

1964

VICTORIA

SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1964

Ordered by the Legislative Assembly to be printed 21st October, 1964.

By Authority:

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REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT PRESENTED ON 6TH OCTOBER, 1964, IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1964.

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, 1964, amounted to £720,000.

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

1962-63.		1963-64.
£		£
528,473	Medical Departments	598,216
46,308	Catering	53,349
40,326	Housekeeping	43,758
40,532	Engineer's Department	40,350
21,588	Tasmanian Services	25,358
21,177	Transport	22,187
18,626	Laundry	23,218
99,411	Administration	108,487
495	Miscellaneous	199
816,936		915,122

The revenue for the past two years was:—

655,000	Government Grant	720,000
1,110	Donations	1,075
21,684	Recoup by Tasmanian Government	25,303
10,873	Charges for Treatment of Doctors' Private Patients	11,787
20,963	Pharmaceutical Benefits	22,044
13,976	Hospital Benefits	20,113
64,700	Patients' Fees	85,574
7,954	Home Nursing Subsidy	8,981
3,887	Miscellaneous	4,851
800,147		899,728

The deficit of £15,394 for 1963-64 indicated in the above statement was met from the Institute's Maintenance Fund. In addition, there were minor charges to this Fund amounting to £576. The following abridged balance-sheets set out the financial position of the Institute as at 30th June, 1963 and 1964.

The Liabilities and Funds of the Institute were :—

30.6.1963.		30.6.1964.	
£		£	£
	Current Liabilities—		
46,446	Creditors		52,547
	Funds—		
78,357	Maintenance Fund	62,387	
88,110	Depreciation Fund	89,057	
43,095	Other Funds (including various bequests)	73,930	
		<hr/>	225,374
	Capital—		
1,823,810	Loan Fund—Act No. 6213.	1,865,582	
89,797	Queen Victoria Hospital, donors, &c.	92,538	
		<hr/>	1,958,120
<hr/>			<hr/>
2,169,615			2,236,041
			<hr/>

The Assets were :—

30.6.1963.		30.6.1964.	
£		£	£
	Current Assets—		
78,668	Cash at Bank	49,340	
22,567	Debtors and Prepayments	34,763	
21,055	Stores and Materials on Hand	22,497	
		<hr/>	106,600
	Investments—		
88,110	Depreciation Fund	89,057	
40,585	Other Funds	70,356	
		<hr/>	159,413
	Fixed Assets at cost—		
1,362,606	Buildings and Improvements	1,381,761	
18,019	Motor Cars	17,766	
31,814	Furniture and Furnishings	31,897	
477,026	Equipment	509,074	
		<hr/>	1,940,498
	Intangibles—		
29,165	Asset Realization Account		29,530
<hr/>			<hr/>
2,169,615			2,236,041
			<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:—

1962-63.		INCOME.								1963-64.	
£										£	£
	Contributions—Acts Nos. 6221/6622—										
40,985	Government	..	..	..	..	..	..	..	..	32,072	
40,985	Mine Owners	..	..	..	..	..	..	..	..	32,072	
6,530	Mine Workers	..	..	..	..	..	..	..	..	5,856	
88,500											70,000
24,934	Interest on Investments	..	..	..	..	..	..	..	..	..	26,103
113,434											96,103
EXPENDITURE.											
86,435	Pensions	..	..	..	..	..	..	..	..	..	84,191
1,071	Refunds of Contributions	..	..	..	..	..	..	..	..	..	705
3,570	Administration	..	..	..	..	..	..	..	..	..	3,423
91,076											88,319
22,358	Surplus for year	..	..	..	..	..	..	..	..	..	7,784

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

30.6.1963.										30.6.1964.	
£										£	£
506,213	Accumulated Funds	..	..	..	..	..	..	..	..	..	513,997
Represented by—											
18,918	Current Assets less Liabilities	..	..	..	..	..	..	..	..	11,702	
295	Fixed Assets	..	..	..	..	..	..	..	..	295	
487,000	Investments at cost	..	..	..	..	..	..	..	..	502,000	
506,213											513,997

It will be noted that the total amount of contributions in 1963-64 was £70,000. This amount was determined following on an actuarial examination of the Fund as at 31st December, 1962. It was disclosed by this examination that a contribution of an amount of £70,000 would be required in each of the four years commencing as from 1st July, 1963, to bring the assets and estimated liabilities of the Tribunal into balance.

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, 1964, was £783,663. The expenditure for the year was in excess of the estimate by £39,311, but miscellaneous receipts £34,457, including refunds, partly offset the excess. The balance of the excess was met from the accumulated surplus.

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

—	1960-61.	1961-62.	1962-63.	1963-64.
<i>Receipts.</i>	£	£	£	£
Surplus from previous year	151	969	10,154	14,643
Statutory contributions	603,237	659,693	733,072	783,663
Other receipts	28,000	34,261	39,400	34,457
	631,388	694,923	782,626	832,763
<i>Payments.</i>				
Salaries, wages and maintenance	364,481	418,514	452,919	505,691
Loan repayments	43,519	48,582	55,241	58,714
Loan interest	35,137	36,369	39,433	40,689
Land, buildings, rolling-stock and equipment ..	55,205	42,064	65,291	51,977
Motor replacement fund	53,780	58,671	67,434	76,746
Compensation fund	10,000	10,000	10,000	10,000
Other payments	68,297	70,569	77,665	79,157
Surplus carried forward to next year	969	10,154	14,643	9,789
	631,388	694,923	782,626	832,763

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

30.6.1963.		£	30.6.1964.	£	£
	<i>Source of Funds—</i>				
	<i>External—</i>				
786,441	Loan Liability		832,727		
9,815	Less unexpended		59,428		
<u>776,626</u>			<u>773,299</u>		
	<i>Internal—</i>				
138,136	Excess of assets over liabilities transferred from Country Fire Brigades Board		138,136		
538,688	Income and Expenditure Account—accumulated balance		609,483		
840,225	Reserves		937,798		
	Funds	444,721			
	Less invested on account of Compensation, Superannuation and other Trust purposes ..	353,725			
105,785			<u>90,996</u>		
<u>1,622,834</u>					<u>1,776,413</u>
<u>2,399,460</u>					<u>2,549,712</u>
	<i>Represented by—</i>				
	<i>Current Assets—</i>				
14,643	Cash		9,789		
9,738	Sundry Debtors		16,804		
59,982	Stocks—including uniforms issued		56,682		
<u>84,363</u>			<u>83,275</u>		
	<i>Less</i>				
	<i>Current Liabilities—</i>				
37,937	Sundry Creditors		36,758		
<u>46,426</u>			<u>46,517</u>		
	<i>Investments—</i>				
105,785	Motor Replacement and Sale of Property Funds			90,996	
	<i>Fixed Assets—</i>				
118,651	Land		134,347		
691,604	Buildings		716,013		
1,205,653	Rolling-stock		1,328,726		
221,648	Plant and Machinery		224,401		
9,693	Other		8,712		
<u>2,247,249</u>			<u>2,412,199</u>		
<u>2,399,460</u>			<u>2,549,712</u>		

ELECTRICITY COMMISSION.

The profit for the year, as shown in the Commission's Profit and Loss Account, was £352,909. This was the result after charging the year's income with £2,950,000 by way of provision for accelerated depreciation of peak load steam power stations and with £250,000 special "write-off" on account of "Deferred Interest and Other Expenditure on Works under Construction".

Other factors which affected the year's result included—

- (i) an increase of £5,868,767 in income from electricity sales;
- (ii) a loss of £43,982 from brown coal (Yallourn North) operations;
- (iii) an increase of £1,143,434 in net interest charges; and
- (iv) higher salary and wage costs as a result of the employment of additional personnel and the payment of marginal increases.

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

1962-63.		1963-64.
£		£
63,640,281	Operating Income	70,037,183
46,172,893	Operating Expenditure	51,675,072
<hr/>		<hr/>
17,467,388	Excess of Operating Income over Operating Expenditure	18,362,111
18,697	Add—Miscellaneous Income	44,608
<hr/>		<hr/>
17,486,085		18,406,719
	Deduct—	
15,929,259	Interest	17,072,693
340,000	Loan Flotation Expenses	340,000
394,456	Miscellaneous Expenditure	391,117
<hr/>		<hr/>
16,663,715		17,803,810
<hr/>		<hr/>
822,370	<i>Profit for year before Special Adjustments.</i>	602,909
1,000,000	Deduct—Deferred Interest and Other Expenditure on Works under Construction Written Off	250,000
491,667	Add—Briquette Stock Adjustment .. .. .	..
<hr/>		<hr/>
314,037	<i>Profit for year after Special Adjustments</i>	352,909
323,500	Add—Transfer from Rural Development Reserve to meet year's loss on Marginal Rural Extensions	366,100
<hr/>		<hr/>
637,537		719,009
<hr/>		<hr/>
	Appropriations—	
350,000	Rural Development Reserve	350,000
287,537	Contingency and General Reserve	369,009
<hr/>		<hr/>
637,537		719,009
<hr/>		<hr/>

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

1962-63.		1963-64.	
£		£	£
2,731,671	Profit on Electricity Supply .. .. .	..	3,016,864
48,150	Profit on Brown Coal Sales .. .. .	..	..
..	Loss on Brown Coal Sales	43,982	
669,302	Loss on Briquetting	631,962	
173,357	Loss on Tramways	180,700	
<u>1,937,162</u>		<u>856,644</u>	
			<u>2,160,220</u>
<i>Less—</i>			
375,759	Excess of Miscellaneous Expenditure over Income	346,509	
739,033	Interest during Construction	1,210,802	
1,000,000	Writing off of Deferred Interest and Other Expenditure on Works under Construction	250,000	
<u>2,114,792</u>		<u>1,807,311</u>	
491,667	Adjustment of Briquette Stocks .. .. .	..	1,807,311
<u>1,623,125</u>			
<u>314,037</u>	Profit for Year		<u>352,909</u>

Electricity Supply.—The improvement of £5,868,767 in income from sales of electricity was due to the continued upward trend in the number of consumers and in the average consumption. The over-all improvement represented a 10 per cent. increase on the comparable figure for 1962-63. As to the increase of £2,615,634 in industrial sales, supplies to Alcoa Pty. Ltd. were responsible for 41 per cent. of this increase.

A reduction in tariff “ K ” (water heating) operative from 1st July, 1963, resulted in a decrease in revenue, estimated to be £125,000 per annum.

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

		1961-62.	1962-63.	1963-64.
Sales—		£	£	£
Domestic	.. .. .	16,309,501	18,059,777	19,643,423
Commercial	.. .. .	7,645,557	8,503,648	9,278,371
Industrial	.. .. .	13,032,513	15,177,650	17,793,284
Traction	.. .. .	1,957,948	1,942,815	1,997,853
Bulk Supplies	.. .. .	11,983,023	13,266,820	14,035,127
Public Lighting and Miscellaneous	.. .. .	1,049,952	1,090,186	1,161,605
		<u>51,978,494</u>	<u>58,040,896</u>	<u>63,909,663</u>
<i>Operating Charges—</i>				
Power Generation	.. .. .	28,782,278	29,287,561	32,354,843
Purchased Electricity	.. .. .	2,502,343	4,455,167	5,090,140
Transmission and Distribution	.. .. .	19,492,356	21,566,497	23,437,816
		<u>50,776,977</u>	<u>55,309,225</u>	<u>60,892,799</u>
Profit	.. .. .	<u>1,201,517</u>	<u>2,731,671</u>	<u>3,016,864</u>

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

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

Branch.	1961-62.	1962-63.	1963-64.
	£	£	£
Metropolitan	20,718,467	22,848,365	24,847,769
Ballarat	1,125,252	1,263,650	1,379,523
Geelong	2,135,748	2,736,164	4,055,327
Northern	1,175,725	1,359,043	1,513,397
Eastern Metropolitan..	5,947,096	6,849,225	7,811,701
Gippsland	2,857,207	3,133,290	3,387,788
Midland	688,929	781,262	868,838
Mildura	701,014	648,092	649,141
North-Eastern	2,826,654	3,101,273	3,380,642
South-Western	1,699,214	1,897,550	2,012,071
Wimmera	287,949	349,563	438,039
Kiewa	27,529	31,229	35,559
Yallourn	85,372	103,600	94,984
	40,276,156	45,102,306	50,274,779
Metropolitan Bulk Supplies	11,702,338	12,938,590	13,634,884
	51,978,494	58,040,896	63,909,663

The following comparative figures indicate the line losses of electricity in the course of transmission and distribution, the annual increase in the average kilowatt-hours (kWh) sold per consumer and the income and cost per kWh sold :—

	1961-62.	1962-63.	1963-64.
	Millions.	Millions.	Millions.
kWh sent out from Power Stations	6372·510	7172·072	8081·844
kWh sold	5612·892	6347·201	7223·653
<i>Average kWh sold per Consumer—</i>			
	kWh	kWh	kWh
Domestic	2,694	2,876	3,044
Commercial	6,633	7,132	7,638
Industrial	31,192	35,454	43,334
Income per kWh sold	2·290d.	2·254d.	2·177d.
Cost per kWh sold	2·237d.	2·148d.	2·074d.

Brown Coal Production and Distribution.—The tonnage of coal won for the year, 18,165,267 tons, exceeded the 1962-63 production by roundly 900,000 tons. This excess was utilized for power production and, to a lesser extent, to meet additional briquetting requirements.

The summary below 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 :—

	1961-62.	1962-63.	1963-64.
	Tons.	Tons.	Tons.
Morwell	3,298,318 (13s. 10d.)	3,873,916 (12s. 1d.)	4,080,103 (14s. 4d.)
Yallourn	12,456,478 (8s. 1d.)	12,892,693 (8s. 1d.)	13,488,000 (7s. 9d.)
Yallourn North Extension	486,618 (15s. 7d.)	477,736 (13s. 10d.)	597,164 (15s. 1d.)
	16,241,414	17,244,345	18,165,267

The increased production costs per ton at Morwell and at Yallourn North Extension for 1963-64 were due to increases in overburden removal charges.

During the year, no coal was won from the Yallourn North Cut but the annual costs in relation to that Cut, which is now used only as a rail head for the loading of coal from the North Extension Cut, have been included in arriving at the production cost per ton of the Extension Cut.

Distribution of the output was as follows:—

	1961-62.	1962-63.	1963-64.
	Tons.	Tons.	Tons.
Power Production	10,381,151	11,352,112	12,027,373
Briquette Production	5,456,763	5,515,127	5,729,214
Sales to Public	403,500	377,106	408,680
	<hr/>	<hr/>	<hr/>
	16,241,414	17,244,345	18,165,267
	<hr/>	<hr/>	<hr/>

Briquetting.—Operations of this branch resulted in a loss of £631,962 compared with a loss of £669,302 in the preceding year.

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

	1961-62.	1962-63.	1963-64.
	Tons.	Tons.	Tons.
Sales	907,003	1,075,457	1,180,065
Transferred to Works	940,158	711,132	729,380
	<hr/>	<hr/>	<hr/>
Total Distribution	1,847,161	1,786,589	1,909,445
Losses—Deterioration, transit, &c.	8,321	5,120	12,123
Stock variation	— 35,545	13,638	— 38,942
	<hr/>	<hr/>	<hr/>
Production	1,819,937	1,805,347	1,882,626
	<hr/>	<hr/>	<hr/>

Of the total production of 1,882,626 tons, the major part—1,337,633 tons—was produced at the Morwell factory from coal transported from Yallourn and the balance—544,993 tons—was produced at the Yallourn factory.

The total distribution of 1,909,445 tons for the year was in excess of that for the previous year by 122,856 tons. Sales to the public increased by 104,608 tons and income from proceeds of sales by £474,924.

