

1967
—
VICTORIA

SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1967

Ordered by the Legislative Assembly to be printed

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REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT PRESENTED ON 14TH NOVEMBER, 1967, IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1967.

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

CANCER INSTITUTE.

The Cancer Institute is controlled by the Cancer Institute Board constituted in accordance with the provisions of the *Cancer Act* 1958. The figures shown hereunder are subject to completion of the audit.

Maintenance expenditure of the Institute is met substantially from moneys appropriated by Parliament under a Health Department vote. Payments from the vote for the year ended 30th June, 1967, amounted to \$1,830,000.

Expenditure from the Institute's revenue for the year is set out hereunder :—

	\$	\$
Nursing Services—		
Wards	295,446	
Other	181,803	
	<hr/>	477,249
Medical, Professional and Ancillary Services .. .. .	..	901,345
Administration and Ancillary Services .. .. .	..	762,609
Scientific and Research Departments .. .. .	..	195,351
		<hr/>
		2,336,554
		<hr/>

The revenue for the year was :—

State Government Grant for Maintenance	1,830,000
Commonwealth Pharmaceutical Benefits Grant	62,758
Commonwealth Hospital Benefits Grant	42,996
Commonwealth Home Nursing Subsidy	23,426
Patients' Fees	344,386
Miscellaneous	55,584
	<hr/>
	2,359,150
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The following abridged balance-sheet sets out the financial position as at 30th June, 1967 :—

							\$	\$
ASSETS								
Maintenance Fund—								
Cash at Bank	..	..	..	..	..	101,454	
Sundry Debtors	..	..	..	..	..	98,810	
Stores on Hand	..	..	..	..	..	56,582	
						256,846	256,846	
Investment of Specific Purpose Funds and Trusts—								
Cash at Bank	..	..	..	..	..	11,707	
Other Investments	..	..	..	..	..	199,824	
						211,531	211,531	
Capital Funds—								
Cash at Bank	..	..	..	..	..	63,034	
Building Improvements	..	..	..	..	..	3,221,259	
Plant and Equipment	..	..	..	..	..	1,317,683	
Furniture and Furnishings	..	..	..	..	..	73,947	
Motor Cars	..	..	..	..	..	40,029	
						4,715,952	4,715,952	
Total Assets	..	..	..	..	..	..	5,184,329
LIABILITIES AND FUNDS								
Maintenance Fund—								
Sundry Creditors	..	..	..	..	..	48,015	
Accrued Expenditure	..	..	..	..	..	53,921	
Balance of Fund	..	..	..	..	..	154,910	
						256,846	256,846	
Specific Purpose Funds and Trusts—								
Research Investigation Fund	..	..	..	..	..	206,722	
Other Funds	..	..	..	..	..	4,809	
						211,531	211,531	
Capital Funds	..	..	..	..	..	..	4,715,952
Total Liabilities and Funds	..	..	..	..	..	..	5,184,329

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 enable the determination of total contributions from these sources, the Authority is required to prepare annually an estimate of expenditure, which is subject to the approval of the Governor in Council. The estimate of total expenditure approved for the year ended 30th June, 1967, was \$2,520,918 from which was deducted \$17,340, the surplus of receipts over expenditure carried forward from the year ended 30th June, 1966, leaving net estimated expenditure of \$2,503,578. This was the amount received during the year from the contributors. Actual expenditure for the year exceeded the estimate of total expenditure by \$75,218, but miscellaneous receipts, \$90,449, including refunds, more than offset the excess, leaving a surplus of \$15,231 to be carried forward to the next year.

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

	1964-65.	1965-66.	1966-67.
<i>Receipts.</i>	\$	\$	\$
Surplus from previous year	19,578	8,534	17,340
Statutory contributions	1,704,534	2,072,910	2,503,578
Other receipts	73,470	78,427	90,449
	1,797,582	2,159,871	2,611,367
<i>Payments.</i>			
Salaries, wages and maintenance	1,085,538	1,324,269	1,598,490
Loan repayments	126,134	139,005	139,506
Loan interest	87,902	91,797	108,125
Land, buildings, rolling-stock and equipment	113,028	124,301	187,044
Motor replacement fund	167,682	183,704	208,236
Compensation fund	20,000	30,000	30,000
Other payments	188,764	249,455	324,735
Surplus carried forward to next year	8,534	17,340	15,231
	1,797,582	2,159,871	2,611,367

The analysis hereunder of the Authority's balance-sheets shows the financial position of the Authority at 30th June, 1966 and 1967 :—

30.6.1966.		30.6.1967.	
\$	Source of Funds—	\$	\$
	<i>External—</i>		
1,870,316	Loan Liability	2,285,810	
1,262	Less unexpended	141,038	
1,869,054		2,144,772	
243,381	*New Headquarters Building Account	310,135	
2,112,435		2,454,907	
	<i>Internal—</i>		
	Excess of assets over liabilities transferred from		
276,271	Country Fire Brigades Board	276,271	
1,571,126	Income and Expenditure Account—accumulated balance	1,807,383	
2,317,332	Reserves	2,586,843	
	Funds	1,130,668	
	Less invested on account of Compensation,		
	Superannuation and other Trust purposes	1,025,752	
116,711		104,916	
4,281,440		4,775,413	
6,393,875		7,230,320	
	<i>Represented by—</i>		
	<i>Current Assets—</i>		
17,340	Cash	15,231	
43,579	Sundry Debtors	40,802	
127,988	Stocks—including uniforms issued	150,301	
188,907		206,334	
	<i>Less—</i>		
	<i>Current Liabilities—</i>		
66,916	Sundry Creditors	61,163	
121,991		145,171	
	<i>Investments—</i>		
116,711	Motor Replacement and Sale of Property Funds.. .. .	104,916	
	<i>Fixed Assets—</i>		
289,258	Land	301,045	
2,105,333	Buildings	2,424,448	
3,274,060	Rolling-stock	3,677,276	
454,420	Plant and Machinery	531,713	
32,102	Other	45,751	
6,155,173		6,980,233	
6,393,875		7,230,320	

* Cash balances which are included in the general and specific funds have been set off against this account, resulting in a net liability to the Bank of \$11,945 at 30th June, 1967.

DANDENONG VALLEY AUTHORITY.

This Authority was constituted pursuant to the provisions of the *Dandenong Valley Authority Act 1963*. Functions of the Authority include the drainage of the waters of the Dandenong Creek and its tributaries, the improvement of lands within the catchment thereof and the prevention of flooding and pollution.

By Order in Council pursuant to the provisions of the Act, the works of the Carrum Drainage District were transferred, as from 1st July, 1966, from the control of the State Rivers and Water Supply Commission to the Authority. The loan liability to the Treasurer of Victoria transferred to the Authority was \$536,520.

With the approval of the Governor in Council, the Authority has adopted as its balancing date the 30th September in each year. The accounts have been audited to 30th September, 1966.

Capital expenditure during the year amounted to \$673,496 and was financed, mainly, from the proceeds of loans raised by the Authority.

