXPENDITURE.**

219,113 Purchases of Livestock and Meat .. .. .	466,504
493,463 Working Expenses—Wages, Fuel, Freight, Stores, &c. .. .. .	618,260
42,390 General Expenses—Rent, Rates, Pay-roll Tax, &c. .. .. .	40,456
21,761 Administration—Head Office, Salaries, &c. .. .. .	20,274
24,460 Depreciation .. .. .	25,603
801,187	1,171,097
33,714 Interest—Treasurer of Victoria .. .. .	33,721
.. Provision for Long Service Leave .. .. .	4,500
.. Profit .. .. .	20,090
834,901	1,229,408

Increased export trade and greater turnover in most departments were the main reasons for the year's profitable trading results.

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

	At 30th June—		
	1961.	1962.	1963.
	£	£	£
Current Liabilities .. .. .	144,400	137,496	168,872
Loan for Fixed Assets .. .. .	681,075	681,075	681,075
Capital .. .. .	290,034	290,034	290,034
Reserves .. .. .	59,692	38,969	42,088
	1,175,201	1,147,574	1,182,069
Current Assets .. .. .	134,903	142,995	186,405
Fixed Assets less Depreciation .. .. .	974,008	934,289	945,464
Accumulated Losses .. .. .	66,290	70,290	50,200
	1,175,201	1,147,574	1,182,069

The State has continued to provide working capital for the Authority and to 30th June, 1963, 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 1962-63 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.

## MARKETING BOARDS.

The *Marketing of Primary Products Act* 1958 provides the machinery under which Boards may be constituted for the marketing of those primary products which have, by proclamation of the Governor in Council, been declared a commodity under and for the purposes of the Act.

The legislation specifically provides that a Board so constituted shall not be deemed to represent the Crown for any purpose whatsoever, and thus no liability can accrue to the State as a result of the transactions of any such Board.

Five Boards, namely, the Chicory, Egg and Egg Pulp, Maize, Onion and Seed Beans Marketing Boards are at present operating under the Act. By statutory direction their accounts are subject to my audit and, under appropriate headings, comments on and summaries of these accounts follow:—

### *Chicory Marketing Board.*

A summary of the financial operations of the Board for the accounting period from 1st April, 1962, to 31st March, 1963, is set out hereunder. The figures given are subject to audit.

	£
Sales of Kiln Dried Chicory Root .. .. .	27,431
Stock of Root on hand as at 31st March, 1963 .. .. .	8,501
	35,932
Direct Expenses—Storage, Insurance, &c. .. .. .	1,665
Administrative Expenses .. .. .	2,531
Balance as at 31st March, 1963 .. .. .	31,736
	35,932

The Board's balances as at 31st March, 1963, are summarized hereunder:—

	£	£
<i>Assets—</i>		
Sundry Debtors .. .. .		1,317
Advances to Growers—1961 Pool .. .. .	29,712	
1962 Pool .. .. .	32,014	
		61,726
Interest accrued due .. .. .		53
Prepayments .. .. .		29
Stocks on hand (including Seed, &c.) .. .. .		8,585
Plant .. .. .		75
		71,785
<i>Liabilities—</i>		
Expenses accrued due .. .. .		624
Bank overdraft .. .. .		3,642
Reserve Fund .. .. .		5,355
Surplus—1961 Pool .. .. .	30,428	
1962 Pool .. .. .	31,736	
		62,164
		71,785

*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 29th June, 1963 is in course and the figures for 1962-63 given hereunder are furnished subject to final check.

The operations of the pools during the accounting periods for 1961-62 and 1962-63 were :—

1961-62.		1962-63	
£		£	£
6,076,695	Advances to Producers (Current production) .. .. .	5,337,071	
<hr/>			
	<i>Less Producers' Contributions on Account of—</i>		
915,482	Pool Expenses .. .. .	743,249	
491,575	Grading and Selling Expenses .. .. .	416,791	
93,741	Dockage .. .. .	83,684	
		<hr/>	
1,500,798		1,243,724	
		<hr/>	
4,575,897	Net Advances to Producers .. .. .		4,093,347
<hr/>			
	<i>Disposal of Eggs :—</i>		
4,094,645	Sold in Shell on Local Market .. .. .	4,041,990	
85,353	Sold in Shell on Overseas Market .. .. .	83,208	
153,880	Sold in Shell on Interstate and Other Markets .. .. .	188,759	
1,299,240	Converted to Pulp and Sold .. .. .	954,481	
42,232	Increase in Stock in Hand .. .. .	..	
		<hr/>	
		5,268,438	
..	Decrease in Stock in hand .. .. .	96,412	
		<hr/>	
5,675,350	Total Value of Disposals .. .. .	5,172,026	
<hr/>			
	<i>Less Expenses—</i>		
1,096,541	Grading, Selling, Manufacturing and Administrative Costs .. .. .	974,943	
		<hr/>	
4,578,809	Net Proceeds of Pool .. .. .		4,197,083
			<hr/>
2,912	Excess of Proceeds over Advances to Producers .. .. .		103,736
			<hr/>