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

	1961-62.		1962-63.		1963-64.	
	£	£	£	£	£	£
Sales—						
Domestic	2,078,805		2,551,096		2,950,843	
Industrial	2,368,838		2,620,171		2,695,348	
	<hr/>		<hr/>		<hr/>	
	4,447,643		5,171,267		5,646,191	
Stock Variation	— 222,135		95,323		— 257,883	
	<hr/>	4,225,508	<hr/>	5,266,590	<hr/>	5,388,308
Manufacturing Costs	3,042,519		3,837,801		3,919,850	
Distribution and Selling	1,596,133		2,098,091		2,100,420	
	<hr/>	4,638,652	<hr/>	5,935,892	<hr/>	6,020,270
		<hr/>		<hr/>		<hr/>
Loss	413,144		Loss	669,302	Loss	631,962
	<hr/>			<hr/>		<hr/>

Although, as indicated in each of my two previous reports, the Commission has, since and inclusive of the year 1961-62, treated its briquetting business and brown coal sales to the public as subsidiaries of its electricity business, it has, nevertheless, continued to maintain in its books appropriate records of these two activities. Further, insofar as the Commission's briquette industry is concerned, Section 16 of the *State Electricity Commission Act* 1958 has not yet been amended in order that the Commission's resolution to treat this industry as a subsidiary of its electricity business can have any true accounting significance.

Tramways.—Operations for the year at Ballarat and Bendigo resulted in a total loss amounting to £180,700 compared with £173,357 in 1962–63.

Separate figures for the year in respect of operations at Ballarat and at Bendigo show—

	Ballarat.	Bendigo.	Total.
	£	£	£
Operating charges	161,707	141,063	302,770
Traffic Receipts, &c.	75,281	46,789	122,070
Loss	<u>86,426</u>	<u>94,274</u>	<u>180,700</u>

For purpose of comparison, the figures for the past three years are furnished hereunder—

	1961–62.	1962–63.	1963–64.
	£	£	£
Expenditure—Operation	189,595	191,486	200,039
Maintenance	69,223	62,679	77,829
Administration, &c.	25,390	24,374	24,902
	<u>284,208</u>	<u>278,539</u>	<u>302,770</u>
Income—Traffic Receipts, &c.	97,680	105,182	122,070
Loss	<u>186,528</u>	<u>173,357</u>	<u>180,700</u>
Number of Passengers carried	6,004,520	5,583,118	4,945,140
Number of Tram miles	841,316	839,009	839,595
Passengers per Tram mile	7.14	6.65	5.89
Expenses per Passenger	11.36d.	11.97d.	14.69d.
Income per Passenger	3.90d.	4.52d.	5.92d.

In amplification of the above figures, it should be mentioned that there was an increase in fares as from 1st March, 1963. However, it will be seen that the additional revenue obtained from this increase was insufficient to meet rising costs and offset the loss in revenue arising from the reduction in the number of passengers carried.

Accumulated losses on operations, including those of the Geelong system which was discontinued in March, 1956, amounted, at 30th June, 1964, to £3,445,458 in addition to £175,763 on account of capital written off.

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

	1961–62.	1962–63.	1963–64.
	£	£	£
Normal provision—charged to operations	9,462,658	10,514,342	10,677,531
Special provision „ „ „	900,000	1,500,000	2,950,000
Indirect—charged to Fixed Capital.. .. .	536,716	544,346	522,092
Total provision	<u>10,899,374</u>	<u>12,558,688</u>	<u>14,149,623</u>
Amortization—Development of Open Cuts—charged to operations	267,750	275,754	276,591
Total	<u>11,167,124</u>	<u>12,834,442</u>	<u>14,426,214</u>

The increase of £1,590,935 in the over-all provision for depreciation was due primarily to the additional amount of £1,450,000 provided for accelerated depreciation of peak load steam power stations.

The net increase of £11,628,360 during 1963–64 in the Provision for Depreciation is explained hereunder—

	£
Balance—30th June, 1963	72,106,084
Add Provision for year	14,149,623
	<hr/>
	86,255,707
Less Retirements and Adjustments	2,521,263
	<hr/>
Balance—30th June, 1964	83,734,444
	<hr/>

Interest.—As compared with the previous year, there was a net increase of £1,122,298 in this item. The reasons for this net 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.

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

	1961–62.	1962–63.	1963–64.
	£	£	£
On Capital Liabilities	14,722,225	16,316,526	17,488,885
On Consumers' and other Advances for Construction ..	711,243	863,789	1,130,541
On Current Liabilities	121,714	124,040	101,666
	<hr/>	<hr/>	<hr/>
	15,555,182	17,304,355	18,721,092
Deduct Interest earned on Investments	694,687	970,377	1,264,816
	<hr/>	<hr/>	<hr/>
	14,860,495	16,333,978	17,456,276
	<hr/>	<hr/>	<hr/>

These totals were allocated in the accounts as under :—

Profit and Loss Account—	£	£	£
Interest on Assets in operation	13,585,025	15,190,226	15,861,891
Interest during construction	889,040	739,033	1,210,802
	<hr/>	<hr/>	<hr/>
	14,474,065	15,929,259	17,072,693
Fixed Assets—			
Indirect interest included in charges for services ..	386,430	404,719	383,583
	<hr/>	<hr/>	<hr/>
	14,860,495	16,333,978	17,456,276
	<hr/>	<hr/>	<hr/>

Capital expenditure up to 30th June, 1964, of roundly £22m. in connexion with the erection of the power station at Hazelwood was largely the reason for the substantial charge to the item "Interest during Construction".

Balance Sheet.—The Commission's balances as at 30th June, 1963, and 1964, are summarized hereunder:—

30.6.1963.		30.6.1964.	
£		£	£
	Fixed Assets—		
366,507,629	Assets in Service at cost	386,986,232	
72,106,084	Deduct Provision for Depreciation	83,734,444	
<hr/>		<hr/>	
294,401,545		303,251,788	
1,609,108	„ Consumers' Contributions	1,725,003	
<hr/>		<hr/>	
292,792,437		301,526,785	
21,525,901	Assets not yet in service—at cost	33,729,430	
7,943,787	Development of Open Cuts—balance of cost	7,748,353	
<hr/>		<hr/>	
322,262,125			343,004,568
	Deferred Assets and Charges—		
2,154,936	Real Estate Debtors	2,263,362	
1,458,775	Interest and other Expenditure on Works under Construction	1,202,774	
886,731	Unamortized Loan Flotation Expenses	739,965	
382,736	Other Deferred Charges	741,611	
<hr/>		<hr/>	
4,883,178			4,947,712
<hr/>			
18,301,423	Investments at Cost		22,025,735
<hr/>			
	Current Assets—		
186,367	Balances at Bank and Cash in hand	341,085	
5,624,622	Consumers' and other Accounts Receivable	5,944,958	
4,189,135	Unread Meters—Estimated Income	4,593,487	
5,095,125	Materials and Fuel at Cost	5,004,086	
<hr/>		<hr/>	
15,095,249			15,883,616
<hr/>			
360,541,975			385,861,631
<hr/>			
	Less Current Liabilities—		
240,000	Bank Overdraft	253,937	
5,962,967	Accounts Payable and Accruals (other than Interest)	6,007,820	
3,699,615	Interest Accrued	3,989,053	
561,185	Consumers' Deposits and Service Charges in advance	629,300	
<hr/>		<hr/>	
10,463,767			10,880,110
<hr/>			
350,078,208			374,981,521
<hr/>			

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

£		£	£
77,778,938	State Treasury (net)	84,121,877	
243,587,123	Commission Loans (net)	256,230,133	
892,357	Loans of Acquired Undertakings	785,936	
<hr/>		<hr/>	
322,258,418			341,137,946
<hr/>			
18,182,901	Consumers' and other Advances for Construction (including Provident Fund)		23,745,446
<hr/>			
	Reserves—		
1,482,185	Obsolescence	1,425,595	
579,386	Rural Development	563,286	
7,575,318	Contingency and General	8,109,248	
<hr/>		<hr/>	
9,636,889			10,098,129
<hr/>			
350,078,208			374,981,521
<hr/>			

NOTE.—The liability to the State Treasury includes the undermentioned amounts raised overseas and repayable in sterling—at 30th June, 1963, £5,013,603; at 30th June, 1964, £5,137,440.

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

	30.6.62.	30.6.63.	30.6.64.
	£	£	£
Coal Production	22,810,681	26,113,340	28,700,726
Briquette Production and Distribution	20,290,212	19,557,980	20,117,676
Power Production—			
Thermal Stations	101,260,228	110,775,028	120,832,953
Hydro Stations.. .. .	39,632,107	39,647,544	39,622,261
Transmission System	57,890,410	64,372,658	73,530,081
Distribution	82,134,513	90,264,268	98,997,700
General Service Assets	36,712,253	37,302,712	38,914,265
	<u>360,730,404</u>	<u>388,033,530</u>	<u>420,715,662</u>
Deduct Provision for Depreciation	61,613,259	72,106,084	83,734,444
	<u>299,117,145</u>	<u>315,927,446</u>	<u>336,981,218</u>
Deduct Consumers' contributions	1,396,809	1,609,108	1,725,003
	<u>297,720,336</u>	<u>314,318,338</u>	<u>335,256,215</u>
Development of Open Cuts—Balance of Cost	8,085,857	7,943,787	7,748,353
	<u>305,806,193</u>	<u>322,262,125</u>	<u>343,004,568</u>

At 30th June, 1964, assets not in service as shown in the Balance Sheet amounted to £33,729,430 as compared with £21,525,901 at 30th June, 1963. The increase of over £12m. was primarily due to additional expenditure (£9.6m.) in connexion with the erection of the Hazelwood Power Station on which the total expenditure up to 30th June, 1964, as already indicated, amounted to roundly £22m.

Expenditure for the year, which is summarized below under operational heads, amounted to £35,982,856 as compared with £30,964,120 in 1962–63:—

	£	£
Coal Production—		
Morwell	2,391,608	
Yallourn	621,700	
	<u>3,013,308</u>	
Briquette Production and Distribution		487,894
Power Production—		
Morwell	277,067	
Yallourn	271,661	
Hazelwood	9,625,106	
Kiewa	70,314	
Other	40,049	
	<u>10,284,197</u>	
Transmission		10,179,720
Distribution—		
Metropolitan	2,330,554	
Country	6,835,659	
	<u>9,166,213</u>	
General Service Assets—		
Plant and Equipment	1,163,780	
Offices, Stores, &c.	668,093	
	<u>1,831,873</u>	
Other		1,019,651
		<u>35,982,856</u>

The preceding total of £35,982,856 is a gross amount. In the accounts, it was partly offset by the undermentioned retirements and adjustments amounting to £3,574,642:—

	£	£
Retired Assets—Written off against Depreciation Provision .. ..	..	2,521,263
„ „ Proceeds of sales	405,205	
„ „ Less marginal surplus	77,829	
		<u>327,376</u>
Open Cuts—amount amortized .. ..	..	278,012
Adjustments—net amount charged to operations or transferred to current assets .. ..	..	447,991
		<u>3,574,642</u>

Investments.—During the year, the Commission's investments, excluding deposits held on account of contractors, increased by £3,721,015.

Investments of £21,994,267 at 30th June, 1964, consisted of:—

	£
General—	
Government and semi-Government Securities	7,869,069
Short Term—	
Government and semi-Government Securities	8,296,000
Bank Deposits—Fixed and Short call	2,000,000
	<u>18,165,069</u>
Sinking Fund—	
Government and semi-Government Securities	3,829,198
	<u>21,994,267</u>

The amount of £18,165,069 shown above represents investment of Reserve Funds, unexpended Self Help contributions and funds not immediately required at the close of the year to meet operational or capital expenditure.

Consumers' and Other Advances for Construction.—The Commission's liability on account of these advances increased during the year to £23,745,446. Details are—

	Increase for Year.	Balance at 30.6.64.
	£	£
Consumers' Advances for Construction (Self Help)	2,635,834	19,051,616
Advances for Construction of Offices and Showrooms	76,739	532,614
Advances from Provident Fund	2,849,972	4,161,216
	<u>5,562,545</u>	<u>23,745,446</u>

Loans.—The loan liability increased by £18,879,528 during the year. In 1962–63, the increase was £20,414,404 as compared with £19,588,514 in 1961–62.

The increase of £18,879,528 may be explained as follows:—

	£	£
Loan Liability at 30th June, 1963 .. ..	..	322,258,418
Net increase in Commission Loans	12,643,010	
„ „ „ Treasury Loans	6,342,939	
	<u>18,985,949</u>	
Less Decrease in Loans of Acquired Undertakings	106,421	
		<u>18,879,528</u>
		<u>341,137,946</u>

The loan liability at 30th June, 1964, as shown, does not include £1,500,000 advanced by the Treasury on 30th June, 1964. This sum was not received by the Commission until 2nd July, 1964.

Although public and private loans raised by the Commission in the year amounted to £21,826,125, the relevant loan liability was increased as shown by £12,643,010 only, the difference, £9,183,115, being represented by conversions and redemptions of maturing loans and payments in reduction of current loans.

The loan liability of £84,121,877 to the Treasury was determined after the deduction of £8,799,183, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1963-64 was £748,350, in respect of which a credit of £164,921 was made to the Contingency and General Reserve on account of Commonwealth contributions to the Fund.

In respect of the Commission's liability of £785,936 under the heading of "Loans of Acquired Undertakings", it should be explained that, in any instance where the Commission acquires a municipal electrical undertaking, the relevant loan liability of the municipality is not transferred or assigned as part of the purchase price but, in terms of the contractual arrangements, the Commission undertakes to recoup the municipality concerned for all future interest and redemption payments, as they become due, on the loan liability as detailed in the contract.

Electricity Commission Provident Fund.—Financial statements of the Fund for the year ended 30th June, 1964, have been certified by me.

Income of £3,107,440 for the year consisted of £2,152,661, contributions by the Commission and its officers, and £954,779, interest on investments.

Including £71,210 for refunds of contributions on account of resignations, benefit payments for the year amounted to £807,443.

The surplus for the year, £2,299,997, increased the balance at credit of the Fund to £18,971,741 at the close of the year.

Current assets, which consisted mainly of accrued interest (£325,321) on investments, exceeded current liabilities on account of accrued benefits by £316,873. The remainder of the Fund was comprised of—interest bearing loan advances to the Commission, £4,105,699; investments in Commission Inscribed Stock, £12,882,349; and investments in other securities, £1,666,820.

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 :—

1962-63. £		1963-64. £ £	
	Income—		
	Sales—		
11,955,743	Gas	12,391,171	
3,990,605	Residual Products and Appliances	4,304,058	
15,946,348			16,695,229
	Expenditure—		
	Gas—		
6,697,379	Manufacture	6,780,988	
220,988	Transmission	221,773	
3,506,496	Distribution	3,817,806	
3,696,096	Residual Products, Appliances and Selling Expenses	4,121,901	
531,468	Management	593,959	
4,522	Audit Fees	3,717	
5,627	Directors' Fees	6,450	
282,392	Planning, Research, and Development	392,761	
247,489	Superannuation and Retiring Allowances	276,279	
150,000	Long Service Leave	224,551	
205,580	Other Costs	46,358	
15,548,037			16,486,543
398,311	Profit on Trading		208,686
75	Income from General Investments		75
398,386			208,761
25,000	Contingency Reserve		25,000
373,386	Net Profit for year carried to Profit and Loss Appropriation Account		183,761

The quantity of gas sold for the year was 79,694,283 therms returning 37·2d. per therm as compared with, in 1962-63, 76,146,674 therms for a unit return of 37·6d.

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

	£	£
Balance carried forward 30th June, 1963	2,665	
Net Profit for year from Profit and Loss Account	183,761	
Available for Appropriation .. .. .	..	186,426
Interest temporarily capitalized written off (part)	25,000	
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1963	78,820	
Preference Dividend to be paid—		
4 per cent. per annum for half year ended 30th June, 1964	78,820	
	..	182,640
Balance carried forward .. .. .	..	3,786

The following is a statement of the Corporation's balances at 30th June, 1964, 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.