Following is an abridged statement of the General Revenue Account for the year ended 30th September, 1966 :—

	\$	\$
Income—		
Rating Precepts—Municipalities	268,112	
Other	26,651	
	294,763	
Expenditure—		
Administration	32,677	
Maintenance of Works	12,557	
Survey, Investigation and Design	20,095	
Depreciation Provision	4,287	
Debt Services	15,520	
	85,136	
Excess of Income over Expenditure	209,627	
Less Appropriation to Plant Replacement Reserve	3,059	
Net Surplus for year	206,568	

The Authority's balances at 30th September, 1966, are summarized hereunder :—

	\$	\$
Current Assets—		
Cash at Bank	108,677	
Debtors and Prepayments	29,568	
Other	1,706	
	139,951	
Fixed Assets—		
Land and Buildings (at cost).. .. .	108,855	
Plant, Vehicles and Equipment (at cost less depreciation)	65,151	
Office Furniture and Machines (at cost less depreciation)	10,515	
	184,521	
Capitalized Works Expenditure—		
River Improvement Works	228,961	
Piped or Lined Drainage Channels	298,830	
Carrum Drainage District	1,821,045	
Other	34,228	
	2,383,064	
Less Provision for Depreciation	3,277	
	2,379,787	
Investments	68,809	
	2,773,068	

							\$	\$
Current Liabilities	..	..	..	..	..	..	..	12,746
Loans—								
Government of Victoria	..	..	..	..	..	..	536,883	
Other	..	..	..	..	..	..	498,626	
							—————	1,035,509
								<u>1,048,255</u>

The excess of Assets over Liabilities is represented by :—

Grants by Government of Victoria	..	..	..	..	..	..	78,086	
Capital Expenditure borne by the State	..	..	..	..	..	..	1,334,763	
Contributions by Property Owners	..	..	..	..	..	..	18,125	
Appropriation for Plant Replacement	..	..	..	..	..	..	3,059	
General Revenue Account Balance	..	..	..	..	..	..	290,780	
							—————	1,724,813
								<u>2,773,068</u>

ELECTRICITY COMMISSION.

The net income of the State Electricity Commission for the year ended 30th June, 1967, as shown in its Revenue Account, was \$5,811,323 compared with \$3,694,469 in 1965-66.

Factors which affected the year's result included—

- (i) an increase of \$11,823,646 from sales of electricity ;
- (ii) an increase of \$2,277,079 in the annual depreciation charge because of additional assets brought into service. The total depreciation charges again included an amount of \$3,000,000 as a further special provision for accelerated depreciation of peak load steam power stations ;
- (iii) a special provision of \$4,000,000 by way of additional depreciation of the briquette factories at Morwell and Yallourn compared with \$5,000,000 in the previous financial year ;
- (iv) an increase of \$2,689,149 in net interest charges ;
- (v) additional costs of salaries, wages and associated charges, and increases in costs of materials and other expenses ; and
- (vi) a further partial write-off of unamortized loan flotation expenses, \$250,000.

By decision of the Commission, the net income of \$5,811,323 was appropriated to—

	\$
(i) provision for transfer to Consolidated Revenue in 1967-68 of a contribution in accordance with the provisions of the <i>Public Authorities (Contributions) Act 1966</i>	5,000,000
(ii) provision for statutory transfer to Consolidated Revenue of an amount calculated on the basis of brown coal production in 1966-67	549,574
(iii) specific reserve—Income Retained for Capital Works	261,749

In 1966-67, in accordance with the *Public Authorities (Contributions) Act 1966*, a contribution of \$4,800,000 was transferred to Consolidated Revenue. The contribution was calculated at 3 per cent. of \$160,000,000, which was the amount agreed on by the Treasurer and the Commission, as provided in the Act, as being the total revenue of the Commission in the preceding financial year. The contribution was charged by the Commission to the Contingency and General Reserve.

REVENUE ACCOUNT.

The financial operations and results for the past two years are disclosed in the following statement :—

1965-66.		1966-67.
\$		\$
169,548,000	Operating Income	181,664,719
119,855,114	Operating Expenditure	128,427,498
49,692,886	Excess of Operating Income over Operating Expenditure	53,237,221
101,668	Add—Miscellaneous Income	194,174
49,794,554		53,431,395
	Deduct—	
39,069,248	Interest	41,758,397
896,247	Loan Flotation Expenses	679,390
884,590	Miscellaneous Expenditure	932,285
250,000	Unamortized Loan Flotation Expenses Written Off	250,000
5,000,000	Additional Depreciation of Briquette Factories	4,000,000
46,100,085		47,620,072
	Balance of Income before Transfers to Consolidated Revenue and Appropriations	
3,694,469		5,811,323
	Appropriations—	
	Provision for transfers to Consolidated Revenue of Victoria—	
	On-Total Revenue	5,000,000
526,675	Brown Coal Production	549,574
		5,549,574
2,000,000	Contingency and General Reserve	
1,167,794	Income Retained for Capital Works	261,749
3,694,469		5,811,323

After the allocation of relevant operating expense and overhead (including normal depreciation, interest and loan flotation expense), the preceding summary may be re-stated as follows to show sectional results for the year 1966-67 compared with the previous year :—

1965-66.		1966-67.	
\$		\$	\$
11,668,834	Profit on Electricity Supply	13,502,280	
99,690	Profit on Brown Coal Sales (Yallourn North)	9,630	
<hr/>		<hr/>	
11,768,524			13,511,910
<hr/>			
1,587,196	Loss on Briquetting	2,239,233	
453,937	Loss on Tramways	473,243	
<hr/>		<hr/>	
2,041,133			2,712,476
<hr/>			<hr/>
9,727,391			10,799,434
<hr/>			<hr/>
	<i>Less—</i>		
782,922	Excess of Miscellaneous Expenditure over Income	738,111	
250,000	Unamortized Loan Flotation Expenses Written Off	250,000	
5,000,000	Special Depreciation of Briquette Factories	4,000,000	
<hr/>		<hr/>	
6,032,922			4,988,111
<hr/>			<hr/>
3,694,469	Income in excess of Expenditure for year		5,811,323
<hr/>			<hr/>

Further explanations relating to the operations and business results of each of the above-mentioned activities are given as follows :—

Electricity Supply—(Profit \$13,502,280). Operational statements of this department for the past three years show :—

	1964-65.	1965-66.	1966-67.
	\$	\$	\$
<i>Sales—</i>			
Domestic	43,454,830	47,705,455	51,282,476
Commercial and General	20,597,446	22,729,513	24,616,660
Industrial	40,916,898	43,887,846	47,513,723
Traction	3,977,442	3,977,993	3,842,668
Bulk Supplies	31,993,044	35,529,757	38,270,776
Public Lighting and Unread Meters	2,995,102	2,477,255	2,605,162
	<hr/>	<hr/>	<hr/>
	143,934,762	156,307,819	168,131,465
	<hr/>	<hr/>	<hr/>
<i>Operating Charges—</i>			
Power Generation	67,731,566	77,624,877	81,975,465
Purchased Electricity	11,857,798	8,940,667	8,642,937
Transmission and Distribution	51,090,638	58,073,441	64,010,783
	<hr/>	<hr/>	<hr/>
	130,680,002	144,638,985	154,629,185
	<hr/>	<hr/>	<hr/>
Profit	13,254,760	11,668,834	13,502,280
	<hr/>	<hr/>	<hr/>

Revenue of \$168,131,465 from sales of electricity during the year 1966-67 was an improvement of \$11,823,646 or 7·6 per cent. on sales revenue for the year 1965-66.