The following is a statement of the Board's balances at 29th June, 1963. Comparative figures at the end of the preceding pool period are also given:—

The Board's Funds were—

30.6.1962.		29.6.63.
£		£      £
252,597	Reserve Fund .. .. .	249,019
234,065	Surplus Distribution 1947-48 ( <i>ex</i> Commonwealth) .. .. .	234,065
	Undistributed Pool Balances—	
2,288	1960-61 .. .. .	2,288
2,912	1961-62 .. .. .	..
..	1962-63 .. .. .	103,736
		<hr/> 589,108
	<i>Less</i> Deficit 1961-62 Pool .. .. .	31,712
		<hr/> 557,396
<hr/> 491,862		
	Represented by—	
	<i>Current Assets—</i>	
145	Cash on Hand and at Bank .. .. .	148
	Stocks on Hand—	
229,916	Eggs and Egg Products at valuation .. .. .	137,189
33,210	Packing materials at valuation .. .. .	24,706
8,105	Supplies at cost or valuation .. .. .	7,505
		<hr/> 169,400
147,789	Debtors .. .. .	210,873
2,000	<i>Less</i> Provision for Doubtful Debts .. .. .	1,697
		<hr/> 209,176
<hr/> 145,789		
<hr/> 417,165		<hr/> 378,724
	<i>Less Current Liabilities—</i>	
134,019	Creditors .. .. .	99,667
3,130	Provision for Long Service Leave .. .. .	3,740
80,167	Reserve Bank of Australia .. .. .	19,007
		<hr/> 122,414
<hr/> 217,316		
<hr/> 199,849	Working Capital .. .. .	256,310
	<i>Fixed Assets—</i>	
70,385	Freehold Properties .. .. .	68,978
157,446	Leasehold Properties .. .. .	152,854
44,722	Plant and Equipment .. .. .	58,561
10,897	Motor Vehicles .. .. .	12,359
8,563	Office Machinery and Equipment .. .. .	8,334
		<hr/> 301,086
<hr/> 292,013		
<hr/> 491,862		<hr/> 557,396

*Maize Marketing Board.*

A summary of the financial operations of the Board for the accounting period ended 15th March, 1963, is as follows:—

Total number of bushels marketed	..	..	..	..	..	..	..	124,474
								£
Gross proceeds of sales	..	..	..	..	..	..	..	90,715
Freight, Commission, &c.	..	..	..	..	..	..	..	11,728
Administration expenses	..	..	..	..	..	..	..	2,265
Amount paid to growers	..	..	..	..	..	..	..	76,540
Taken to Reserve	..	..	..	..	..	..	..	182
								90,715

*Onion Marketing Board.*

Final accounts in respect of the last complete pool period, that ended on 15th November, 1962, have been audited. Details of the operations in this and the previous pool period are:—

	Pool.	
	1961.	1962.
	tons.	tons.
Total Onions acquired	10,506	16,100
	£	£
Proceeds from sales	399,428	478,921
Administration and marketing expenses	23,890	29,922
Payments to growers	381,441	468,290

The average return per ton to the growers was £36 6s. in 1961 and £29 2s. in 1962.

Increased supplies and intensive interstate competition caused the lower return per ton to growers in the 1962 Pool.

*Seed Beans Marketing Board.*

The fifth accounting period, which extended from 1st March, 1958, to 28th February, 1959, was the last made in respect of seed beans under the provisions of Act No. 6304. Operations of the Board in recent years have been directed mainly to an attempt to dispose of the stocks of beans in both No. 4 and No. 5 pools.

The stocks of beans on hand at the beginning of the year under review consisted of 1,249 bushels valued at £2,186. During the year these stocks were delivered, on consignment, to a trading company. In the accounts of the Board, the whole of this delivery was treated as a sale, although portion only of the stocks had been sold by the company by 28th February, 1963.

A satisfactory written agreement between the Board and the company appears to be necessary to establish the financial position of both No. 4 and No. 5 pools. Finality in both pools is dependent on the determination by the Board of "payments" to the growers within the meaning of Section 25 of Act. No. 6304.

## ACKNOWLEDGMENT.

The prompt printing of this and my report on the Treasurer's accounts was the major factor contributing to the presentation, much earlier than usual, of these two reports to the House. Accordingly, my thanks are due to the Government Printer and his staff.

To the members and staff of each of the several Authorities referred to herein, I wish to express my appreciation for their helpful co-operation during the year.

R. W. GILLARD,  
Auditor-General.

Melbourne, 15th October, 1963.