1963.		1964.
£		£ £
	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
149,679	National Debt Sinking Fund (Treasury allocation of Commonwealth contribution)	172,571
53,668	Contingencies Reserve	78,668
50,000	Reserve for Increased Cost of Replacement of Fixed Assets	50,000
50,000	Dividend Equalization Reserve (Preference Shares)	50,000
		<hr/>
		1,234,397
2,665	Profit and Loss Appropriation Account	3,786
<hr/>		<hr/>
9,130,146		9,179,159
	Deferred Liabilities—	
5,018,446	Advances from State of Victoria	5,019,281
258,811	Less securities purchased and cancelled by the National Debt Commission	294,249
<hr/>		<hr/>
4,759,635		4,725,032
	Debentures and Debenture Stock (Secured)—	
	Redeemable within twelve months	2,884,305
	Redeemable after twelve months	31,391,635
<hr/>		<hr/>
33,219,824		34,275,940
	Contingent Liabilities—	
	£ 749 Uncalled amount on Shares held in another Company	£ 749
<hr/>		<hr/>
47,109,605	995,818 Commitments under Contract for Capital Expenditure	291,074 48,180,131
<hr/>		<hr/>
	Fixed Assets—	
51,426,253	Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in Progress (at cost)	54,665,676
8,641,420	Less Provision for Depreciation and Amortization (see explanatory note No. 3 herein)	10,173,883
<hr/>		<hr/>
42,784,833	Carried forward	44,491,793

1963.		1964.
£		£ £ £
42,784,833	Brought forward	44,491,793
	<i>Current Assets—</i>	
201,756	Cash in hand and at Banks	183,599
1,376,081	Short-term Deposits	1,375,000
2,875,242	Trade and Other Debtors (less provision for Bad and Doubtful Debts and Consumers' Deposits)	2,547,036
2,118,089	Stocks at Cost or Valuation	1,976,003
54,196	Prepayments	42,414
<u>6,625,364</u>		<u>6,124,052</u>
	<i>Less Current Liabilities—</i>	
2,092,896	Trade and Other Creditors	1,959,201
228,019	Bank Overdraft	313,655
9,190	State of Victoria (Balance of advances for purchase of preference shares)	1,709
	<i>„ Provisions—</i>	
140,072	Long Service Leave (see explanatory note No. 2 herein)	264,643
19,306	Retiring Allowances (see explanatory note No. 4 herein)	25,205
145,059	Deferred Repairs (see explanatory note No. 5 herein)	198,126
137,935	Preference Dividend	78,820
<u>2,772,477</u>		<u>2,841,359</u>
3,852,887	Net Current Assets	3,282,693
	<i>Investment—</i>	
750	Company Shares (at cost)	750
	<i>Intangibles—</i>	
227,915	Interest Temporarily Capitalized	202,915
243,220	Unamortized Debenture Issue Expenses	201,980
		<u>404,895</u>
<u>47,109,605</u>		<u>48,180,131</u>

EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1964.

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 provision of £264,643 is comprised of the value of leave due at date together with the past service cost being progressively provided from revenue. It has been proved by actuarial investigation that this provision is substantially insufficient to meet the Corporation's long service leave obligations.

3. The provision for depreciation includes annual charges to the Profit and Loss Account and transfers of profits or losses on disposal of assets, including land. In this year a special provision of £108,350 was charged to Profit and Loss in addition to depreciation at rates generally provided by the Corporation. The cost of plant in course of retirement 1964, £126,718 (1963, £991,074) 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, 1964, £25,205, represents the estimated amount which may be granted to employees who became eligible for consideration at that date.

5. The provision of £198,126 shown in the Balance Sheet includes £76,505 unused from the provision made at 30th June, 1963, and £121,621 additional provision charged against this year's profits. Of this sum £68,721 is provided for alterations and renovations to Head Office premises.

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.

Particulars of Corporation shares acquired by the State and advances for works made by the State are furnished hereunder. The net cost to Consolidated Revenue on account of the State's financial interest in the Corporation is also shown.

—	To 30th June, 1963.	1963-64.	Total.	Charged in State's Accounts.
	£	£	£	
Acquisition of Shares—				
Subscription for 4,000,000 Ordinary Shares of £1 ..	4,000,000	..	4,000,000	Loan Fund
Purchase of Preference Shares	3,439,447	30,000	3,469,447	
	7,439,447	30,000	7,469,447	
Advances—				
Advance for Capital Works	5,000,000	..	5,000,000	Loan Fund
Loan Flotation Expenses	19,281	2,144	21,425	
	5,019,281	2,144	5,021,425	
Preference Share Dividend Guarantee—				
Advanced to the Corporation	177,347	..	177,347	Consolidated Revenue
Less Repayments	177,347	..	177,347	
	
Total Investments and Advances by the State ..	12,458,728	32,144	12,490,872	
Cost to the State on account of the above—				
Interest on Loans	4,586,672	483,008	5,069,680	Consolidated Revenue
Sinking Fund Contribution	316,591	31,157	347,748	
	4,903,263	514,165	5,417,428	
Less Recoups, &c., from Corporation—				
Interest on Advances	2,010,435	226,947	2,237,382	
Sinking Fund Contribution	109,131	12,546	121,677	
Dividends on Preference Shares	1,242,818	189,120	1,431,938	
	3,362,384	428,613	3,790,997	
Net Cost to the State ..	1,540,879	85,552	1,626,431	

The transfer of preference shares by sale is restricted to sale at par to the State. At 30th June, 1964, the State was the registered owner of 3,465,708 shares. The transfer of a further 2,030 shares was in course and £1,709 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.

GEELONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1963, was £604,625, an increase of £60,451 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund and Long Service Leave Provision accounted for £56,415, leaving a net surplus of £548,210.

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

—	1962.	1963.
<i>Revenue.</i>	£	£
Operating Revenue—		
Harbor Revenue	997,979	1,078,049
Shipping Services	221,978	258,577
Other	34,708	40,576
Non-operating Revenue—		
Interest	33,778	38,305
Sale of Scrap Materials	935	776
Total Revenue	1,289,378	1,416,283
<i>Expenditure.</i>		
Operating Expenses—		
Administration, &c.	104,816	108,537
Shipping Services	204,662	232,113
Maintenance—		
General	75,356	96,045
Depreciation and Amortization	188,560	197,249
Non-operating Expenses—		
Loan Expenses	250	..
Superannuation	15,413	15,950
Interest	155,129	160,363
Miscellaneous	1,018	1,401
Total Expenditure	745,204	811,658
Net Revenue	544,174	604,625
Appropriations—		
Sinking Fund	30,974	30,569
Insurance Fund	25,000	25,000
Long Service Leave	821	846
Total Appropriations	56,795	56,415
Net Surplus	487,379	548,210

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

31.12.1962.		£	31.12.1963.	£	£
	Source of Funds—				
	External—				
3,067,407	Loan Liability				3,056,845
	Internal—				
2,623,445	Endowments		2,682,039		
3,487,393	Net Revenue Account—accumulated surplus		4,035,603		
345,298	General Reserve		351,771		
	Specific Reserves and Funds.. .. .	703,470			
	Less Investments	695,890		7,580	
9,582					
6,465,718					7,076,993
9,533,125					10,133,838
	Represented by—				
	Current Assets—				
46,815	Cash		10,039		
677,139	General and Short Term Investments.. .. .		811,140		
120,566	Sundry Debtors and Prepayments		122,733		
37,715	Stores (at cost)		35,680		
882,235				979,592	
	Less—				
	Current Liabilities—Sundry Creditors and Accruals	119,664			
145,440	Contractors' Deposits and Retentions	47,569		167,233	
736,795					812,359
	Deferred Assets—				
18,009	Various advances, &c.				14,769
	Fixed Assets (at Cost less Depreciation)—				
79,176	Land (Purchased and Vested)		75,287		
801,112	Buildings and Improvements		819,009		
7,314,061	Harbor Works		7,755,340		
486,767	Floating Plant		549,084		
81,886	Other Plant and Vehicles		93,609		
15,319	Furniture and Fittings		14,381		
8,778,321					9,306,710
9,533,125					10,133,838

Explanations of the variations, as between the two years, in the Trust's internal funds are furnished below.

Endowments.—The addition of £58,594 to these funds was wholly comprised of contributions by certain bodies towards the cost of harbor and other works.

General Reserve.—The increase, £6,473, mainly represented the net surplus on the sale of certain land.

Specific Reserves and Funds.—Relevant particulars are—

	Sinking Fund.	Insurance Reserve Fund.	Provision for Long Service Leave.
	£	£	£
Balance forward 1/1/1963	307,080	293,263	9,582
Allocation from revenue	30,569	32,678	1,832
Interest on investments	16,596	15,704	..
	354,245	341,645	11,414
Less—expenditure .. .. .	..	..	3,834
Balance 31/12/1963	354,245	341,645	7,580
	703,470		

GRAIN ELEVATORS BOARD.

The Board's system of bulk receival facilities was expanded in the year by the erection of four sub-terminals each with a capacity of one million bushells.

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 1962-63 season totalled 65,300,852 bushels as compared with 53,843,808 bushels in 1961-62 and 63,233,548 in 1960-61.

The statement of Revenue and Expenditure given below shows a net revenue for the 1962-63 accounting period of £229,049. Appropriations therefrom, including £102,687 taken to the Renewals Reserve Fund, left a surplus from the year's operations of £4,629.

Revenue.

1961-62.		1962-63.
£		£ £
693,735	Australian Wheat Board—Recoupable expenditure for operating and maintenance	742,085
1,480	Australian Wheat Board—Recoupable expenditure (Non-operating) ..	..
376,484	Capital Facilities Allowance	464,694
60,768	Depreciation Reserve Fund Investment Interest	62,058
47,866	Interest on General Investments	53,089
45,023	" " " Reserve Fund Investments	45,102
3,477	" " Insurance Reserve Fund Investments	3,203
3,305	" " Renewals Reserve Fund Investments	6,656
1,232,138		1,376,887

Expenditure.

	£	
176,179	Operating and Maintenance— Geelong Terminal	175,176
194,744	Country Elevators	195,257
60,260	Bulk Wheat Storages	74,677
134,942	Administration Expenses	135,041
127,610	*Depreciation and Renewals	161,934
693,735	Expenditure recoupable from the Australian Wheat Board ..	742,085
273,981	Interest on Loans	341,012
6,502	Amortization—Preliminary Expenses and Loan Flotation Expenses ..	286
2,657	Sinking Fund Charges— National Debt Sinking Fund (Act No. 6266)	2,657
47,239	Debenture and Inscribed Stock Sinking Fund (Act No. 6266) ..	61,798
1,024,114		1,147,838
208,024	Net Revenue	229,049
5,421	Add Net Profit on realization of investments	404
213,445		229,453
252,687	Add Net Accumulation brought forward	259,884
466,132		489,337
56,918	Less Appropriations— *Depreciation Reserve Fund	65,908
38,716	*General Reserve Fund	51,409
3,340	*Insurance Reserve Fund	3,340
107,274	*Renewals Reserve Fund	102,687
..	Transfer-Swan Hill Annex Bin	1,480
206,248		224,824
259,884	Net Accumulation at 31st October	264,513

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

31.10.1962.		31.10.1963.
£		£ £
	Current Assets—	
677	Stores, &c.	241
1,265,446	Sundry Debtors, Accrued Interest and Advances	1,146,773
62,522	Cash	41,701
<hr/>		<hr/>
1,328,645		1,188,715
2,407,274	Investments	2,699,733
	Fixed Assets—at Cost—	
	Construction—	
	Country Elevators	£ 5,086,168
3,926,793	Geelong Terminal	380,107
366,189		<hr/>
	Wangaratta Mill and Equipment <i>less</i> Depreciation	5,466,275
34,855		36,644
	Equipment and Plant—	
	Country Elevators	751,558
385,077	Geelong Terminal	356,158
355,315		<hr/>
	Transport Facilities	1,107,716
398,571		469,111
		<hr/>
		7,079,746
	Fixed Assets—less Depreciation—	
	Equipment and Plant—Mobile	85,227
77,758	Marmalake No. 1 Emergency Store	2,420
2,420	Motor Vehicles, Office Furniture and Equipment	50,067
38,527	Freehold Land and Buildings	44,983
42,431		<hr/>
		182,697
	Other Debit Balances—	
	Preliminary and Loan Flotation Expenses	13,270
13,346	National Debt Sinking Fund—Cash in Fund	968
413	Obsolete Asset—Disposal Suspense	46
46		<hr/>
		14,284
<hr/>		<hr/>
9,377,660		11,165,175
	Current Liabilities—	
	Sundry Creditors	186,942
288,129		
	Loans—	
	Government of Victoria	901,676
913,218	Public	6,096,266
4,667,004		<hr/>
		6,997,942
	Reserves and Sinking Funds—	
	Cancelled Securities Reserves—	
	National Debt Sinking Fund	165,592
153,711	Debentures and Inscribed Stock	84,104
57,866	Matured Public Loans	301,390
301,390	Depreciation Reserve Fund	1,449,710
1,258,443	Marmalake No. 1 Emergency Storage Reserve	2,420
2,420	Country Bulkhead Equipment Suspense	5,012
5,012	Insurance Reserve Fund	82,152
69,713	General Reserve Fund	907,759
69,713	Debentures and Inscribed Stock Sinking Fund	210,501
856,351	Renewals Reserve Fund	221,686
167,000	Provision for Long Service Leave	36,029
162,267		<hr/>
33,402		3,466,355
<hr/>		<hr/>
3,067,575		
	Suspense Accounts—	
	Renewal of Assets	115,414
61,143	Rebagging Wheat	511
1,151	Geelong Pier	203
73	Superannuation	128,796
115,369	Motor Vehicle Disposal	4,417
4,032	Unclaimed Interest	82
82	Revenue Account—Net Accumulation	264,513
259,884		<hr/>
		11,165,175
<hr/>		<hr/>
9,377,660		

The item in the abridged statement of balances, "Investments—£2,699,733", represented investments in the Board's own securities with a face value of £1,173,100; in those of other public authorities with a face value of £1,361,900; and in Fixed Deposits amounting to £165,000. The funds for the purchase of these securities were provided as follows:—

By—	£
Unexpended Loan Funds	294,905
Insurance Reserve Fund	58,000
Depreciation Reserve Fund	1,139,598
Debentures and Inscribed Stock Sinking Fund	135,003
Superannuation Reserve Fund	99,000
Renewals Reserve Fund	120,000
General Reserve Fund	833,227
General Funds	20,000
	<hr/>
	2,699,733
	<hr/>

Incomplete contracts totalling £1,338,875 have not been included in the balances shown in the statement.

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, 1964, was £8,575,000 as compared with £7,150,000 at 30th June, 1963. Of the amount of £8,575,000 a sum of £300,000 has been deposited or lent 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 .. .. .	..	4,475,000
Private Savings Banks	2,825,000	
„ Trading Banks	575,000	
	<hr/>	3,400,000
Insurance Companies .. .. .	..	700,000
		<hr/>
		8,575,000

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

	£	£
Agreed Loans as above .. .. .	..	8,575,000
Less—Amount not yet drawn by Trust	1,325,000	
Amount repaid to lending institution	193,908	
	<hr/>	1,518,908
Total liability of Trust to lending institutions .. .. .	..	7,056,092

Loans approved by the Trust to borrowers amounted to £8,976,543 of which sum £307,455 related to second mortgages. Advances secured by first mortgage at 30th June, 1964, amounted to £6,694,971 (net), and, by second mortgage, to £215,049 (net).

There was a surplus of £80,918 (Home Finance Fund No. 1) for the year on the operations relating to cases concerned with first mortgages and a deficit of £3,181 (Home Finance Fund No. 2) in respect of second mortgage cases.

Set out hereunder are particulars of the Trust's assets and liabilities as at 30th June, 1963, and 1964. The figures are subject to the completion of the audit, which is now in course.

30.6.1963		30.6.1964
£		£
	<i>Assets.</i>	
6,438,948	Current ordinary loans secured by first mortgage	7,134,756
..	Current ordinary loans secured by second mortgage	229,090
59,470	Current loans (three year maximum) secured by mortgage	63,400
10,500	Contracts of Sale—Repossessed properties	17,025
9,644	Arrears—Mortgagors	10,024
..	Arrears on Contracts of Sale	63
26,366	Sundry debtors (interest accrued but not yet payable, &c.)	29,503
..	Cash at Bank	172,531
10	Cash on hand	10
..	Home Finance Fund No. 2 Deficit	3,181
<hr/>		<hr/>
6,544,938		7,659,583
	<i>Liabilities.</i>	
5,657,227	Deposits—Repayment of which is guaranteed by the Treasurer of Victoria	7,056,092
443,065	Bank Overdraft—Repayment also guaranteed by the Treasurer .. .. .	..
15,300	Prepayments by Mortgagors	2,136
363,390	Loans Redemption Account	517,226
1,264	Repayments of principal under Contracts of Sale	2,057
516	Mortgagors' equities in properties subject to Contracts of Sale	584
193	Sundry creditors	570
63,983	Home Finance Fund No. 1—Surplus	80,918
<hr/>		<hr/>
6,544,938		7,659,583

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 with cash contributions, rate refunds and gifts of land for housing projects of a special nature.