Operating charges in 1966-67 increased by \$9,990,200 or 6·9 per cent. over the figure for the previous financial year compared with an increase of 10·07 per cent. in 1965-66 over 1964-65.

Significant matters, other than mentioned previously, affecting the operating result of electricity supply included—

- (i) an increase of 34,691 consumers in the year ;
- (ii) an improvement in the rate of sales growth. In 1966-67, the growth was 7·5 per cent. as compared with 4·9 per cent. in 1965-66 ; and
- (iii) a decline in the cost per kWh sold, from 1·724 cents in 1965-66 to 1·683 cents in 1966-67, the increase in cost per kWh from peak load thermal stations being more than offset by lower costs per kWh in respect of output from the Latrobe Valley and from hydro power stations.

The following comparative figures show annual totals of electricity sent out from power stations and purchased and total sales, and also indicate line losses incurred in the course of transmission and distribution :—

	1964-65. Millions.	1965-66. Millions.	1966-67. Millions.
Total kWh sent out from Power Stations and purchased ..	9,059·851	9,538·230	10,425·645
kWh sold—Victorian consumers	7,877·617	8,258·234	8,878·673
—New South Wales (Interchange)	38·377	132·941	306·485
—to Works	181·488	183·845	187·945
Total kWh sold	8,097·482	8,575·020	9,373·103

The average kWh sold per consumer and income and cost per kWh are compared for the past three years :—

	1964-65. kWh.	1965-66. kWh.	1966-67. kWh.
Domestic	3,207	3,288	3,433
Commercial	8,132	8,683	9,297
Industrial	47,658	46,265	46,763
Income per kWh sold	c. 1·826	c. 1·890	c. 1·887
Cost per kWh sold	c. 1·678	c. 1·724	c. 1·683

Brown Coal Production and Distribution.—Coal won for the year amounted to 21,983,000 tons, an increase of 916,000 tons over the previous year's production.

The summary which follows presents in comparative form the annual output obtained from the various open cuts for the past two years and, in parentheses, shows, in respect of each year, the production costs per ton.

	1965-66. Tons.	1966-67. Tons.
Morwell	6,872,000 (\$1.20)	8,479,000 (\$1.10)
Yallourn	13,766,000 (\$0.81)	13,081,000 (\$0.82)
Yallourn North Extension	429,000 (\$1.41)	423,000 (\$1.67)
	21,067,000	21,983,000

Distribution of the output was as follows :—

	1965-66. Tons.	1966-67. Tons.
Power Production	14,934,000	16,079,000
Briquette Manufacture	5,705,000	5,481,000
Sales to Public	349,000	349,000
Sales to Gas and Fuel Corporation	79,000	74,000
	21,067,000	21,983,000

Operational statements of Yallourn North Extension Open Cut for the past two years are given hereunder :—

						1965-66.		1966-67.	
						\$	\$	\$	\$
Sales	..	..	..	..	..	..	722,134		732,958
Operating Charges—									
Production	..	..	..	..	..	603,526		705,119	
Freight and Distribution	..	..	..	..	..	18,918		18,209	
							<u>622,444</u>		<u>723,328</u>
Profit	..	..	..	..	..		<u>99,690</u>		<u>9,630</u>

The operational results for 1966-67 are not wholly comparable with those under 1965-66. The comparison is affected by the charging of the full cost (\$288,559) of overburden removal in 1966-67 when sufficient was removed for two years' coal winning. The income increase is attributable to a price increase to the main purchaser.

Briquetting.—(Loss \$2,239,233). Trading results for the past three years, excluding costs charged on internal transfers to works, are shown in the following statement :—

						1964-65.		1965-66.		1966-67.	
						\$	\$	\$	\$	\$	\$
Sales—											
Domestic	..	..	..	..	..	6,937,210		6,915,181		6,958,257	
Industrial	..	..	..	..	..	5,587,742		5,354,491		5,560,362	
						<u>12,524,952</u>		<u>12,269,672</u>		<u>12,518,619</u>	
Manufacturing Costs	..	..	..	..	..	8,888,980		8,875,563		9,288,483	
Distribution and Selling	..	..	..	..	..	4,930,600		4,981,305		5,469,369	
						<u>13,819,580</u>		<u>13,856,868</u>		<u>14,757,852</u>	
Loss						<u>1,294,628</u>		<u>1,587,196</u>		<u>2,239,233</u>	

The statement shows that income increased in 1966-67 compared with 1965-66. Quantity sales increased by 32,833 tons. The average industrial price was slightly lower, but the price to the Gas and Fuel Corporation rose. Increased expenditure resulted mainly from higher salaries and wages, higher freight and lower consumption of briquettes in power stations.

Reference has been made in previous Reports to the Commission's decision to make a special depreciation provision of \$12,000,000 before 1969-70 in respect of the Morwell and Yallourn briquette factories. A special provision of \$4,000,000 shown as a separate item in the Revenue Account for 1966-67 followed similar provisions in 1964-65 and 1965-66 of \$2,000,000 and \$5,000,000 respectively. The costs as shown in the preceding statement do not include these special provisions, but, as the allocation of interest charges is based on the depreciated value of assets, the \$7,000,000 additional depreciation provision to 30th June, 1966, resulted in a lower charge for interest in 1966-67.

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

						1964-65.	1965-66.	1966-67.
						Tons.	Tons.	Tons.
Sales	..	..	..	..	..	1,259,458	1,206,484	1,239,317
Transferred to Works	..	..	..	..	..	631,303	634,970	548,614
						<u>1,890,761</u>	<u>1,841,454</u>	<u>1,787,931</u>
Losses—Deterioration, transit, &c.	..	..	..	..	..	522	3,738	22,255
Stock variation	..	..	..	..	..	1,476	37,622	9,934
						<u>1,892,759</u>	<u>1,882,814</u>	<u>1,820,120</u>

Tramways.—(Loss \$473,243). Separate figures for the year in respect of operations at Ballarat and at Bendigo show :—

						Ballarat.	Bendigo.	Total.
						\$	\$	\$
Operating Charges	..	..	..	..	..	404,580	350,340	754,920
Traffic Receipts, &c.	..	..	..	..	..	173,720	107,957	281,677
						<u>230,860</u>	<u>242,383</u>	<u>473,243</u>

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

	1964-65.	1965-66.	1966-67.
	\$	\$	\$
Expenditure—Operation	425,548	455,173	482,264
Maintenance	170,642	177,610	196,465
Administration, &c.	65,196	69,529	76,191
	<hr/>	<hr/>	<hr/>
	661,386	702,312	754,920
Income—Traffic Receipts, &c.	229,558	248,375	281,677
	<hr/>	<hr/>	<hr/>
Loss	431,828	453,937	473,243
	<hr/>	<hr/>	<hr/>
Number of Passengers carried	4,727,654	4,332,771	3,860,604
Number of Tram miles	827,940	830,428	836,196
Passengers per Tram mile	5.71	5.22	4.62
Expenses per Passenger	13.99c	16.21c	19.55c
Income per Passenger	4.76c	5.73c	7.30c

The increase in revenue of \$33,302 was more than offset by the increase in expenditure of \$52,608. The figures also disclose that the loss per passenger carried has risen steadily to 12.25c in 1966-67, the causes, as stated in the last Report, being declining traffic and increasing costs.

Accumulated losses on operations, including those of the Geelong system which was discontinued in March, 1956, amounted, at 30th June, 1967, to \$8,249,924 with an addition of \$351,526 on account of capital written off.

Depreciation.—The following comparative statement shows depreciation charges for the past three years:—

	1964-65.	1965-66.	1966-67.
	\$	\$	\$
Normal provision—charged to operations ..	23,318,102	31,189,167	33,520,594
Special provision—(peak load steam power stations) charged to operations	4,000,000	3,000,000	3,000,000
Special provision—(briquette factories) deducted from net income from operations	2,000,000	5,000,000	4,000,000
Indirect—charged to Fixed Assets	1,010,486	1,048,821	1,141,574
	<hr/>	<hr/>	<hr/>
	30,328,588	40,237,988	41,662,168
Amortization—Development of Open Cuts—charged to operations	549,672	557,098	502,750
	<hr/>	<hr/>	<hr/>
	30,878,260	40,795,086	42,164,918
	<hr/>	<hr/>	<hr/>

The balance-sheet discloses that at 30th June, 1967, the provision for depreciation had increased by \$33,707,005 compared with the figure at 30th June, 1966. This net increase is explained hereunder :—

	\$
Balance—30th June, 1966	226,690,640
Add Provision for year as per statement above	41,662,168
	<hr/>
	268,352,808
Less Retirements	7,955,163
	<hr/>
Balance—30th June, 1967	260,397,645
	<hr/>

Interest.—Compared with the previous year, there was a net increase in this item of \$2,745,375 of which \$2,689,149 was charged to Revenue Account.

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

	1964-65.	1965-66.	1966-67.
	\$	\$	\$
On—Capital Liabilities	36,773,382	39,402,684	42,006,682
Consumers' and other Advances for Construction	2,198,170	2,467,878	2,728,547
Provident Fund Advances	678,690	1,102,768	1,483,656
Current Liabilities	201,926	201,630	29,226
	<u>39,852,168</u>	<u>43,174,960</u>	<u>46,248,111</u>
Deduct Interest earned on Investments	2,803,512	3,310,182	3,637,958
	<u>37,048,656</u>	<u>39,864,778</u>	<u>42,610,153</u>

These totals were allocated in the accounts as under :—

	\$	\$	\$
Revenue Account	36,307,580	39,069,248	41,758,397
Fixed Assets—Indirect interest included in charges for services	741,076	795,530	851,756
	<u>37,048,656</u>	<u>39,864,778</u>	<u>42,610,153</u>

BALANCE-SHEET.

The Commission's balances as at 30th June, 1966 and 1967, are summarized hereunder :—

30.6.66.		30.6.67.
\$		\$
	Fixed Assets—	
931,674,878	Assets in Service—at cost	1,041,100,874
226,690,640	Deduct Provision for Depreciation	260,397,645
<u>704,984,238</u>		<u>780,703,229</u>
4,596,864	Deduct Consumers' Contributions	5,134,435
<u>700,387,374</u>		<u>775,568,794</u>
62,475,394	Assets not yet in service—at cost	43,213,337
14,972,854	Development of Open Cuts—balance of cost	14,529,871
<u>777,835,622</u>		<u>833,312,002</u>
4,381,112	Long Term Debtors (Real Estate Sales)	4,281,582
	Deferred Charges—	
1,229,930	Unamortized Loan Flotation Expenses	979,930
224,283	Other	611,851
<u>1,454,213</u>		<u>1,591,781</u>
55,324,809	Investments—at cost	55,447,903
	Current Assets—	
760,672	Balances at Bank and Cash in Hand	655,068
14,717,877	Consumers' and other Accounts Receivable	15,762,309
11,254,726	Unread Meters—Estimated Income	11,955,593
12,740,743	Materials and Fuel—at cost	13,036,035
<u>39,474,018</u>		<u>41,409,005</u>
878,469,774		<u>936,042,273</u>
	Less Current Liabilities—	
15,249,436	Accounts Payable and Accruals (other than Interest)	18,116,655
8,612,496	Interest Accrued	9,246,145
1,506,965	Consumers' Deposits and Service Charges in advance	1,662,565
526,675	Provision for Transfers to Consolidated Revenue	5,549,574
<u>25,895,572</u>		<u>34,574,939</u>
<u>852,574,202</u>		<u>901,467,334</u>

The Commission's balances were financed as follows :—

30.6.66. \$		30.6.67. \$
193,247,096	State Treasury (net)	208,601,542
560,260,599	Commission Loans (net)	589,677,482
1,710,920	Loans of Acquired Undertakings	1,459,383
<hr/>		
755,218,615		799,738,407
<hr/>		
70,479,149	Consumers' and other Advances for Construction (including Provident Fund)	79,131,025
<hr/>		
	Reserves—	
2,600,508	Obsolescence	2,600,508
21,526,826	Contingency and General	16,986,541
2,749,104	Income Retained for Capital Works	3,010,853
<hr/>		
26,876,438		22,597,902
<hr/>		
852,574,202		901,467,334

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

	30.6.65. \$	30.6.66. \$	30.6.67. \$
Coal Production	58,544,762	63,195,403	65,401,079
Briquette Production and Distribution	40,808,932	42,853,176	43,500,399
Power Production—			
Thermal Stations	263,665,034	308,977,699	340,279,054
Hydro Stations	79,259,382	86,102,046	86,304,757
Transmission System	167,709,138	173,704,544	200,060,556
Distribution	217,547,364	239,696,262	262,664,519
General Service Assets	83,817,278	79,621,142	86,103,847
	<hr/>	<hr/>	<hr/>
Deduct Provision for Depreciation	911,351,890	994,150,272	1,084,314,211
	192,025,068	226,690,640	260,397,645
	<hr/>	<hr/>	<hr/>
Deduct Consumers' Contributions	719,326,822	767,459,632	823,916,566
	3,908,640	4,596,864	5,134,435
	<hr/>	<hr/>	<hr/>
Development of Open Cuts—Balance of Cost	715,418,182	762,862,768	818,782,131
	15,436,530	14,972,854	14,529,871
	<hr/>	<hr/>	<hr/>
	730,854,712	777,835,622	833,312,002

Expenditure on Fixed Assets for the year, which is summarized below under operational heads, amounted to \$99,223,088 compared with \$88,821,522 in 1965–66 :—

	\$	\$
Coal Production—		
Overburden Removal and Disposal	358,666	
Coal Winning and Transportation	2,333,634	
	<hr/>	
		2,692,300
Briquette Production and Distribution		680,303
Power Production—		
Morwell	286,305	
Yallourn	911,196	
Yallourn " W "	677,822	
Hazelwood	31,040,444	
Kiewa	61,253	
Other	186,455	
	<hr/>	
		33,163,475
Transmission		28,403,531
Distribution—		
Metropolitan	6,829,440	
Provincial and Country	18,000,108	
	<hr/>	
		24,829,548
General Service Assets—		
Plant and Equipment	2,371,893	
Offices, Stores, &c.	4,820,806	
	<hr/>	
		7,192,699
Other		2,261,232
		<hr/>
		99,223,088

The expenditure of \$99,223,088 was offset by retirements and adjustments in the year amounting to \$9,059,149, making the net increase in assets \$90,163,939.