The audit of the accounts for 1963-64 has been completed and the related financial statements have been certified by me.

A summary of the Commission's revenue and expenditure for 1962-63 and 1963-64 is furnished below:—

1962-63.		1963-64.	
£	REVENUE.	£	£
5,704,848	Rentals	6,011,888	
1,143,421	Gross Surplus—House Sales	1,110,696	
769,985	Interest—House Sales (net)	836,063	
71,732	„ Sundry	89,466	
39,838	Miscellaneous	44,076	
<u>7,729,824</u>			<u>8,092,189</u>
EXPENDITURE.			
2,609,700	Interest—less amounts capitalized and applied to House Sales	2,734,429	
806,244	Loan Redemption—Commonwealth and State Agreements	845,163	
2,100	Contribution to National Debt Sinking Fund	2,051	
4,000	„ „ Debenture Loan Sinking Fund	4,000	
1,947	Redemption of Debentures	2,044	
405,060	Administration—general	441,261	
203,392	„ House Sales	233,590	
45,642	Cost of rent collection in country areas, &c.	46,483	
980,889	Rates—less amount capitalized	994,950	
18,538	Insurable Risks	12,736	
64	Loan Conversion Expenses	104	
964,030	Provision for accruing maintenance	1,051,890	
15,429	„ „ irrecoverable rents	7,370	
86,378	Cost of Communal Services—Flats and Garden Maintenance	81,547	
239,377	Appropriation to House Purchasers' Death Benefit Fund	241,236	
770,181	Transfer to House Sales Reserve Suspense Account	824,409	
48,181	Maintenance and repairs on houses sold	74,338	
..	Maintenance (Rental) Bad Debts written off	3,385	
12,420	Miscellaneous	10,509	
<u>7,213,572</u>			<u>7,611,495</u>
..	Operational Profit for the year	480,694	
..	Less appropriation to House Purchasers' Interest Receivable Reserve	495,485	
516,252	Net Profit—Commission's General Revenue Account		
..	„ Loss— „ „ „ „ „ „	14,791	
124,609	Add—Net amount written back to revenue from Loan Redemption Reserve	128,971	
<u>640,861</u>	Amount Transferred to Accumulated Surplus Account		<u>114,180</u>

The sources from which the surplus in 1962-63 was derived and the reasons for the deficit in 1963-64 may be more readily seen from the following summary:—

	1962-63		1963-64	
	£	£	£	£
Surplus—Miscellaneous Funds	*68,351	..	*59,434
Realized Profit—House Sales	681,078	..	120,476
	..	<u>749,429</u>	..	<u>179,910</u>
<i>Less—</i>				
Cost of Statutory Functions—non-Revenue producing	28,032	..	28,616
Loss—Rental Operations	205,145	233,177	166,085
		<u>233,177</u>	<u>166,085</u>	<u>194,701</u>
		Profit	516,252	Loss
				<u>- 14,791</u>

* Includes notional interest on interest free loans—1962-63, £17,664; 1963-64, £12,162.

Rental Charges.—The gross rental charges for the past two years are compared hereunder and reconciled with the figures given in the preceding summary of revenue and expenditure:—

	1962-63.		1963-64.	
	£	£	£	£
Gross rental charges	6,050,479	..	6,435,628
<i>Deduct—</i>				
Rental rebates allowed	325,495	..	385,892
Losses from vacancies	20,136	..	37,848
		<u>345,631</u>		<u>423,740</u>
Credit for Rentals—General Revenue Account		5,704,848		6,011,888

As from 14th July, 1963, many rentals were revised and the direct effect of this action is reflected in the increase of £385,149 in gross rental charges. Also, the revision of rentals, accompanied by an increase in the number of units made available to pensioners, contributed substantially to the rise of £60,397 in rental rebates. It is understood that the basis of this revision is to be the subject of amending legislation.

The increase from £20,136 to £37,848 in “losses from vacancies” was largely the result of the times involved, particularly in country centres, in the modernization of the older vacated units prior to re-letting.

Sales of Houses.—For the year, 1,825 units were sold for a total sum of £7,837,226. Details are:—

	No.	Cost.	Selling Price.	Surplus.
		£	£	£
Cash Sales—State	2	2,122	6,698	4,576
Commonwealth—State Housing Agreement 1945	7	15,581	25,881	10,300
Commonwealth—State Housing Agreement 1956	1	3,617	3,983	366
Sales per War Service Homes Commission—C.S.H.A. 1945	15	30,601	56,893	26,292
Terms Sales—State	24	28,156	80,170	52,014
Commonwealth—State Housing Agreement 1945	605	1,624,695	2,367,333	742,638
Commonwealth—State Housing Agreement 1956	1,171	5,021,758	5,296,268	274,510
	<u>1,825</u>	<u>6,726,530</u>	<u>7,837,226</u>	<u>1,110,696</u>
Comparable figures—1962-63	1,802	6,514,712	7,658,133	1,143,421

The surplus shown in the above statement is the gross profit recorded in the Commission's House Trading Account. In addition to this profit, there was a surplus of £36,245 which arose from the re-possession of 144 units of which 129 were re-sold and the remainder reverted to tenancy.

Generally, sales have been made on the basis of estimated costs. It will be appreciated that the early determination of actual costs is essential in order that the necessary adjustments might be made in the accounts.

The houses sold, 1,825, included a number of vacated rental units. In respect of these particular units, expenditure amounting to £74,338 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.

It is understood that amendments to the *Housing Act* 1958 will be obtained to put beyond doubt the legality of certain practices of the Commission in relation to house sales.

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	1,110,696	
Less Transfer to House Sales Reserve Suspense Account	824,409	
	<hr/>	286,287
Interest receivable on terms	2,648,383	
Less Interest payable on houses sold	1,812,320	
	<hr/>	
Interest on House Sales (net)	836,063	
Less Appropriation to House Purchasers' Death Benefit Fund	241,236	
	<hr/>	594,827
Other House Sales revenue (included in Miscellaneous revenue in General Revenue Account) .. .. .	..	42,775
		<hr/>
		923,889
Administration—House Sales	233,590	
Maintenance and repairs on houses sold	74,338	
	<hr/>	307,928
		<hr/>
		615,961
Less Appropriation to Interest Receivable Reserve—House Purchasers .. .. .	..	495,485
		<hr/>
Net Credit to General Revenue on account of House Sales .. .. .	..	120,476
		<hr/>

The amount of £824,409 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, 1964, 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, 1963 and 1964, is summarized hereunder:—

30.6.1963.		30.6.1964.
£		£ £
	<i>Current Assets—</i>	
703,884	Sundry Debtors	782,510
282,628	Cash at Bank and in Transit	205,889
986,512		988,399
1,685,550	<i>Investments</i>	2,816,056
	<i>Deferred Assets—</i>	
52,287,953	House Purchase Debtors	58,240,243
	<i>Fixed Assets—</i>	
20,913,043	Estates—Cost of land, developmental and incidental expenses ..	22,029,506
111,079,174	Dwellings and Shops	117,553,224
304,978	Holmesglen Housing Factory—Land and Buildings	314,300
250,080	Administrative Building .. .. .	..
132,547,275		139,897,030
33,184,117	Less Suspense Account for estimated capital costs of houses sold ..	36,172,657
99,363,158		103,724,373
3,481,893	Cost of properties acquired for Slum Reclamation	3,826,347
66,561	Store rooms, Offices, &c.	61,436
186,850	Plant, vehicles, office furniture, and equipment	204,734
592,397	Concrete House Project	504,891
..	Shares—31 Melrose Street Pty. Ltd.	1,200
103,690,859		108,322,981
182,558	<i>Deposit and Trust Account—</i> Cash at Bank and securities	185,054
	<i>Intangibles—</i>	
36,105	Loan Flotation Expenses—Less amount written off	18,803
30,655	Plans and Designs, &c.	36,005
187,642	Slum Reclamation—Unrecouped costs	189,667
..	Electronic Data Processing—Planning Costs	6,518
254,402		250,993
159,087,834	Total	170,803,726
	<i>Current Liabilities—</i>	
405,589	Sundry Creditors	525,121
	<i>Loans—</i>	
135,395,580	Government advances	144,407,317
434,257	Debenture issues	432,213
523,439	Death Benefit Fund Advances	435,366
136,353,276		145,274,896
	<i>Advances and Subsidies—</i>	
1,246,158	Subsidy from Loan for Slum Reclamation	1,242,209
212,000	Subsidy from Municipalities	359,400
42,158	Gift of Flats—City of Prahran	42,158
1,500,316		1,643,767
	<i>Reserves and Sinking Funds—</i>	
85,743	Debenture Loans Redemption	87,787
169,973	Cancelled Securities—National Debt Sinking Fund	191,541
33,085	Debenture Loan Sinking Fund	38,988
6,691,497	Loan Redemption—Commonwealth and State Agreements	7,342,299
1,643,647	Accruing Maintenance Provision	1,591,976
40,000	Irrecoverable Rents Provision	40,000
7,214,887	House Sales Reserve Suspense Account	7,926,296
1,279,153	House Purchasers' Death Benefit Scheme	1,593,485
1,905,210	Land Realization Reserve	2,153,703
..	Shops Realization Reserve	27,431
..	Interest Receivable Reserve—House Purchasers	2,178,839
19,063,195		23,172,345
1,582,900	<i>Accumulated Surplus</i>	2,543
	<i>Deposit and Trust Account—</i>	
182,558	Contractors' deposits and other trust moneys	185,054
159,087,834	Total	170,803,726

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

Sundry Debtors £782,510. Details are:—

	£
Rental Arrears	122,247
Works and Materials, &c., for other bodies	272,771
Debtors on account of Shop and Land Sales (net)	289,671
Revenue Accruals, Prepayments and Advances, &c.	86,848
Anticipated Recoup on account of Sale of Administrative Building	10,973
	<hr/>
	782,510

The administrative building situated at 625 Swanston-street, Melbourne, and acquired in the previous year was transferred in 1963–64 to the Crown. In respect of this transaction, the Commission has received £250,932 and, as indicated above, a debit balance of £10,973 still remained on this account in the Commission's books as at the close of the year.

Investments.—It will be noted that the book value of investments increased during the year from £1,685,550 to £2,816,056. Relevant details as at 30th June, 1964, are:—

	£
Interest-free advances—to other Public Authorities	352,813
Loan to a Public Authority	2,483
Investments—Sinking Fund	38,988
„ Death Benefit Fund	1,571,772
Short-term Deposits	850,000
	<hr/>
	2,816,056

House Purchase Debtors £58,240,243.—This item is a net figure, the sum of the amounts received from intending purchasers, £91,881, having been, for balance-sheet purposes, set off against the gross sum due from existing purchasers. Further, in connexion with these debtors, it is necessary to state that, in many instances, where, by agreement, additional services or extensions have been provided by the Commission subsequent to the date of sale, the costs involved have not yet been allocated as charges to the respective purchasers concerned. Therefore, the amount of the debit balance shown, £58,240,243, is understated to the extent of the sum of the costs in question. Early action should be taken to allocate these costs which, at present, are included in the Commission's asset—"Dwellings and Shops."

Concrete House Project.—The amounts £592,397, as at the 30th June, 1963, and £504,891, as at the 30th June, 1964, against this item are, in effect, the notional liabilities, as at the respective dates, of the Concrete House Project to the Commission. The decrease from £592,397 to £504,891, 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, 1963		592,397
<i>Add—</i>		
Increase in Sundry Debtors	71,822	
Increase in book value of Equipment, Plant, Tools, &c.	23,213	
	<hr/>	95,035
		<hr/>
		687,432
<i>Deduct—</i>		
Decrease in Current Assets—Materials on hand &c.	108,091	
Increase in Sundry Creditors and Accrued Wages	73,544	
Increase in Reserve for Maintenance of Factory Building	906	
	<hr/>	182,541
		<hr/>
Item—"Concrete House Project" as at 30th June, 1964		504,891

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.

Provision for Maintenance.—As at the 30th June, 1963, the balance of the Accruing Maintenance Provision Account was £1,643,647. To this amount there was added in 1963–64 the sum of £1,051,890 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the Account in 1963–64 was £1,103,561 leaving a balance at credit of the Account at the close of the year of £1,591,976.

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.

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, 1964, are summarized below:—

	£	£
Balance as at 30th June, 1963	1,279,153	
Add Appropriation for year (Section 109 Act No. 6275)	241,236	
Income from Investments	77,157	
Premiums	7,002	
	<hr/>	325,395
		1,604,548
Deduct Payments on Account of Deceased Purchasers		11,063
		<hr/>
Balance as at 30th June, 1964		1,593,485

The sum of the investments of the Fund, £1,571,772, includes an amount of £435,366 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 £2,816,056".

In respect of the advance of £435,366, 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, I would again point out that 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, questioned in his report on the investigation, the advisability of this investment.

Realization Reserves—Land, £2,153,703 ; Shops, £27,431.—Land has been sold during the year to Government departments, statutory authorities, church and charitable institutions, private home builders and building organizations and industries. A number of shops, also, has been sold in various estates. Profits from the sale of land and shops account for the increase of £248,493 in the sum at credit of the Land Realization Reserve and the amount of £27,431 at credit of the Shops Realization Reserve.

Interest Receivable Reserve—House Purchasers £2,178,839.—The creation of this Reserve was considered by the Commission to be a necessary and prudent step. The stated purpose of the Reserve is to provide, on account of each sale on terms, for the payment of interest on the relevant proportion of the Commission's loan liability over the period commencing immediately after the date of final payment by the purchaser concerned, in terms of his Contract of Sale, and ending at the date of redemption of the outstanding proportion of the Commission's loan from the Commonwealth or State in respect of the unit involved.

The amount, £2,178,839, at credit of the Reserve at the close of the year was provided as follows:—

- (i) by transfer of an amount of £1,683,354 from profits of previous years ; and
- (ii) as already indicated, by an appropriation of £495,485 from the revenue for 1963–64 on account of house sales.

However, it should be pointed out that the sums set aside as aforementioned have not been calculated on the basis of ascertained commitments. They are merely re-allocations of past profits plus an appropriation from the surplus for the year under review. Further, the amount at credit of the Reserve is not invested. It forms part of the Commission's general funds.

Accumulated Surplus £2,543.—The variations in this account during the year are explained below:—

	£	£
1st July, 1963—Balance .. .. .	..	1,582,900
<i>Add—</i>		
Amount written back to Revenue from Loan Redemption Reserve .. .. .	..	128,971
		<hr/> 1,711,871
<i>Less—</i>		
Net loss for year	14,791	
Adjustment of previous years' realized profits on House Sales following, in certain instances, reductions in Selling Prices.. .. .	11,183	
		<hr/> 25,974
		1,685,897
Transfer to Interest Receivable Reserve—House Purchasers .. .. .	..	1,683,354
		<hr/> 2,543
30th June, 1964—Balance .. .. .	..	<hr/>2,543

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 State's Loan Fund. Advances from the Treasury in 1963-64 amounted to £315,453 (Water £194,952, Sewerage £120,501). Advances for works made to the Board to 30th June, 1964, amounted to £8,276,469 (Water £5,404,304, Sewerage £2,872,165).

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

The accounts of the Board to 30th June, 1964, have been audited. For purposes of comparison, figures for the previous year are given in the abridged statements which follow.

FARM REVENUE ACCOUNT.

1962-63.		1963-64.	
£		£	£
<i>Income—</i>			
2,787	Rental Board Properties	2,768	
1,091	Sale of Effluent	1,379	
37,392	Profit—Sheep Trading Account	39,321	
5,317	Profit—Cattle Trading Account	14,764	
<u>46,587</u>			<u>58,232</u>
<i>Expenditure—</i>			
16,834	Farm Operation and Maintenance	25,779	
5,101	Production of Fodder	8,687	
23,174	Interest on Loans	25,504	
968	Interest on Overdraft	553	
5,531	Depreciation Provision	6,449	
9,059	Administrative and Sundry Expenses	9,760	
542	Maintenance Farm Dwellings	1,446	
<u>61,209</u>			<u>78,178</u>
14,622	Deficit on Farm Account transferred to General Revenue		19,946

GENERAL REVENUE ACCOUNT.

£		£	
£		£	£
<i>Income—</i>			
270,361	Water Charges	287,597	
108,405	Disposal Charges	110,389	
6,650	Maintenance Outfall Sewer (Tar Removal Costs)	5,475	
5,017	Rents and Income—Board Properties	3,663	
4,220	Other	2,596	
<u>394,653</u>			<u>409,720</u>
<i>Expenditure—</i>			
*178,946	Interest on Loans	209,700	
6,776	Interest on Overdraft	4,975	
42,102	Depreciation	46,018	
35,951	Maintenance of Works	50,287	
2,998	Maintenance of Staff Residences	3,189	
45,664	Other Expenses	55,103	
<u>312,437</u>			<u>369,272</u>
82,216	Surplus for year		40,448
14,622	Deficit on Farm Revenue Account		19,946
<u>†67,594</u>	<i>Net result for year</i>		<u>‡20,502</u>

* 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 £66,658; Surplus on Sewerage Fund £936.

‡ Surplus on Water Fund £25,382; Deficit on Sewerage Fund £4,880.

The Board's balances as at the 30th June, 1963, and 1964, are summarized hereunder :—

30.6.1963		30.6.1964
£		£
	Current Assets—	
103	Cash at Bank	3,102
40,560	Stores, Tools, &c.	38,515
675	Wool and/or Ensilage on hand	5,125
89,556	Livestock on hand (at market value less selling charges).. .. .	102,937
12,816	Debtors and prepayments	6,473
172,774	Investments on account of Depreciation Reserve	156,152
		<u>226,508</u>
	Fixed Assets—	
7,342,655	Works (including Works in Progress)	7,654,415
128,727	Plant and Equipment.. .. .	120,299
160,650	Land, Buildings, Residences	162,765
33,309	Office and Laboratory Equipment	34,461
7,665,341		<u>7,971,940</u>
220,407	Less Depreciation Reserve	278,975
7,444,934		<u>7,692,965</u>
	Intangibles—	
261,855	Interest on Works during Construction	261,855
7,253	Asset Realization Account	4,802
8,030,526		<u>266,657</u>
		<u>8,342,282</u>
	Current Liabilities—	
144,091	Bank Overdraft	150,503
4,670	Sundry Creditors	5,658
105	Treasurer of Victoria—Interest	190
103	Contractors' Deposits and other Trust moneys	2,881
7,763,568	Loan Liability to the State of Victoria	159,232
7,912,537		<u>8,034,872</u>
		<u>8,194,104</u>
	The excess of assets over liabilities is represented by :—	
65,147	Capital Expenditure borne by the State	74,835
2,500	Grant by Government of Victoria	2,500
10,000	Appropriation for Plant Renewals	20,000
40,342	Accumulated Surplus	50,843
117,989		<u>148,178</u>
8,030,526		<u>8,342,282</u>

NOTE.—A claim against the Board has been made by a Contractor in respect of certain works.

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 and the Provident Fund.

At the request of the Board's Actuary, the classification of accounts was amended in 1963–64 to facilitate periodical actuarial valuations. For the purpose of comparability, the figures presented herein for 1962–63 have been re-arranged so as to conform with the amended accounting classifications.

The audit of the accounts to 29th February, 1964, has been completed. The following statements summarize transactions on the Board's accounts in the past two years.

INSURANCE ACCOUNT.

	1962–63.	1963–64.
<i>Receipts.</i>	£	£
Balance at Bank	21,622	5,135
Premiums	82,373	18,381
Surrender Values	26,347	12,400
Death Claims	6,340	12,823
Matured Policies	71,763	102,390
Taken-over Policies	68	75
Investments Temporary-Redeemed	82,000	29,000
Other	1,071	..
	291,584	180,204
<i>Payments.</i>		
Premiums	83,254	19,253
Death Claims	10,690	12,808
Matured Policies	75,016	99,393
Surrender Values	27,421	13,409
Taken-over Policies	68	64
Investments Temporary—Purchased	90,000	21,000
Balance at Bank	5,135	14,277
	291,584	180,204

PROVIDENT FUND.

	1962-63.	1963-64.
	£	£
<i>Receipts.</i>		
Balance at Bank	14,885	3,154
Contributions	194,947	185,974
Interest on Investments	46,049	52,670
Other (including Investments Redeemed)	306,495	262,894
	<hr/>	<hr/>
	562,376	504,692
 <i>Payments.</i>		
Death Claims	5,371	10,411
Resignations and Retirements	124,594	141,502
Additional Interest	3,043	4,117
Investments	409,500	334,000
Other	16,714	1,000
Balance at Bank	3,154	13,662
	<hr/>	<hr/>
	562,376	504,692

The position of the Fund at 28th February, 1963 and 29th February, 1964, was :—

	1963.	1964.
	£	£
Contributors' credits	836,818	913,419
Unallotted Interest	48,311	55,745
Contributions paid in advance, &c.	13,908	11,546
Contributions payable to Benefit Contracts Account, &c. .. .. .	..	272
	<hr/>	<hr/>
	899,037	980,982
Represented by—		
Cash at Bank	3,154	13,662
Investments	894,469	966,390
Contributions due, &c.	1,414	930
	<hr/>	<hr/>
	899,037	980,982

BENEFIT CONTRACTS ACCOUNT.

	1962-63.	1963-64.
	£	£
<i>Income.</i>		
Contract Premiums	742,448	933,272
Proceeds of Surrendered Policies	318	..
Interest on Investments	205,707	265,660
Underwriting Commission	1,200	..
Other	41	..
	<hr/>	<hr/>
	949,714	1,198,932
 <i>Expenditure.</i>		
Death Benefits	79,833	85,912
Withdrawal Benefits	97,184	156,410
Contribution to Management Account	23,892	48,965
Other	9,524	121
	<hr/>	<hr/>
	210,433	291,408
Surplus	<hr/>	<hr/>
	739,281	907,524

As at 28th February, 1963 and 29th February, 1964, the funds of the Benefit Contracts Account amounted to—

	1963. £	1964. £
	3,643,264	4,550,787
and were represented by—		
Investments	3,640,600	4,556,472
Add Current assets less liabilities	2,664	..
Deduct Current liabilities less assets .. .. .	..	5,685
	<u>3,643,264</u>	<u>4,550,787</u>

MANAGEMENT ACCOUNT.

Income.

	1962-63. £	1963-64. £
Commission	4,693	1,020
Interest on Investments	17,501	11,329
Contribution from Benefit Contracts Account	23,892	48,965
Contribution from Provident Fund	1,000	1,000
Other	5,507	5,032
	<u>52,593</u>	<u>67,346</u>

Expenditure.

Board Members' Fees	462	462
Salaries	23,781	27,781
Other Administration Charges	15,531	24,928
Rates, &c.	1,266	1,327
Depreciation	7,240	7,681
	<u>48,280</u>	<u>62,179</u>
Surplus	4,313	5,167

As at balancing date in each of the two years, accumulated funds of the Management Account were :—

	1963. £	1964. £
Accumulated Funds	413,090	406,083
Asset Replacement Reserve	12,976	20,156
	<u>426,066</u>	<u>426,239</u>
Represented by—		
Current assets less liabilities	3,193	32,184
Investments	265,820	235,700
Freehold property	120,337	121,046
Furniture, equipment and office machines	32,783	31,326
Motor Car	944	1,660
Prepayments, &c.	2,989	4,323
	<u>426,066</u>	<u>426,239</u>

MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1964, 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 :—

	1961-62.	1962-63.	1963-64.
	£	£	£
Rates and Charges—			
Water Supply	5,179,234	5,573,383	5,837,043
Sewerage	4,586,541	5,091,008	5,260,895
Drainage and Rivers	750,738	836,748	851,858
	<u>10,516,513</u>	<u>11,501,139</u>	<u>11,949,796</u>
Farm—			
Gross profit on cattle	136,102	140,058	156,596
Gross profit on sheep	38,146	65,936	73,725
Rent	5,325	3,531	3,199
Sundry Trading Operations	3,766	3,801	3,275
	<u>183,339</u>	<u>213,326</u>	<u>236,795</u>
Gross Revenue	<u>10,699,852</u>	<u>11,714,465</u>	<u>12,186,591</u>
Working Expenses—			
Management	1,272,221	1,332,409	1,503,066
Maintenance	2,081,468	2,118,522	2,249,503
Interest (including overseas exchange)	5,276,272	5,920,195	6,671,176
	<u>8,629,961</u>	<u>9,371,126</u>	<u>10,423,745</u>
Gross Surplus	<u>2,069,891</u>	<u>2,343,339</u>	<u>1,762,846</u>
General Expenditure—			
Loan Flotation Expenses	191,958	159,320	66,217
Staff Gratuities	56,001	72,080	58,053
Contributions to Superannuation Fund	69,221	66,438	74,840
Depreciation—Furniture and Fittings, &c.	31,332	24,835	42,237
Pensions (cost of living allowance in superannuation payments)	40,380	41,601	60,941
Main Drainage Works	371,175	415,023	..
	<u>760,067</u>	<u>779,297</u>	<u>302,288</u>
Statutory Expenditure—			
Contributions to Municipalities	16,992	16,992	16,992
Carried forward	<u>777,059</u>	<u>796,289</u>	<u>319,280</u>

	1961-62.	1962-63.	1963-64.
	£	£	£
Brought Forward	777,059	796,289	319,280
Provisions and Transfers to Reserves—			
Contributions to Renewals Fund	216,144	236,927	275,481
Contributions to Sinking Fund	400,407	440,018	464,128
Contributions to Loans Redeemed Reserve	194,215	306,982	382,389
Contributions to Rates Equalization Reserve	475,281	550,000	310,000
	1,286,047	1,533,927	1,431,998
Total Expenditure	2,063,106	2,330,216	1,751,278
Net Surplus	6,785	13,123	11,568
Add Accumulated Surplus brought forward 1st July	696	7,481	20,604
Accumulated Surplus at 30th June, carried forward	7,481	20,604	32,172

It will be seen that the surplus of £11,568 for the year was the result after making a contribution of £310,000 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).
	£	£	£	£
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
1963-64.. .. .	5,837,043	5,260,895	851,858	104,125,943

In accordance with the provisions of the *Valuation of Land (Rates) Act 1963*, No. 7019, with effect from 28th May, 1963, the Board has used in 1963-64 and is to use in 1964-65 as the basis of assessment of its rates:—

- (i) in respect of the municipalities of Bulla, Eltham and Sunshine, the valuation for 1961-62; and
- (ii) in respect of all other municipalities, the valuation for 1962-63.

Notwithstanding the use of these bases of valuation, the aggregate of net annual values on which the rates were assessed continued to rise as a result of supplementary 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 55·83 per centum as compared with 51·48 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 £5,920,195 in 1962-63, to £6,671,176 in 1963-64.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund £161,180; Sinking Fund £552,871; and Superannuation Fund £91,334. Exchange on interest remitted overseas amounted to £32,798.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1964, are shown hereunder:—

—	Contribution from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1964.
	£	£	£	£
Sinking Funds	476,225	552,871	1,029,096	12,086,513
Loans Redeemed Reserve	382,389	..	382,389	1,210,614
Renewals Fund	275,481	161,180	436,661	7,979,895
Superannuation Fund	74,840	91,334	166,174	1,923,067
Insurance Account .. .. .	..	..	..	456,796
	1,208,935	805,385	2,014,320	23,656,885

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of £15,470,994 as at 30th June, 1964. Thus, the sum of the Board's Funds and Reserves as at that date was £39,127,879. Of this sum, £23,107,574 was invested, £1,210,614 was applied to loan redemption and £14,809,691 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 £104,032,207.

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

	1961-62.	1962-63.	1963-64.
	£	£	£
Revenue—			
Metropolitan Improvement Rate and Sundry Income	1,589,244	1,792,646	1,851,469
Less Expenditure—			
Management	177,021	251,866	315,077
Maintenance	11,814	32,138	35,805
Interest	18,589	24,524	24,240
Contribution to Sinking Fund	12,097	12,097	12,097
	219,521	320,625	387,219
Balance—surplus transferred to Planning and Highways Reserve	1,369,723	1,472,021	1,464,250

At 30th June, 1964, 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	38,136
Planning and Highways Reserve.. .. .	7,785,470
	<hr/>
	8,223,606
	<hr/>

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

	£	£
Metropolitan Improvement Fund—		
Cash at Bank	57,832	
Less amount due to Metropolitan General Fund	30,519	
	<hr/>	27,313
Securities—Short Term	825,000	
„ Commonwealth Inscribed Stock	750,000	
	<hr/>	1,575,000
Arrears—Rates and Charges (estimate)		61,068
Sundry Debtors—Rent		1,306
Reserved Land—held temporarily under Section 57, Act No. 6849	3,255,713	
Compensation under Section 42, Act No. 6849	167,297	
	<hr/>	3,423,010
Planning, Highways and Foreshore Works—Expenditure		3,135,909
		<hr/>
		8,223,606
		<hr/>

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:—

	1962.	1963.	1964.
	£	£	£
Current Assets—			
Cash in hand and at bank	777,049	607,858	537,782
Securities—Short Term	7,250,000	4,655,000	5,520,000
Arrears of Rates and Charges	639,930	652,964	581,345
Sundry Debtors	441,108	484,642	473,993
Stores and Materials on hand	1,049,931	1,035,931	1,111,259
Livestock on hand	196,220	201,562	237,889
Reserved Land—Planning and Highways—			
Acquired Land	2,153,951	2,732,394	3,255,713
Compensation for loss on sales	80,568	127,033	167,297
	<hr/>	<hr/>	<hr/>
	12,588,757	10,497,384	11,885,278
	<hr/>	<hr/>	<hr/>
Fixed Assets—			
Planning and Highways Works	2,617,046	2,986,392	3,135,909
Water Supply Works	55,658,044	60,726,938	65,240,949
Sewerage Works	47,341,236	52,973,341	61,143,873
Sewerage House Connexions	396,909	396,909	396,909
Main Drainage and River Improvement Works	9,437,944	10,024,613	11,144,333
Buildings, Water Meters, and other items	4,672,854	5,064,084	5,356,689
	<hr/>	<hr/>	<hr/>
	120,124,033	132,172,277	146,418,662
Less Renewals Fund	7,251,249	7,596,399	7,979,895
	<hr/>	<hr/>	<hr/>
	112,872,784	124,575,878	138,438,767
Plant and Tools	913,239	1,106,635	1,445,571
Motor Vehicles	270,738	291,954	344,082
Furniture and Fittings	182,838	193,361	188,698
	<hr/>	<hr/>	<hr/>
	114,239,599	126,167,828	140,417,118
	<hr/>	<hr/>	<hr/>
Investments—			
External—Stock—Commonwealth, &c.	4,391,500	13,351,500	14,801,500
Internal—Stock—Melbourne and Metropolitan Board of Works	2,436,574	2,770,079	2,790,674
	<hr/>	<hr/>	<hr/>
	6,828,074	16,121,579	17,592,174
	<hr/>	<hr/>	<hr/>
Total Assets	133,656,430	152,786,791	169,894,570
	<hr/>	<hr/>	<hr/>

	1962.	1963.	1964.
	£	£	£
Current Liabilities—			
Loan Interest, Matured Debentures and Inscribed Stock	1,061,307	1,143,615	1,277,428
Sundry Creditors and Deposits	915,513	1,154,718	1,189,419
	<u>1,976,820</u>	<u>2,298,333</u>	<u>2,466,847</u>
Deferred Liabilities—			
Superannuation Fund	1,691,598	1,816,248	1,923,068
Provision for Furlough	282,111	312,453	366,612
	<u>1,973,709</u>	<u>2,128,701</u>	<u>2,289,680</u>
Loan Liability—			
Government of Victoria	438,858	623,590	705,791
Public Loans	108,058,202	122,295,778	135,573,947
	<u>108,497,060</u>	<u>122,919,368</u>	<u>136,279,738</u>
Total Liabilities	112,447,589	127,346,402	141,036,265
Excess of Assets over Liabilities, represented by—			
Sinking Fund	10,088,191	11,032,618	12,048,377
Loans Redeemed Reserve	521,243	828,225	1,210,614
General Reserve	3,592,920	4,419,323	4,618,378
	<u>14,202,354</u>	<u>16,280,166</u>	<u>17,877,369</u>
Less Fixed Assets Retired .. .. .	..	..	39,370
	<u>14,202,354</u>	<u>16,280,166</u>	<u>17,837,999</u>
Planning and Highways Sinking Fund	12,097	24,799	38,136
Planning and Highways Reserve	4,841,082	6,313,103	7,785,470
Rates Equalization Reserve	622,534	1,174,794	1,485,546
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	476,158	463,806	456,796
Distributable Expense Variance Account	130,030	246,012	305,081
Accumulated Surplus	7,481	20,604	32,172
	<u>21,208,841</u>	<u>25,440,389</u>	<u>28,858,305</u>

As indicated in the summary, the Board's investments—long and short-term—increased by £2,335,595 (net). This increase was due to the additions in provisions and reserves already referred to herein.