Investments.—During the year, the Commission's investments, excluding deposits held on account of contractors, increased by \$118,792.

Investments held at 30th June, 1966 and 1967, were as follows :—

	30.6.1966.	30.6.1967.
	\$	\$
General—		
Government and semi-Government Securities	41,919,637	32,355,896
Short Term—		
Short Term Money Market and “Buy Back” secured by Government Guaranteed Securities, and Commercial Bills	3,637,468	11,725,000
Bank Deposits	800,000	1,000,000
	<u>46,357,105</u>	<u>45,080,896</u>
Sinking Fund—		
Government and semi-Government Securities	8,897,521	10,292,522
	<u>55,254,626</u>	<u>55,373,418</u>

The amount of \$45,080,896 shown above represents investment of provisions and reserves, unexpended “Self Help” contributions and funds not immediately required at the close of the year to meet revenue or capital expenditure.

Consumers' and Other Advances for Construction.—The Commission's liability on account of these advances increased during the year to \$79,131,025—a net increase of \$8,651,876. Details are :—

	Increase for Year.	Balance. 30.6.1967.
	\$	\$
Consumers' Advances for Construction (Self Help)	2,501,160	50,316,548
Advances for Construction of Offices and Showrooms	430,219	2,094,787
Advances from Provident Fund	5,503,715	26,502,908
Municipality—Pending acquisition of Electrical Undertaking	216,782	216,782
	<u>8,651,876</u>	<u>79,131,025</u>

A summary of transactions for the year in respect of Consumers' Advances for Construction shows—

	\$	\$
Contributions received	7,250,830	
Interest credits	2,617,606	
	<u>9,868,436</u>	
Less refunds of instalments and expired deposits, and transfers to consumers' accounts as payments for supplies of electricity		7,367,276
Net Increase		<u>2,501,160</u>

Loans.—The loan liability increased by \$44,519,792 compared with an increase of \$35,758,897 in 1965–66.

The increase in 1966–67 may be explained as follows :—

	\$	\$
Loan Liability at 30th June, 1966		755,218,615
1966–67—		
Net increase in Commission Loans	29,416,883	
,, ,, Treasury Loans	15,354,446	
	<u>44,771,329</u>	
Less decrease in Loans of Acquired Undertakings	251,537	
		<u>44,519,792</u>
Loan Liability at 30th June, 1967		<u>799,738,407</u>

The loan liability at 30th June, 1967, as shown above, does not include \$4,500,000 advanced by the Treasury in June, 1967. This sum was not received by the Commission until July, 1967.

Including settlements of \$1,303,715 on account of loans authorized in 1965–66, loan moneys raised by the Commission during the year amounted to \$63,039,405. The sources of those moneys were—

	\$
Public Loans	28,010,725
Private Loans	33,711,950
Area Loans	357,680
Retired Staff Loans	959,050
	<u>63,039,405</u>

The difference of \$33,622,522 between the total raisings of \$63,039,405, detailed immediately above, and the net increase of \$29,416,883 in Commission loans, shown in the preceding summary, represents the total of conversions and redemptions of maturing loans and payments in reduction of current loans.

The loan liability of \$208,601,542 to the Treasury was determined after the deduction of \$22,643,984, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1966–67 was \$1,758,391, in respect of which a credit of \$259,715 was made to the Contingency and General Reserve representing, mainly, the relevant Commonwealth contributions to the Fund less National Debt charges in connexion with the repurchase of securities.

In respect of the Commission's liability under the heading of "Loans of Acquired Undertakings", the decrease of \$251,537 was the total of recoups by the Commission of redemption payments made by municipalities.

Contingency and General Reserve.—The decrease of \$4,540,285 in the balance of this Reserve is explained as follows :—

	\$
Balance at 30th June, 1966	21,526,826
Add—Credit on account of contributions to the National Debt Sinking Fund for 1966–67 not payable by the Commission, less certain charges	259,715
	<u>21,786,541</u>
Less—Amount charged being contribution to Consolidated Revenue in 1966–67 in accordance with the <i>Public Authorities (Contributions) Act 1966</i>	4,800,000
Balance at 30th June, 1967	<u>16,986,541</u>

Income Retained for Capital Works (\$3,010,853).—This reserve was first created by transfer of the balance remaining in the Revenue Account at the close of the 1964–65 year after other appropriations had been made. It has been augmented by the transfers of \$1,167,794 from the Revenue Account at the close of the 1965–66 year and \$261,749 at the close of the 1966–67 year.

ELECTRICITY COMMISSION PROVIDENT FUND.

Financial statements of this Fund for the year ended 30th June, 1967, have been audited.

The following statement shows operations of the Fund during the year :—

	\$	\$
Balance of Fund at 30th June, 1966 .. .. .	..	48,487,426
Add—Contributions—Commission	3,297,866	
Officers	2,192,816	
	<u>5,490,682</u>	
Interest on Investments .. .. .	..	2,967,468
		<u>56,945,576</u>
Less—Expenditure—Benefits	2,314,163	
Refunds on account of resignation, &c.	205,397	
	<u>2,519,560</u>	
Balance of Fund at 30th June, 1967 .. .. .	..	<u>54,426,016</u>
The Fund was represented by—		
Investments in Commission—Loan Advances	26,502,908	
Inscribed Stock	25,645,900	
	<u>52,148,808</u>	
Other Investments—Debentures	300,860	
Housing Societies	599,647	
Ordinary Shares	380,161	
	<u>1,280,668</u>	
Accrued Income—Contributions	128,400	
Interest	938,604	
	<u>1,067,004</u>	
Less—Benefits accrued and unpaid.. .. .	70,464	
	<u>996,540</u>	
		<u>54,426,016</u>

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 Corporation.

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

1965-66. \$		1966-67. \$	\$
	Income—		
	Sales—		
27,464,710	Gas	29,857,125	
8,657,230	Residual Products and Appliances	9,300,995	
36,121,940			39,158,120
	Expenditure—		
	Gas—		
14,751,169	Manufacture	15,069,871	
8,711,653	Distribution	9,106,709	
8,526,783	Residual Products, Appliances and Selling Expenses	9,311,179	
1,581,291	Management	1,981,604	
12,166	Audit Fees	12,689	
13,560	Directors' Fees	14,695	
574,146	Research and Development	564,060	
597,183	Superannuation and Retiring Allowances	667,836	
514,693	Long Service Leave	566,654	
87,733	Other costs	89,954	
35,370,377			37,385,251
751,563	Profit on Trading		1,772,869
..	Contribution to Consolidated Revenue—State of Victoria	930,000	..
50,000	Contingency Reserve	50,000	980,000
701,563	Net Profit for year carried to Profit and Loss Appropriation Account .. .. .	..	792,869

The quantity of gas sold for the year was 90,950,453 therms returning 32·83 cents per therm compared with, in 1965-66, 87,532,303 therms for a unit return of 31·38 cents.