The increase of £199,055 in the General Reserve was accounted for as follows:—

	£
Estimated value of privately constructed water mains taken over by the Board, less reimbursements made by the Board	195,423
Contributions towards cost of works	12,055
	<u>207,478</u>
Net loss on realization of land, plant, motor vehicles, &c.	8,423
	<u>199,055</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, 1964, was £136,279,738.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by £14,632,786. Major increases were:—

	£
Reservoir and Conduit Construction, &c.	2,069,979
Water Supply—extension large mains	1,067,473
" " reticulation, water meters, &c.	1,684,124
Construction and Amplification—sewage disposal, &c.—Farm	171,001
Sewerage—extension mains, treatment works, &c.	7,742,864
" Brooklyn Pumping Station	256,667
Main Drains and River Improvements—extensions, &c.	1,119,720
Metropolitan Main Highways	129,630
Foreshore Improvement	19,887

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1964, 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. The audits are, by arrangement, complementary in character.

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

		Year ended 30.6.1963.		Year ended 30.6.1964.	
		£		£	
Operations—					
Tramways	Surplus	47,920	Deficit	190,721	
Omnibuses	Deficit	254,152	Deficit	286,461	
		Deficit on operations (net)		477,182	
Properties and Miscellaneous ..	Net Credit	81,010	Net Credit	43,553	
		125,222		433,629	
Interest on Investments		130,022		79,021	
Result for year		Surplus	4,800	Deficit	354,608

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

		Year ended 30.6.1963.		Year ended 30.6.1964.	
		£		£	
Provision for—					
Long Service Leave		117,015		112,624	
Retiring Gratuities		206,263		216,803	
Accrued Sick Leave		54,437		55,976	
Public Liability Claims		103,048		103,480	
Obsolescence in Stores Stock		3,903		3,794	
		484,666		492,677	

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, 1963, and 1964, are summarized hereunder :—

30.6.1963.		30.6.1964.	
£		£	£
Current Assets—			
43,200	Balances at Bank and Cash in Hand	47,662	
126,033	Sundry Debtors	120,319	
519,044	Stores on Hand and Work in Progress	403,609	
<u>688,277</u>			571,590
Fixed Assets—			
7,160,722	Permanent Way, Overhead Construction, Transmission Lines	7,432,484	
4,792,311	Rolling Stock	4,759,358	
2,222,005	Land and Buildings	2,239,442	
1,338,722	Plant, Furniture, and Fittings, &c.	1,450,611	
15,513,760		15,881,895	
7,528,248	Less Provision for Depreciation	7,818,447	
<u>7,985,512</u>			8,063,448
8,673,789	Carried forward		<u>8,635,038</u>

30.6.1963.		30.6.1964.	
£		£	£
8,673,789	Brought forward		8,635,038
997,331	Intangible Assets	1,002,761	
571,358	Less Provision for Amortization	589,452	
425,973			413,309
1,807,268	Investments		1,581,629
10,907,030	Total Assets		10,629,976
 Current Liabilities—			
401,739	Sundry Creditors	382,812	
35,440	Contractors' and other Deposits	35,384	
18,057	Less Deposits other than Cash	16,441	
419,122		18,943	
			401,755
 Accrued Liabilities—			
142,480	Interest on Loans	142,142	
128,495	Other	163,453	
270,975			305,595
9,161,611	Loans		9,248,470
 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	
10,163	" " Stores Obsolescence	9,475	
1,457,823			1,457,135
11,309,531	Total Liabilities		11,412,955
 The excess of Liabilities over Assets is represented by—			
481,287	The Accumulated Deficit brought forward	481,287	
	Plus—Expenditure for the year on abandonment of Permanent Way and Electrical Equipment of Line	25,870	
		507,157	
	Plus—Deficit for year	354,608	
			861,765
	Accumulated Deficit at 30th June, 1964		
78,786	Less—Grants from Commonwealth of Australia for Tramlines con- structed at its request		78,786
402,501			782,979

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 :—

	30.6.1963.	30.6.1964.
	£	£
Provision for depreciation and amortization	7,445,038	7,703,909
Sinking Fund	654,568	*703,990
Total Provision	8,099,606	8,407,899

* NOTE.—Of the investments of the Board amounting to £1,581,629, as at 30th June, 1964, investments to the sum of £703,990 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 the Trust. In previous reports, I expressed the opinion that the scope of the audit by my Office should be extended to include the Trust's Revenue Account and Balance Sheet, and this aspect has been the subject of enquiry by the Committee of Public Accounts. Their recommendations were reported to the House on 23rd September, 1964.

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, 1962, and 1963, is given hereunder:—

1962.		1963.
£		£ £
	Operational Receipts—	
2,103,650	Wharfage Rates	2,225,296
335,427	Tonnage Rates	444,104
309,275	Rent, &c., from Lands	339,418
104,143	Rent of Sheds	139,631
204,491	Special Berth and Appropriation Fees, &c.	249,034
51,811	Storage, Receiving and Delivery Fees	58,373
619,113	Crane Hire	701,026
823	Plant Hire	889
14,168	Towage	16,914
25,316	Cargo Lights	28,639
35,980	Sale, Electric Energy	43,678
132,337	Miscellaneous	134,497
<u>3,936,534</u>		<u>4,381,499</u>
	Operational Disbursements—	
827,779	Management and General Expenses	871,268
698,221	Port Operating Expenses	745,060
602,981	Maintenance—Dredging and Properties	540,313
759,067	Interest	819,369
2,381	Loan Flotation Expenses	1,087
10,596	Damage to Trust Plant	12,667
9,309	Refunds of Revenue	14,116
<u>2,910,334</u>		<u>3,003,880</u>
	Appropriations—	
484,945	Consolidated Revenue	£ 530,089
201,919	Sinking Fund	228,783
		<u>758,872</u>
<u>3,597,198</u>		<u>3,762,752</u>
339,336	Operational Surplus	618,747
	Other Disbursements (net)—	
15,346	Stocks and Loose Tools .. .. .	..
	Sundry Debtors	24,612
	Investments	21,719
	Employees' Housing	5,978
	Suspense Account	6,391
		<u>58,700</u>
<u>323,990</u>	Carried forward	<u>560,047</u>

1962.							1963.	
£							£	£
323,990	Brought forward .. .. .						..	560,047
Other Receipts (net)—								
24,071	Investments .. .. .	..	..	..	..	..	..
36,105	Sales Property, Plant, &c. .. .. .	..	..	..	..	..	26,779	
10,419	Sundry Debtors .. .. .	..	..	..	..	..	..
1,728	Superannuation .. .. .	..	..	..	..	..	42,188	
..	Stocks of Materials .. .. .	..	..	..	..	..	43,666	
6,081	Employees' Housing .. .. .	..	..	..	..	..	..
20,095	Suspense Account .. .. .	..	..	..	..	..	..
<u>98,499</u>							<u>..</u>	112,633
2,967,770	Loan Moneys Received .. .. .	..	..	..	..	..	1,016,300	
2,131,540	Less Loans Redeemed .. .. .	..	..	..	..	..	745,000	
<u>836,230</u>							<u>..</u>	271,300
1,258,719								<u>943,980</u>
225,243	Cash Overdrawn, 1st January .. .. .	..	..	..	..	..	..	55,346
1,033,476	Available for New Works .. .. .	..	..	..	..	..	..	888,634
1,088,822	New Works .. .. .	..	..	..	..	..	..	945,885
<u>55,346</u>	Cash Overdrawn, 31st December .. .. .	..	..	..	..	..	..	<u>57,251</u>

The loan liability increased by £42,507 to £14,917,524 at 31st December, 1963.

METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to 1963-64 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1963-64, the funds so provided were—Fire Insurance Companies, £1,293,400, and Municipalities £646,700.

	1960-61.	1961-62.	1962-63.	1963-64.
<i>Revenue.</i>				
Surplus from previous year	£ 55,198	£ 122,865	£ 218,391	£ 106,599
Statutory contributions	1,616,410	1,851,410	1,770,014	1,940,100
Other	37,111	72,691	65,604	56,242
	1,708,719	2,046,966	2,054,009	2,102,941
<i>Expenditure.</i>				
Salaries, Wages, and Maintenance, &c.	1,433,181	1,644,460	1,750,769	1,819,315
Loan Repayments	9,191	10,274	11,121	10,388
Transfers to Funds and Interest on Loans	143,482	173,841	185,520	192,495
	1,585,854	1,828,575	1,947,410	2,022,198
Surplus carried forward to next year	122,865	218,391	106,599	80,743

The financial position of the Board as at 30th June, 1963, and 30th June, 1964, is summarized hereunder:—

30.6.1963.		30.6.1964.
£		£
	Source of Funds—	
	External—	
355,772	Loan liability	345,383
355,772		
	Internal—	
1,228,204	Excess of assets over liabilities	1,303,530
1,506,884	Funds	1,833,113
1,286,559	Less invested on account of Superannuation and other Trust purposes	1,464,825
220,325		368,288
1,448,529		1,671,818
1,804,301		2,017,201
	Represented by—	
	Current Assets—	
..	Cash	42,967
55,969	Sundry Debtors and Advances	60,454
89,548	Stock on Hand	96,393
356	Work in progress	746
145,873		200,560
	Less—	
	Current Liabilities—	
974	Sundry Creditors	835
97,232	Cash Deficit	
98,206		
47,667		199,725
345,062	Investments	317,142
	Fixed Assets—	
1,016,498	Land and Buildings	1,111,916
117,479	Plant, Machinery and Equipment	125,078
277,595	Rolling Stock	263,340
		1,500,334
1,804,301		2,017,201

PORTLAND HARBOR TRUST.

After taking into consideration a State contribution of £322,950 and the provisions for sinking fund and accruing long service leave, there was a net surplus of £56,392 from the year's operations. This compares with a deficit of £40,339 in 1962-63.

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

1962-63.		1963-64.	
£		£	£
	Operating Revenue—		
63,224	Wharfage Rates	65,112	
10,748	Tonnage Rates	10,780	
12,207	Haulage	18,664	
213	Slipway Charges	244	
22,241	Shipping Services	21,041	
9,909	Rent	15,852	
<u>118,542</u>			131,693
	Operating Expenditure—		
32,646	Administrative	29,214	
40,058	Maintenance	29,930	
34,636	Shipping Services	37,113	
7,283	Depreciation	7,785	
<u>114,623</u>			104,042
3,919	Operating Surplus		27,651
	Non-operating Revenue—		
9,055	Interest	7,531	
411	Licences	566	
13	Other	29	
<u>9,479</u>			8,126
<u>13,398</u>			35,777
	Non-operating Expenditure—		
280,862	Loan Interest	280,452	
513	Loan Flotation Expenses	55	
<u>281,375</u>			280,507
267,977	Excess of Expenditure over Revenue		244,730
	Appropriations—		
591	Long Service Leave	626	
21,171	Sinking Fund	21,202	
<u>21,762</u>			21,828
289,739			266,558
249,400	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes		322,950
<u>40,339</u>	(Deficit) Net Surplus or Deficit for year .. .. .	.. (Surplus)	56,392
<u>27,871</u>	Accumulated Surplus at 30th June		84,263

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, £630,768 and National Debt Sinking Fund contributions, £32,103.

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

30.6.1963.								30.6.1964.
£								£
78,130	Current Liabilities							72,177
	Deferred Liabilities—							
5,000	Treasury Advance							5,000
7,178,218	Loan Funds							7,517,320
7,634	Other							7,153
<hr/>								<hr/>
7,190,852								7,529,473
	Funds of the Trust—							
59,872	Endowments							51,258
157,683	Sinking Fund							186,738
<hr/>								<hr/>
217,555								237,996
27,871	Accumulated Surplus							84,263
<hr/>								<hr/>
245,426								322,259
<hr/>								<hr/>
7,514,408								7,923,909
	Current Assets—							
65,596	Cash							41,729
66,203	Stores							79,314
74,018	Other							24,166
								<hr/>
								145,209
*361,240	Investments							*612,347
	Fixed Assets—							
56,101	Property Vested (<i>less</i> Written Off)							48,198
4,217	Other (<i>less</i> Depreciation)							4,331
6,957,033	Construction Works and Plant (<i>less</i> Depreciation)							7,113,824
								<hr/>
								7,166,353
<hr/>								<hr/>
7,514,408								7,923,909
<hr/>								<hr/>

* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1964, comprised advances from the Treasurer, £2,041,450 (including £12,450 discount and expenses on loans) and £5,475,870 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 £630,768.

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 £41,520, and subsidiary stores £37,794. 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 and are supported by a certificate of the Engineer.

Investments, £612,347, 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 equivalent 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.

	30.6.1962.		30.6.1963.		30.6.1964.	
	£	%	£	%	£	%
Inscribed Stock	2,468,550	42	2,718,400	41	2,868,500	40
Bank Deposit Stock	350,000	6	350,000	5	350,000	5
Municipal Debentures	660,789	11	565,165	9	604,778	8
Mortgages	2,200,859	37	2,521,978	39	3,134,559	44
Loan to Co-operative Housing Society ..	151,969	3	145,858	2	133,252	2
Cash at Bank and in Hand	66,940	1	243,587	4	52,023	1
	<u>5,899,107</u>	<u>100</u>	<u>6,544,988</u>	<u>100</u>	<u>7,143,112</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 £10,918,749 at 30th June, 1964.

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 1962-63 and 1963-64 were:—

INTEREST SUSPENSE ACCOUNT.

1962-63.		1963-64.	
£		£	£
349,777	Income from investments .. .. .	..	407,553
	Appropriations—		
180,919	Interest allocated to estates	206,298	
15,000	Provision for interest payable to estates	30,000	
50,000	Estates Guarantee and Reserve Account	70,000	
103,858	Consolidated Revenue	101,255	
<u>349,777</u>		<u>407,553</u>	

ESTATES GUARANTEE AND RESERVE ACCOUNT.

1962-63.		1963-64.	
£		£	£
336,973	Balance at 1st July	403,610	
50,000	Transfer from Interest Suspense Account	70,000	
16,640	Interest credited on balance	23,967	
<u>403,613</u>		<u>497,577</u>	
3	Less Legal fees .. .. .	..	..
<u>403,610</u>	Balance at 30th June	<u>497,577</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 £14,353 compared with a surplus of £13,412 in the preceding year. Particulars are :—

1962-63. £	Receipts.	1963-64. £	1962-63. £	Payments.	1963-64. £
118,192	Fees and Commission	132,526	163,620	Salaries, pay in lieu of long service leave, overtime and payroll tax	177,831
103,858	Surplus — Interest Suspense Account	101,255	1,331	Publicity	1,173
			36,122	Rent	32,725
			7,565	Other expenses (net)	7,699
			13,412	Surplus for the year	14,353
<u>222,050</u>		<u>233,781</u>	<u>222,050</u>		<u>233,781</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—

	1961-62.	1962-63.	1963-64.
	£	£	£
Consolidated Revenue—			
Fees and Commission	118,823	118,192	132,526
Probate Duty	165,791	133,038	230,444
Surplus from Interest Suspense Account	84,315	103,858	101,255
Maintenance—Patients in Mental Hospitals	23,748	33,114	33,531
Stationery, Postages recouped	4,537	5,019	5,301
Sundry Receipts	496	2,331	751
	<u>397,710</u>	<u>395,552</u>	<u>503,808</u>
Transfers to Treasury Trust Fund—			
Unclaimed Moneys—after 6 years	30,906	34,573	49,225
Unpresented cheques, &c.	1,579	649	1,620
	<u>32,485</u>	<u>35,222</u>	<u>50,845</u>

RURAL FINANCE AND SETTLEMENT COMMISSION.

Pursuant to the provisions of the *Rural Finance and Settlement Commission Act* 1963, No. 7011, the Commission's Settlement and Finance Branches were amalgamated and its existing insurance funds consolidated, as from 1st July, 1963.

The Commission administers several Acts, and appropriate particulars as to its financial authority and operations under each of these Acts are furnished below.

THE RURAL FINANCE ACT 1958.

As directed by Section 15 (c) of the *Rural Finance and Settlement Commission Act* 1961, the powers and functions formerly exercised by and the duties and obligations formerly imposed under the *Rural Finance Act* 1958 upon the Rural Finance Corporation and later on the Finance Branch of the Commission as the successor to the Corporation were, as from 1st July, 1963, transferred to and thereafter exercised by and imposed upon the Commission, not on a branch basis as previously, but as part of its corporate powers and functions.

Loans under Part III. of Act.—In accordance with the statutory powers transferred to the Commission, as mentioned above, the Commission makes advances by way of loan, at the lowest possible rates of interest, to existing or proposed country industries, both primary and secondary. In these terms, loans made during the year amounted to £1,853,186. At the close of the year, £10,095,018 was held by borrowers of which £8,285,219 was held in respect of primary industries and £1,809,799 on account of secondary industries.

Rate of Interest on Loans from State—Pursuant to his authority under the Act, the Treasurer determined, for 1963–64, 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.

Advances under Part IV. of Act—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 1963–64.

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 £9,008.

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	3,043,409	
Repayments of advances, 1st July, 1963, to 30th June, 1964	79,319	
	—————	3,122,728†
		5,514,728
Less Payments re debt adjustment to 30th June, 1964 .. .. .	..	3,642,788
		—————
Unexpended balance 30th June, 1964 .. .. .	..	1,871,940
		—————

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

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

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

Annual Statements of Accounts.—As required by the relevant legislation, a Profit and Loss Account for the financial year ended 30th June, 1964, and a Balance Sheet as at that date in relation to the aforementioned operations have been prepared. Comparative details for the past two years are summarized hereunder:—

		INCOME.							
1963.								1964.	
£								£	£
519,884	Interest .. .. .	..	..	..	..	..	..	552,804	
7,984	Application and Legal Fees .. .. .	..	..	..	..	..	..	10,096	
<u>527,868</u>									<u>562,900</u>
<i>Less</i> EXPENDITURE AND PROVISIONS.									
54,702	Administration .. .. .	..	..	..	..	..	..	67,125	
348,104	Interest on Loan Indebtedness .. .. .	..	..	..	..	..	..	379,546	
16,422	Interest on Redeemed Securities .. .. .	..	..	..	..	..	..	19,159	
1,691	Depreciation .. .. .	..	..	..	..	..	..	..
1,443	Provision for Long Service Leave .. .. .	..	..	..	..	..	..	2,414	
2,552	Provision for Superannuation .. .. .	..	..	..	..	..	..	6,100	
<u>424,914</u>									<u>474,344</u>
102,954	Operating Profit for Year .. .. .	..	..	..	..	..	..	88,556	
16,998	Add Interest on General Reserve Investments .. .. .	..	..	..	..	..	..	19,599	
<u>119,952</u>									<u>108,155</u>
<i>Less—</i>									
23,228	National Debt Sinking Fund—Contribution .. .. .	..	..	..	..	..	..	25,057	
5,645	Discounts and Expenses on Loans .. .. .	..	..	..	..	..	..	4,553	
1,145	Bad Debts written off .. .. .	..	..	..	..	..	..	61	
..	Provision for Doubtful Debts .. .. .	..	..	..	..	..	..	40,733	
<u>30,018</u>									<u>70,404</u>
89,934	Net Profit Transferred to General Reserve .. .. .	..	..	..	..	..	..	37,751	

At 30th June, 1963, and 30th June, 1964, funds available to the Commission were:—

30.6.1963.		30.6.1964.	
£		£	£
Loan Funds—			
9,516,008	Loan Liability—Treasurer of Victoria (net)		10,104,039
Other Funds—			
10,140	Advances <i>Farmers Debts Adjustment Act 1943</i> —Treasurer of Victoria	9,328	
2,341,644*	Funds provided by Grant under <i>Commonwealth Loan (Farmers Debts Adjustment) Act 1935</i>	2,341,644*	
9,702	Interest on Mortgages prior to 26th April, 1950	9,702	
		<u>2,360,674</u>	
5,871	Trust Account—Amounts in suspense .. .. .	..	7,964
2,649	Sundry Creditors .. .. .	..	8,731
428,153	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	..	495,405
14,584	Provision for Long Service Leave .. .. .	..	24,593
33,598	Provision for Superannuation .. .. .	..	94,434
..	Provision for Doubtful Debts .. .. .	..	209,483
..	Settlers' Proceeds Held .. .. .	..	48,460
..	Inter-Fund Adjustment Account .. .. .	..	12,718
..	Loan Equalization Account .. .. .	..	40,000
584,911	General Reserve .. .. .	..	366,092
..	Profit and Loss Appropriation Account .. .. .	..	16,160
<u>12,947,260</u>			<u>13,788,753</u>

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

The allocations to new Reserves and Provisions and the variations as between the two years, in the existing Reserves and Provisions indicated in the preceding funds statement, were made in conformity with the terms of paragraph (d) of sub-section (3) of Section 25 of the *Rural Finance and Settlement Commission Act 1961*, as amended. Such additions and variations were effected in the following manner:—

Reserve or Provision	Addition + Reduction —		Variations effected by:—					
		£				£	£	
Long Service Leave	.. +	10,009	Provision from Income	..	..	11,096	
			Interest on Investments	..	..	607	
						<hr/>		
						11,703		
			Less Long Service Leave Paid	..	..	1,694	
						<hr/>	10,009	
Superannuation..	.. +	60,836	Provision from Income	..	..	25,653	
			Transfer from General Reserve	..	..	35,000	
			Interest on Investments	..	..	1,289	
						<hr/>		
						61,942		
			Less Superannuation Paid	..	..	1,106	
						<hr/>	60,836	
Doubtful Debts	.. +	209,483	Provision from Income	..	..	40,733	
			Transfer from General Reserve	..	..	168,750	
						<hr/>	209,483	
Loan Equalization	.. +	40,000	Transfer from General Reserve	..	..	..	40,000
Profit and Loss Appropriation	.. +	16,160	Transfer from General Reserve	..	..	..	16,160
General Reserve	.. —	218,819	Various transfers to Provisions as above:—					
			Superannuation	..	..	35,000	
			Doubtful Debts	..	..	168,750	
			Loan Equalization	..	..	40,000	
			Profit and Loss Appropriation	..	..	16,160	
						<hr/>		
						259,910		
			<i>Plus</i> Costs of Administration:—					
			Soldier Settlement Acts	..	..	157,822	
			Land Settlement Acts	..	..	84,940	
						<hr/>		
						502,672		
			<i>Less—</i>					
			Net Profit Rural Finance Acts..	..	..	37,751	
			Consolidated Revenue Section 25 (5)	..	..	232,800	
			Interest on Investments	..	..	13,302	
						<hr/>		
						283,853		
						<hr/>	218,819	

The purpose of the General Reserve (£366,092) is to meet any loss or deficiency incurred in the course of business by the Commission. So far as practicable, this Reserve is, until required, invested in securities approved by the Treasurer.

The Inter-Fund Adjustment Account included in the funds statement is a Suspense Account established for the purpose of the adjustment of the book values of assets taken over from the Soldier Settlement Commission.

The funds shown in the funds statement were applied as follows:—

30.6.1963.		30.6.1964.
£		£ £
	Loans and Advances—	
9,601,798	Loans under Part III.— <i>Rural Finance Act 1958</i>	10,095,018
558,725	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Act 1958</i>	479,406
10,140	Advances under <i>Farmers Debts Adjustment Act 1943</i>	9,328

		10,583,752
157,381	Interest Due and Accrued	159,801
	Cash at Treasury—	
1,792,621	Rural Rehabilitation Fund	1,871,940
2,407	National Debt Sinking Fund	3,137

		1,875,077
	Fixed Assets—	
6,248	Furniture and Office Equipment <i>less</i> Depreciation	8,347
686	Motor Cars <i>less</i> Depreciation	16,228

		24,575
1,051	Charges paid in Advance	1,154
	Cash—	
51,562	At bank and in hand	204,472
454,000	Cash at Call	510,000

		714,472
	Investments (at cost) on account of—	
12,446	Long Service Leave Provision	22,696
273,695	General Reserve	353,301
24,500	Superannuation Provision	53,925

		429,922

12,947,260		13,788,753

Interest due and accrued, £159,801, shown in the preceding summary, comprised interest due, £71,858, and interest accrued, £87,943.

As indicated in my previous report, the Commission agreed, in respect of a certain company engaged in secondary industry, to consolidate existing matured loans and interest arrears amounting to £234,246. Subject to that company complying with certain conditions, the Commission further agreed that the consolidated loan, although payable on demand, would not be called up until 31st December, 1967. Subsequent to this arrangement, a meeting of creditors appointed an Official Manager and a Committee of Management pursuant to the provisions of Section 201 of Part IX. of the *Companies Act 1961*. At 30th June, 1964, the Company was indebted to the Commission as explained hereunder:—

	Consolidated Loan.	Interest.	Total.
	£	£	£
Balance 1st July, 1963	233,192	4,685	237,877
Plus charges raised 1963-64 .. ..	..	9,327	9,327
	-----	-----	-----
	233,192	14,012	247,204
Less amounts received 1963-64	10	..	10
	-----	-----	-----
Liability at 30th June, 1964	233,182	14,012	247,194

Government Agency Department.—Under Section 35 of the *Rural Finance 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. Operations in this Department during the year 1963-64 were:—

	£	£	£
Receipts—			
From Treasurer of Victoria—			
Loan Fund	75,000		
Decentralization Fund	1,069		

		76,069	
From borrowers—			
Repayments of Principal	65,766		
Interest on Advances	16,626		

		82,392	
Add Cash at Bank—1st July, 1963		10,836	

Carried forward			169,297

	£	£
Total Receipts brought forward		169,297
Less Payments—		
To Settlers—		
Goulburn Valley (Rehabilitation of Peach Growers)	1,500	
Sunraysia District (Capital Improvements and Replacements).. .. .	375	
Lake Corangamite Area (Flood Relief)	10,500	
Tresco District (Capital Improvements)	2,100	
Tobacco Growers	3,545	
Orchardists (Hail Damage)	35,475	
	—————	53,495
„ Secondary Industries	18,587	
„ Treasurer of Victoria—Instalments of Principal and Interest	82,392	
	—————	100,979
		—————
		154,474
Cash at Bank—30th June, 1964		14,823

SOLDIER SETTLEMENT ACT 1958.

Section 17 of the *Soldier Settlement Act* 1958 authorized the borrowing of £65,000,000 for the purpose of a land settlement scheme for eligible ex-servicemen and for advances to discharged servicemen to assist them in the purchase of individually selected farms (single units).

In the period from the inception of the Soldier Settlement Scheme in the year 1945–46 to 30th June, 1964, a sum of £65,411,027 has been allocated for soldier settlement. Of this sum, £58,212,324 has been made available from State Loan Fund and £7,198,703 by the Commonwealth in the nature of special assistance loans.

According to the books of the Commission, its loan liability on account of soldier settlement as at 30th June, 1964, was £30,750,259.

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

	£	£
Estates purchased and developed and in respect of which settlers have not yet received interim leases		1,418,715
Land and Improvements held by settlers under—		
(a) Purchase Lease	19,640,493	
(b) Interim Lease	2,615,436	
	—————	22,255,929
Advances to finance single unit farms		5,537,434
Advances to effect improvements and for purchase of stock, &c.		271,659
Unpaid Balances under Contracts of Sale		276,487

Other assets included buildings and working plant at cost less depreciation, £38,891, and stock, plant and materials not yet allocated, £1,150.

Repayments by settlers and other credits of a capital nature over the period of operation of the scheme have, with the exception of the sum of £310,319 paid to the Commonwealth as part redemption of its special assistance loans, been credited to Loan Fund. A sum of £1,865,778 was so credited during 1963–64 making the total repayments at 30th June, 1964, £23,807,265.

Commonwealth contributions towards “excess costs” to 30th June, 1964, have amounted to £6,085,491, of which £3,795,712 has been credited to Loan Fund and £2,289,779 to Consolidated Revenue.

In respect of Soldier Settlement, the Commission's Profit and Loss account for 1963-64 shows:—

<i>Expenditure—</i>	£	£	£
Interest .. .. .	..	1,693,324	
<i>Less</i> Interest Capitalized	23,533		
Interest transferred and borne by the State	447,529		
	—————	471,062	
		1,222,262	
Administrative Costs .. .. .	..	138,295	
Shire Rates .. .. .	..	4,561	
Rents and Interest remitted	812		
<i>Less</i> Commonwealth share	406		
	—————	406	
Provision for Long Service Leave .. .. .	..	5,177	
Provision for Superannuation .. .. .	..	12,567	
		—————	1,383,268
<i>Income—</i>			
Interest earned .. .. .	..	600,736	
Rents, Fees and Sundries .. .. .	..	3,168	
Contribution by Commonwealth—account Shire Rates .. .. .	..	2,235	
		—————	606,139
Deficit for 1963-64 .. .. .	..	..	777,129
			—————

Accumulated profits from livestock trading activities, which ceased to be associated with Soldier Settlement from 1st July, 1961, amounted to £1,274,924, and were paid into Consolidated Revenue. The total accumulated deficit to 30th June, 1964, before taking into account profits from sheep and cattle farming, amounted to £9,460,771.

This deficit is almost wholly caused by remissions of rent and interest, the difference between the concessional rate of interest at 2 per cent. charged to settlers as fixed by the Act and the current rates payable on Government loans, the costs and expenses of raising the loans, and the cost of administration of the scheme. The aggregate concessions thus granted towards the settlement of discharged servicemen by this State to the 30th June, 1964, have been calculated by the Commission to be £8,795,152.

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

LAND SETTLEMENT ACT 1959.

The *Land Settlement Act* 1959 provided for the application from Loan Fund of amounts not exceeding, in the aggregate, £10,000,000 for a land settlement scheme which was to be open, in terms of the Act, to applications by all adult British subjects.

Loan expenditure to 30th June, 1964, amounted to £8,001,386. Over the period of operation of the scheme, repayments of a capital nature, £302,375, have been credited to Loan Fund reducing the Commission's loan liability in respect of Land Settlement to £7,699,011 at 30th June, 1964.

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

	£	£
Estates purchased and developed not yet disposed of	7,989,249	
Unpaid balances under Contracts of Sale	10,950	
Advances to Settlers—Division 6	137,709	
Other assets—		
Buildings and working plant at cost <i>less</i> depreciation	419,614	
Plant, materials and services not yet allocated	97,657	
	<hr/>	517,271
		<hr/>
		8,655,179

The Profit and Loss Account for the period ended 30th June, 1964, excluding livestock transactions shows :—

	£
<i>Expenditure—</i>	
Interest and Loan-raising Expenses	327,443
<i>Less</i> Interest Capitalized	298,892
	<hr/>
	28,551
Administrative Costs	74,751
Provision for Long Service Leave	3,396
Provision for Superannuation	6,793
	<hr/>
	113,491
<i>Income—</i>	
Interest earned, agistment, &c.	91,591
Deficit at 30th June, 1964	21,900
	<hr/>
	113,491

The accumulated deficit to 30th June, 1964, before taking into account profits from livestock trading, amounted to £421,968. This deficit is almost wholly caused by remissions of rent and interest, the difference between the concessional rate of interest at 4 per cent. charged to settlers as fixed by the Act and the current rates payable on Government loans, the costs and expenses of raising the loans and the cost of administration of the scheme. The aggregate concessions thus granted towards the settlement of adult British subjects by this State to 30th June, 1964, exclusive of interest concessions, have been calculated by the Commission to be £397,357.