The *Public Authorities (Contributions) Act 1966* requires the Corporation to pay to Consolidated Revenue in each financial year a contribution of an amount equal to 3 per cent. of the total revenue of the Corporation in the preceding financial year. In terms of the legislation, an amount of \$31,000,000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1965-66 and 3 per cent. thereof, viz., \$930,000, was paid to Consolidated Revenue in June, 1967.

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

	\$	\$
Balance carried forward 30th June, 1966	3,857	
Net Profit for year from Profit and Loss Account	792,869	
		796,726
Available for Appropriation .. .. .	..	796,726
Dividend Equalization Reserve (Preference Shares)	60,000	
Natural Gas Conversion Reserve	200,000	
Additional Provision for Retiring Allowances	200,000	
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1966	157,639	
Preference Dividend to be paid—		
4 per cent. per annum for half year ended 30th June, 1967	157,639	
		775,278
Balance carried forward .. .. .	..	21,448

The following is a statement of the Corporation's balances at 30th June, 1967, 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 are given.

1966.		1967.
\$		\$ \$
	Shareholders' Funds—	
	Subscribed Capital—	
7,881,952	3,940,976 4 per cent. Cumulative Preference Shares of \$2 each (see explanatory note No. 1 herein) ..	7,881,952
8,000,000	4,000,000 Ordinary Shares of \$2 each subscribed by the State of Victoria	8,000,000
<u>15,881,952</u>	Subscribed Capital (Fully Paid)	<u>15,881,952</u>
	Reserves—	
1,766,316	Land Revaluation Reserve	1,766,316
441,079	National Debt Sinking Fund (Treasury allocation of Commonwealth contributions)	489,804
257,336	Contingencies Reserve	307,336
100,000	Reserve for Increased Cost of Replacement of Fixed Assets	100,000
100,000	Dividend Equalization Reserve (Preference Shares) ..	160,000
500,000	Natural Gas Conversion Reserve	700,000
		<u>3,523,456</u>
3,857	Profit and Loss Appropriation Account	21,448
<u>19,050,540</u>		<u>19,426,856</u>
	Deferred Liabilities—	
10,044,320	Advances from State of Victoria	10,046,777
734,620	Less securities purchased and cancelled by the National Debt Commission	808,438
<u>9,309,700</u>		<u>9,238,339</u>
	Debentures and Debenture Stock (Secured)—	
4,754,271	Redeemable within twelve months	6,096,903
68,522,333	Redeemable after twelve months	69,175,536
<u>73,276,604</u>		<u>75,272,439</u>
	\$ Contingent Liabilities—	\$
1,499	Uncalled amount on Shares held in another company	1,499
<u>101,636,844</u>		<u>103,937,634</u>
1,580,179	Commitments under Contracts for Capital Expenditure and Bank Guarantees	1,129,375
..	Princes Gate lease premium	2,184,002
	Fixed Assets—	
120,839,508	Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in Progress (at cost) (see explanatory note No. 3 herein)	129,437,996
28,217,430	Less Provision for Depreciation and Amortization (see explanatory note No. 4 herein)	32,245,650
<u>92,622,078</u>	Carried forward	<u>97,192,346</u>

1966.		1967.
\$		\$
92,622,078	Brought forward	97,192,346
Current Assets—		
446,156	Cash in Hand and at Banks	227,476
4,890,187	Short-term Deposits	2,600,000
5,612,183	Trade and Other Debtors (<i>less</i> provision for Bad and Doubtful Debts and Consumers' Deposits)	6,828,015
4,377,688	Stocks at Cost or Valuation	4,454,879
62,785	Prepayments	84,946
<u>15,388,999</u>		<u>14,195,316</u>
Less Current Liabilities—		
4,274,104	Trade and Other Creditors	4,939,303
435,677	Bank Overdraft	286,359
13,590	State of Victoria (Balance of advances for purchase of preference shares)	11,670
„ Provisions—		
1,133,097	Long Service Leave (see explanatory note No. 2 herein)	1,469,433
440,751	Retiring Allowances (see explanatory note No. 5 herein)	663,794
218,557	Deferred Repairs (see explanatory note No. 6 herein)	225,950
157,639	Preference Dividend	157,639
<u>6,673,415</u>		<u>7,754,148</u>
8,715,584	Net Current Assets	6,441,168
Investment—		
1,901	Company Shares (at cost)	1,901
Intangibles—		
297,281	Unamortized Debenture Issue Expenses	302,219
<u>101,636,844</u>		<u>103,937,634</u>

DIRECTORS' EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1967.

1. *Preference Shares.*—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. *Provision for Long Service Leave.*—The provision is considered to be more than adequate to meet all current entitlements to long service leave payments. The provision, however, is insufficient to meet total long service leave commitments which are being funded progressively by annual charges against revenue.

3. *Fixed Assets.*—(a) In converting to a Natural Gas supply, other uses may not be found for plant of substantial value. In this event, it is probable that the amount involved may be written out over a number of years.

(b) The Corporation had entered into a contract at 30th June, 1967, for the sale of its property at 469 St. Kilda-road, at a satisfactory price. The transaction, which was completed after balance date, is not reflected in the accompanying financial statements.

4. *Provision for Depreciation.*—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 \$279,490 (1966, \$418,596) 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 1967, \$66,852, (1966, \$30,406) is deducted in the accounts from the provision for depreciation.

5. *Provision for Retiring Allowances.*—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, 1967, \$663,794, includes appropriations totalling \$600,000 in addition to the estimated amount which may be granted to employees who became eligible for consideration at that date.

6. *Provision for Deferred Repairs.*—The provision of \$225,950 shown in the Balance-sheet under the above heading includes \$142,057 unused from the provision made at 30th June, 1966.

As indicated, 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 account.

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, 1966.	1966-67.	Total.	Charged in State's Accounts.
	\$	\$	\$	
Acquisition of Shares—				
Subscription for 4,000,000 Ordinary Shares of \$2	8,000,000	..	8,000,000	Loan Fund
Purchase of Preference Shares	7,078,894	60,000	7,138,894	
	15,078,894	60,000	15,138,894	
Advances—				
Advance for Capital Works	10,000,000	..	10,000,000	Loan Fund
Loan Flotation Expenses	46,777	2,597	49,374	
	10,046,777	2,597	10,049,374	
Preference Share Dividend Guarantee—				
Advanced to the Corporation	354,694	..	354,694	Consolidated Revenue
Less Repayments	354,694	..	354,694	
	
Total Investments and Advances by the State ..	25,125,671	62,597	25,188,268	
Cost to the State on account of the above—				
Interest on Loans	12,098,161	1,001,378	13,099,539	Consolidated Revenue
Sinking Fund Contribution	820,676	62,839	883,515	
	12,918,837	1,064,217	13,983,054	
<i>Less</i> Recoups, &c., from Corporation—				
Interest on Advances	5,396,792	477,331	5,874,123	
Sinking Fund Contribution	293,538	25,092	318,630	
Dividends on Preference Shares	3,423,191	283,381	3,706,572	
	9,113,521	785,804	9,899,325	
Net Cost to the State	3,805,316	278,413	4,083,729	

The above statement does not take into account the sum of \$930,000, already referred to, which was paid into Consolidated Revenue in accordance with the provisions of the *Public Authorities (Contributions) Act 1966*.