By resolution of the Commission, with effect from 1st July, 1961, livestock trading activities were transferred from "Soldier Settlement" to "Land Settlement". During the year, trading in livestock showed a profit of £47,765, increasing accumulated profit from this activity to £105,173 at 30th June, 1964.

RURAL FINANCE AND SETTLEMENT INSURANCE FUND.

Sub-section (3) of Section 29 of the *Rural Finance and Settlement Commission Act* 1961, as amended, provided for the establishment of a fund to be called the Rural Finance and Settlement Insurance Fund and sub-section (4) of the same Section directed that there were to be paid into the Fund all amounts standing to the credit of—

- (a) the Soldier Settlement Insurance Fund ;
- (b) the Insurance Account kept pursuant to the *Rural Finance Act* 1958 ; and
- (c) the Land Settlement Insurance Fund—

after repaying to the Public Account any amounts advanced from the Public Account and unrecouped at the coming into operation of the Act.

The statutory purpose of the Fund is to allow the Commission to undertake insurance against loss or damage by fire or any other prescribed cause in respect of a building or other property subject to any lease, contract of sale, mortgage or other security entered into pursuant to any Act administered by the Commission.

The income and expenditure of the Fund for the year are shown below :—

	£	£
<i>Income—</i>		
Transfers from—		
The Soldier Settlement Insurance Fund	609,832	
The Land Settlement Insurance Fund	7,755	
	<hr/>	617,587
Collection of Arrears of Premium—		
Soldier Settlement	2,170	
Land Settlement	339	
	<hr/>	2,509
Premiums Raised 1963-64 .. .. .	..	92,064
Interest on Investments .. .. .	..	9,184
	<hr/>	<hr/>
Gross Income .. .. .	..	721,344
<i>Expenditure—</i>		
Claims outstanding at 1st July, 1963, met in 1963-64	3,780	
Current claims admitted—1963-64	22,036	
	<hr/>	
Total claims met—1963-64	25,816	
Administration Expenses	4,841	
Contribution Country Fire Authority	8,185	
	<hr/>	
Total Expenditure .. .. .	..	38,842
	<hr/>	<hr/>
Balance at 30th June, 1964 .. .. .	..	682,502

The balance of the Fund at the close of the year was represented by :—

	£	£
Cash at Bank .. .. .	..	41,557
Investments—		
Short Term Money Market	550,000	
Fixed Deposit	90,325	
	<hr/>	640,325
Accrued Interest .. .. .	..	5,317
Arrears of Premium .. .. .	..	7,979
	<hr/>	<hr/>
	..	695,178
<i>Less—</i>		
Claims admitted but not paid .. .. .	..	12,676
	<hr/>	<hr/>
Balance at 30th June, 1964 .. .. .	..	682,502

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 and, as explained hereunder, for certain members of the Police Force.

The *Superannuation Act 1963* provides for most members of the Police Force to become officers within the meaning of the Principal Act. In this connexion, the amending Act requires every person who is appointed to the Police Force on and after the "Appointed Day"—1st February, 1964—to become a participant in the State Superannuation scheme and provides the opportunity, with few exceptions, for existing members of the Police Force, within three months as from that date, to elect to transfer from the Police Pensions scheme to the State Superannuation scheme on the "Transfer Day", that is, in terms of the Act, the 7th day of May, 1964. Each member of the Force transferring as aforesaid and referred to in the Act as an "electing member" is required to contribute for an appropriate number of units of pension. Further, the pension rights and obligations of members and certain ex-members of the Force, including specified age groups and other classes of "electing members", are provided for in the Act.

For the purpose of financial adjustment as between the two Funds, the amending legislation authorizes the transfer from the Police Pensions Fund to the State Superannuation Fund of such moneys and securities (if any) as are certified by the Government Statist to be appropriate in all the circumstances. Up to the close of the year under review, no such transfer had been made.

In addition to the provisions outlined above, the *Superannuation Act 1963* includes the following amendments to the Principal Act:—

- (i) re-enactment of the interpretation of "the maximum age for retirement";
- (ii) authority, subject to certain conditions, for payments from the State Superannuation Fund to Consolidated Revenue when an actuarial investigation of such Fund discloses a surplus of assets over liabilities;
- (iii) extension of the unit scale of pensions from 36 units to a maximum of 54 units;
- (iv) establishment within the Fund of a "Reserve Units Account" to which contributions may be made for reserve units of pension; and
- (v) in respect of the entitlement of children to pension benefits, the raising of the maximum age from sixteen to eighteen years.

The receipts and disbursements for the current year, compared with those for the two previous years, are summarized below:—

—	Year Ended 30th June, 1962.	Year Ended 30th June, 1963.	Year Ended 30th June, 1964.
	£	£	£
<i>Receipts.</i>			
Balance (including Investments)	35,970,643	38,637,255	41,970,187
Contributions from officers (Net)	2,075,990	2,666,444	2,957,471
Contributions from Consolidated Revenue	4,142,005	4,403,457	4,657,857
Interest	1,814,922	2,019,160	2,207,698
Underwriting Commission	18,914	13,750	7,406
Reserve Units Account (Net) .. .. .	..	..	9,814
Assurance Premiums (Net) .. .. .	..	..	243
	44,022,474	47,740,066	51,810,676
<i>Disbursements.</i>			
Pensions	5,363,927	5,735,831	6,093,021
Endowment Assurances	280	..	..
Assurance Premiums (Net)	1,062	639	..
Lump Sum Payments (Limited Contributors)	2,400	1,159	2,366
Interest on Advance from State Treasury	17,550	32,250	28,859
Repayment of Advance from State Treasury .. .. .	..	..	600,000
	5,385,219	5,769,879	6,724,246
The Balance was	38,637,255	41,970,187	45,086,430
Of which there was invested	38,619,925	*41,969,723	*45,009,786
Leaving a cash balance of.. .. .	17,330	464	76,644

* Face value of Investments { 1962-63 £41,795,171.
1963-64 £44,802,534.

Receipts for the year exceeded disbursements by £3,116,243. Net investments during the year amounted to £3,040,063, and the cash balance at the close of the year was £76,644.

Explanations of the major variations indicated in the preceding statement are given below :—

Contributions from Officers.—The increase of £291,027 under this head was a net figure. Actually, gross contributions rose by £343,565 and refunds of contributions by £52,538. The gross increase was partly accounted for by the receipt of contributions from “electing members” of the Police Force amounting to £44,779.

Contributions from Consolidated Revenue.—The rise of £254,400 in these contributions represented the increase in the Government recoup commensurate with the increase in the aggregate amount of pensions paid in the year. It is of interest to note that this amount included the sum of £9,658 on account of pensions of certain members and ex-members of the Police Force in terms of the *Superannuation Act 1963*.

Interest.—All funds held by the Board in excess of current requirements for the payment of pensions and refunds of contributions, &c., are invested in authorized securities. Investments were increased by £3,349,798 in 1962–63 and a further sum of £3,040,063 was invested during 1963–64. These substantial increases in the investments mainly accounted for the increase of £188,538 in interest earned by the Fund during 1963–64.

Repayment of Advance.—This advance was made from Consolidated Revenue late in 1961 to meet special circumstances. (See my Supplementary Report for 1960–61 at page 60.)

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) .. .. .	..	179,243
Receipts—		
Contributions from Teachers .. .. .	..	*18,497
Contribution from Consolidated Revenue .. .. .	..	18,198
Interest on Investments .. .. .	..	9,597
Profit on Redemption of Investments .. .. .	..	123
Funds Available .. .. .	..	225,658
Payments—		
Pensions .. .. .	..	230
Contributions Refunded—		
Teachers .. .. .	..	2,491
Consolidated Revenue .. .. .	..	1,946
Interest on Contributions Refunded .. .. .	..	4,437
Total Payments .. .. .	..	373
Leaving a Balance of .. .. .	..	5,040
Of which was Invested .. .. .	..	220,618
Leaving a Cash Balance of .. .. .	..	†220,574
		44

* Includes £299 subject to refund.

† Face value of Investments, £220,800.

VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1964, is in course, and the figures given below are subject to the completion thereof.

Transactions for 1963-64 resulted in a profit of £51,794 after providing £5,600 for long service leave, as compared with a profit of £20,090 in 1962-63. A summarized statement of trading operations for the two years is as follows:—

REVENUE.

1962-63.	1963-64.
£ Sales—	£
701,781 Meat, Offal and By-products	1,049,673
28,232 Hides, Skins and Wool	83,214
448,875 Storage, Treatment and General Receipts	537,329
49,177 Stock Increase	33,898
1,228,065	1,704,114
1,343 Interest on Investments	2,368
1,229,408	1,706,482

EXPENDITURE.

466,504 Purchases of Livestock and Meat	726,419
618,260 Working Expenses—Wages, Fuel, Freight, Stores, &c.	698,454
40,456 General Expenses—Rent, Rates, Pay-roll Tax, &c.	136,432
20,274 Administration—Head Office, Salaries, &c.	26,722
25,603 Depreciation	27,340
1,171,097	1,615,367
33,721 Interest—Treasurer of Victoria	33,721
4,500 Provision for Long Service Leave	5,600
20,090 Profit	51,794
1,229,408	1,706,482

Increased export trade, greater turnover in other departments and higher prices for by-products were the main reasons for the increased profit.

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

	At 30th June—		
	1962.	1963.	1964.
	£	£	£
Current Liabilities	137,496	168,872	168,021
Loan for Fixed Assets	681,075	681,075	681,075
Capital	290,034	290,034	290,034
Reserves	38,969	42,088	45,552
Accumulated Profit .. .. .	..	..	1,594
	1,147,574	1,182,069	1,186,276
Current Assets	142,995	186,405	230,349
Fixed Assets <i>less</i> Depreciation	934,289	945,464	955,927
Accumulated Loss	70,290	50,200	..
	1,147,574	1,182,069	1,186,276

It will be noted that the current year's profit was more than sufficient to liquidate the accumulated loss of past years.

The State has provided working capital for the Authority and to 30th June, 1964, 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 1963-64 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, by proclamation of the Governor in Council, have been declared commodities 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.

Six Boards, namely, the Chicory, Egg and Egg Pulp, Maize, Onion, Seed Beans and Tobacco Leaf Marketing Boards are at present operating under the Act. The Tobacco Leaf Marketing Board has only recently commenced operations, the members of the Board having been appointed on 22nd April, 1964. By statutory direction the accounts of these Boards are subject to my audit and comments on and summaries of the accounts, with the exception of those of the recently appointed Tobacco Leaf Marketing Board, follow:—

Chicory Marketing Board.

The accounts for the last complete pool period, that ended on 31st March, 1964, have been audited. The operation of this and the two previous pools and the financial position of the Board as at 31st March, 1964, are embodied in the following summary of the Board's affairs.

The Board's assets were:—

	£	£
Sundry Debtors	2,774	
Income accrued due	60	
Stock of chicory on hand (including seed)	14,790	
Plant	320	
	17,944	17,944

Against these assets the pool balances and liabilities were:—

	1961.	Pools. 1962.	1963.	
	£	£	£	
Proceeds of Sales	34,233	36,669	11,162	
Deduct expenses	3,805	4,655	5,721	
	30,428	32,014	5,441	
<i>Plus</i> Stock on Hand .. .. .	..	..	14,726	
	30,428	32,014	20,167	
<i>Less</i> Paid to growers	29,712	32,014	20,174	
	Cr. 716	..	Dr. 7	Cr. 709
Sundry Creditors .. .. .	..	..	..	797
Bank Overdraft (net) .. .. .	..	..	..	11,025
				12,531
As at 31st March, 1964, there was a balance of—				5,413

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 4th July, 1964, is in course and the figures for 1963-64 which follow are furnished subject to final check.

The operations of the pools during the accounting periods for 1962-63 and 1963-64 were :—

1962-63.		1963-64.	
£		£	£
5,337,071	Advances to Producers (Current production)	5,875,042	
<hr/>			
<i>Less Producers' Contributions on Account of—</i>			
743,249	Pool Expenses	422,012	
416,791	Grading and Selling Expenses	369,655	
83,684	Dockage	79,418	
<hr/>			
1,243,724		871,085	
<hr/>			
4,093,347	Net Advances to Producers		5,003,957
<hr/>			
<i>Disposal of Eggs—</i>			
4,041,990	Sold in Shell on Local Market	5,033,939	
83,208	Sold in Shell on Overseas Market	152,459	
188,759	Sold in Shell on Interstate and Other Markets	128,237	
954,481	Converted to Pulp and Sold	570,625	
..	Increase in Stock in Hand	23,909	
<hr/>			
5,268,438		5,909,169	
96,412	Decrease in Stock in hand .. .. .	..
<hr/>			
5,172,026	Total Value of Disposals	5,909,169	
<hr/>			
<i>Less Expenses—</i>			
974,943	Grading, Selling, Manufacturing and Administrative Costs ..	914,611	
<hr/>			
4,197,083	Net Proceeds of Pool		4,994,558
<hr/>			
103,736	Excess of Proceeds over Advances to Producers
..	Excess of Advances to Producers over Proceeds	9,399
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The following is a statement of the Board's balances at 4th July, 1964. Comparative figures at the end of the preceding pool period are also given.

The Board's Funds were—

29.6.1963.		4.7.1964.	
£		£	£
249,019	Reserve Fund .. .. .	..	226,107
234,065	Surplus Distribution 1947-48 (<i>ex Commonwealth</i>) .. .. .	..	234,065
<i>Undistributed Pool Balances—</i>			
2,288	1960-61	2,281	
103,736	1962-63	9,133	
<hr/>			
589,108			11,414
<hr/>			
31,712	<i>Less Pool Deficits—</i> 1961-62	31,734	
..	1963-64	9,399	
<hr/>			
557,396			41,133
<hr/>			
			430,453
<hr/>			

Represented by—

29.6.1963		4.7.1964	
£		£	£
	<i>Current Assets—</i>		
148	Cash on Hand and at Bank		126
	<i>Stocks on Hand—</i>		
137,189	Eggs and Egg Products at valuation	158,404	
24,706	Packing materials at valuation	32,791	
7,505	Supplies at cost or valuation	4,061	
<u>169,400</u>			<u>195,256</u>
210,873	Debtors	170,444	
1,697	Less Provision for Doubtful Debts	1,697	
<u>209,176</u>			<u>168,747</u>
<u>378,724</u>			<u>364,129</u>
	<i>Less Current Liabilities—</i>		
99,667	Creditors	137,695	
19,007	Reserve Bank of Australia	172,284	
3,740	Provision for Long Service Leave	3,697	
<u>122,414</u>			<u>313,676</u>
<u>256,310</u>	Working Capital		<u>50,453</u>
	<i>Fixed Assets—</i>		
68,978	Freehold Properties	67,598	
152,854	Leasehold Properties	152,392	
58,561	Plant and Equipment	72,111	
12,359	Motor Vehicles	10,502	
8,334	Office Machinery and Equipment	10,690	
..	Plant under Construction (cost to date)	66,707	
<u>301,086</u>			<u>380,000</u>
<u>557,396</u>			<u>430,453</u>

Maize Marketing Board.

A summary of the financial operations of the Board for the accounting period ended 15th April, 1964, is as follows:—

Total number of bushels marketed		121,998
	£	£
Gross proceeds of sales		<u>94,124</u>
Freight, Commission, &c.	12,254	
Administration expenses	2,622	
Amount paid to growers	79,059	
Taken to Reserve	189	
		<u>94,124</u>

Onion Marketing Board.

Final accounts in respect of the last complete pool period, that ended on 15th November, 1963, have been audited. Details of the operations in this and the previous pool period are :—

	Pool.	
	1962.	1963.
	tons.	tons.
Total Onions acquired	16,121	18,484
	£	£
Proceeds from sales	478,800	448,792
Administration and marketing expenses	30,797	34,555
Payments to growers	468,698	411,591

The average return per ton to the growers was £29 1s. in 1962 and £22 5s. in 1963.

Increased supplies and intensive interstate competition caused the lower return per ton to growers in the 1963 Pool.

Seed Beans Marketing Board.

This Board has virtually ceased operations. During 1963-64, final settlement was made in respect of the sale of the stock of beans on hand.

ACKNOWLEDGMENT.

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

R. W. GILLARD,
Auditor-General.

Melbourne, 20th October, 1964.