No dividend has been paid on the ordinary shares. Any such dividend can be declared only from profits remaining after preference shareholders have been paid dividends in full.

The transfer of preference shares by sale is restricted to sale at par to the State. At 30th June, 1967, the State was the registered owner of 3,561,537 shares. The transfer of a further 2,075 shares was in course and \$11,670 was held by the Corporation for future purchases.

GEELONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1966, was \$1,308,003, an increase of \$61,983 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund and Long Service Leave Provision absorbed \$137,139, leaving a net surplus of \$1,170,864.

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

						1965.	1966.
	<i>Revenue.</i>					\$	\$
Operating Revenue—							
Harbor Revenue	2,237,866	2,373,059
Shipping Services	722,424	838,376
Other	105,944	109,094
Non-operating Revenue—							
Interest	156,890	115,216
Sale of Scrap Materials	1,424	3,805
Total Revenue	<u>3,224,548</u>	<u>3,439,550</u>
<i>Expenditure.</i>							
Operating Expenses—							
Administration, &c.	296,466	312,355
Shipping Services	621,632	647,390
Maintenance	189,974	202,323
Depreciation and Amortization	432,130	515,065
Non-operating Expenses—							
Superannuation	40,244	42,653
Interest	390,712	400,989
Miscellaneous	7,370	10,772
Total Expenditure	<u>1,978,528</u>	<u>2,131,547</u>
Net Revenue	<u>1,246,020</u>	<u>1,308,003</u>
Appropriations—							
Sinking Fund	76,830	75,971
Insurance Fund	50,000	50,000
Long Service Leave	20,900	11,168
Total Appropriations	<u>147,730</u>	<u>137,139</u>
Net Surplus	<u>1,098,290</u>	<u>1,170,864</u>

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

31.12.65.		31.12.1966.
\$		\$ \$ \$
	Source of Funds—	
	External—	
7,683,070	Loan Liability	7,527,663
	Internal—	
5,409,962	Endowments	5,432,254
10,358,426	Net Revenue Account—Accumulated Surplus	10,521,798
1,163,166	General Reserve	1,240,241
	Specific Reserves and Funds	2,746,910
	<i>Less</i> Investments	2,651,379
86,444		95,531
17,017,998		17,289,824
24,701,068		24,817,487
	Represented by—	
	Current Assets—	
25,344	Cash	19,694
2,019,478	General and Short Term Investments	1,595,626
209,582	Sundry Debtors and Prepayments	308,477
42,614	Stores (at cost)	40,428
2,297,018		1,964,225
	<i>Less</i> —Current Liabilities—	
	Sundry Creditors and Accruals	290,360
	Contractors' Deposits and Retentions	27,541
572,514		317,901
1,724,504		1,646,324
	Deferred Assets—	
40,228	Various advances, &c.	51,569
	Fixed Assets (at Cost <i>less</i> Depreciation)—	
92,638	Land (Purchased and Vested)	83,577
1,977,838	Buildings and Improvements	1,974,623
18,969,086	Harbor Works	19,207,257
1,649,242	Floating Plant	1,623,155
203,076	Other Plant and Vehicles	189,793
44,456	Furniture and Fittings	41,189
22,936,336		23,119,594
24,701,068		24,817,487

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

Endowments.—The addition of \$22,292 was due to the receipt of this amount from the British Phosphate Commissioners in respect of costs involved in providing a water service at Kings Wharf.

General Reserve.—The increase of \$77,075 in this Reserve resulted from surpluses arising out of sales of land and fixed assets, unexpended amounts received on account of wharf repairs, and transfers from the Superannuation Fund of the Trust's contributions, together with interest thereon, in respect of officers who resigned during the year.

Specific Reserves and Funds.—Following a resolution of the Commissioners on 15th December, 1966, the Port Development Fund was established by a transfer of \$1,007,492 from accumulated net revenue. The purpose of the Fund is to provide money to finance a large scale channel deepening program.

Transactions within the respective Reserves and Funds under this heading during 1966 are given—

	Port Development Fund.	Sinking Fund.	Insurance Reserve Fund.	Provision for Long Service Leave.
	\$	\$	\$	\$
Balance forward 1st January, 1966 .. ..	..	526,116	892,324	86,444
Transfer from accumulated net revenue	1,007,492	..	..	..
Allocation from revenue .. ..	..	75,971	73,408	21,057
Interest on investments .. ..	..	27,710	48,358	..
	1,007,492	629,797	1,014,090	107,501
<i>Less—debits</i> .. ..	..	..	..	11,970
Balance 31st December, 1966	1,007,492	629,797	1,014,090	95,531
		2,746,910		

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

31.10.65.		31.10.1966.
\$		\$ \$ \$
	Current Assets—	
862,116	Sundry Debtors, Accrued Interest and Advances ..	476,868
347,532	Cash	163,565
<hr/>		<hr/>
1,209,648		640,433
8,432,094	Investments	9,256,790
	Fixed Assets—at Cost—	
	Construction—	
14,640,526	Country Elevators	15,992,620
3,147,342	Geelong Terminal	3,361,948
904,988	Sunshine Sub-Terminal	1,012,051
		<hr/>
		20,366,619
	Equipment and Plant—	
3,483,892	Country Elevators	4,171,987
1,262,710	Geelong Terminal	1,331,887
146,516	Sunshine Sub-Terminal	147,913
		<hr/>
		5,651,787
4,840	Marmalake No. 1 Emergency Store ..	4,840
231,206	Motor Vehicles, Office Furniture and Equipment	247,054
62,780	Freehold Land and Buildings	345,353
		<hr/>
		597,247
		<hr/>
		26,615,653
	Other Debit Balances—	
25,840	Preliminary and Loan Flotation Expenses .. .. .	..
2,012	National Debt Sinking Fund—Cash in Fund	379
		<hr/>
		379
<hr/>		<hr/>
33,554,394		36,513,255
	Current Liabilities—	
704,352	Sundry Creditors	489,132
	Loans—	
1,755,418	Government of Victoria	1,729,073
20,423,994	Public	22,201,726
		<hr/>
		23,930,799
	Reserves and Sinking Funds—	
	Cancelled Securities Reserves—	
378,738	National Debt Sinking Fund	418,697
207,446	Debentures and Inscribed Stock	352,934
717,980	Matured Public Loans	757,460
4,163,814	Depreciation Reserve Fund	4,833,403
4,840	Marmalake No. 1 Emergency Storage Reserve	4,840
320,000	Office Building Reserve	500,000
232,460	Insurance Reserve Fund	262,325
2,000,000	General Reserve Fund	2,000,000
655,442	Debentures and Inscribed Stock Sinking Fund	717,215
664,788	Renewals Reserve Fund	665,483
80,498	Provision for Long Service Leave	92,932
		<hr/>
		10,605,289
	Suspense Accounts—	
15,150	Border Wheat Agreements	15,500
421,174	Renewal of Assets	533,790
2,482	Rebagging Wheat	9,025
317,392	Superannuation	366,660
164	Unclaimed Interest	164
		<hr/>
		925,139
488,262	Revenue Account—Net Accumulation	562,896
<hr/>		<hr/>
33,554,394		36,513,255

HOME FINANCE TRUST.

The *Home Finance Act* 1962 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 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 by way of overdraft.

The amount so agreed to be deposited or lent at 30th June, 1967, was \$22,300,000 compared with \$20,000,000 at 30th June, 1966. Of the amount of \$22,300,000, a sum of \$1,500,000 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 .. .. .	..	9,700,000
Private Savings Banks	9,410,000	
„ Trading Banks	1,150,000	
	<hr/>	10,560,000
Insurance Companies .. .. .	..	2,040,000
		<hr/>
		22,300,000

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 .. .. .	..	22,300,000
Less—Amount not yet drawn by Trust	1,887,081	
Amount repaid to lending institution	1,373,737	
	<hr/>	3,260,818
Total liability of Trust to lending institutions .. .. .	..	19,039,182

Loans approved by the Trust to borrowers amounted to \$25,720,646 of which sum \$1,936,660 related to second mortgages. Advances secured by first mortgage at 30th June, 1967, amounted to \$17,073,861 (net), and, by second mortgage, to \$1,172,924 (net).

Operations for the year resulted in surpluses of \$35,439 on account of first mortgages (Home Finance Fund No. 1) and \$787 on account of second mortgages (Home Finance Fund No. 2).

Set out hereunder are particulars of the Trust's assets and liabilities as at 30th June, 1966, and 1967. The figures as at 30th June, 1967, are subject to audit.

30.6.1966		30.6.1967.
\$	<i>Assets.</i>	\$
18,194,680	Current ordinary loans secured by first mortgage	18,988,493
1,589,537	Less repayments by mortgagors	1,914,632
		<hr/>
		17,073,861
1,089,830	Current ordinary loans secured by second mortgage	1,518,520
244,361	Less repayments by mortgagors	345,596
		<hr/>
		1,172,924
7,000	Current loans (three year maximum) secured by first mortgage .. .. .	..
75,370	Repossessed properties sold under contracts of sale	146,170
10,882	Less payments of instalments of principal	21,184
		<hr/>
		124,986
60,444	Arrears—under mortgages and contracts of sale	61,526
72,480	Sundry Debtors (interest accrued at date)	85,090
13,214	First mortgages on account of defaulting mortgagors paid out by Home Finance Fund No. 2 .. .. .	..
..	Cash at Bank	3,038
..	Cash on Fixed Deposit	750,000
20	Cash on Hand	20
		<hr/>
17,668,258		19,271,445
	<i>Liabilities.</i>	
17,416,325	Deposits by lending institutions and accommodation by way of overdraft—repayment guaranteed by Treasurer of Victoria	18,976,263
1,360	Prepayments by mortgagors of valuation and inspection fees, etc.	2,429
5,020	Mortgagors' equities in properties subject to contracts of sale	10,974
241,763	Home Finance Fund No. 1—Surplus	277,202
3,790	Home Finance Fund No. 2—Surplus	4,577
		<hr/>
		281,779
17,668,258		<hr/>
		19,271,445

HOSPITALS SUPERANNUATION BOARD.

This Board was constituted under the provisions of the *Hospitals Superannuation Act 1965*, No. 7354. It is responsible for the administration of the Hospitals Superannuation Fund established under the same Act for the purpose of providing, on a contributory basis, a scheme of superannuation for employees of participating hospitals and other institutions.

In addition to allowing for future admissions to the scheme, the Act provided for the transfer of the various institutions participating in a scheme of superannuation administered by the Victorian Hospitals' Association to the scheme to be administered by the Board, and, accordingly, as at 1st July, 1966, the day fixed as the "Fund Opening Day", the assets of the former scheme were transferred to the Hospitals Superannuation Fund.

Broadly, the membership of the Fund comprises employees of participating institutions who—

- (a) are accepted by the Board as members on their own application ;
- (b) became members by virtue of the transfer from the former scheme to the scheme administered by the Board and on whose lives policies of life insurance were held by the trustees of the former scheme and who were under a specified age on the 1st July, 1966 ;
- (c) became members upon the above transfer and on whose lives policies of life insurance were held by the trustees of the former scheme, but were over a specified age on the 1st July, 1966 ; and
- (d) became members upon the above transfer and who had an interest in the common investment fund of the former scheme.

Employees becoming members as detailed in paragraphs (a) and (b) above are eligible, pursuant to the Act and Regulations thereunder, to participate in a "Deposit Administration Scheme" administered by the Board, and, in respect of members under paragraph (b), notional values, in place of life policies, assessed by the A.M.P. Society, were credited to the respective members' accounts as at 1st July, 1966.

In respect of members classified under paragraph (c), life insurance policies effected in their name remain in force and contributions received by the Board from these members and their employer institutions are paid to the A.M.P. Society as policy premiums.

The "Provident Account" within the Fund represents the interest of those employees who became members as outlined under paragraph (d) above.

Contributions are made equally by members and their employer institutions but members may, in addition, by making supplementary contributions without institutional reciprocation, become entitled to increased benefits.

Benefits, primarily lump sum payments, are paid in accordance with Schedules contained in the Regulations under the Act. Provision is also made for the payment on retirement, death or retrenchment, of a "Terminal Benefit Subsidy". In respect of employee members of participating institutions which have been classified as "Class A" in terms of the Act, the cost of this subsidy is borne by funds provided from the Hospitals and Charities Fund. To meet claims by employee members of other participating institutions (Class B), each such institution is levied a percentage over and above the matching contribution normally paid by it.

Provision is made in the Act and Regulations for specific accounts to be kept in relation to the Fund and for a distribution, at least at the end of each fund year, of the earnings and charges (as determined by the Board) of the Fund.

The Welfare Account within the Fund enables the Board to make payments for the relief of distress and hardship to contributors, former contributors and their dependants and was created, pursuant to the Act, by the transfer, as at 1st July, 1966, of assets standing to the credit of a similar account maintained within the former scheme. In terms of the Act and Regulations, the income of the Account is derived from any moneys standing to the credit of the Management Account and considered by the Board to be surplus for the purpose of that Account and, as determined by the Board, a share in the distribution of certain earnings of the Fund.

Management costs of the Board are met from the Management Account, the income of which is derived from commissions received in connexion with policies of life insurance held by the Board, a percentage (6 per cent. in 1966-67) of moneys paid by members and participating institutions as contributions, grants from the Hospitals and Charities Fund in relation to establishment charges, moneys standing to the credit of the Welfare Account and considered by the Board to be surplus for the purposes of that Account and, as determined by the Board, a share in the distribution of certain earnings of the Fund.

The annual audit of the Fund is conducted by my officers pursuant to the provisions of the Act. A continuous audit is carried out by a firm of chartered accountants appointed for that purpose by the Board. The audits are, by arrangement, complementary in character.

At the time of preparation of this Report, neither audit could be completed pending the finalization of the Board's accounts. As several matters are still to be determined, it is deemed advisable not to include any statements of accounts in this Report.

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.

A summary of the Commission's revenue and expenditure for 1965-66 and 1966-67 is furnished below :—

1965-66.		1966-67.	
		REVENUE.	
\$		\$	\$
12,983,300	Rentals	14,240,738	
2,459,528	Gross Surplus—House Sales	1,829,902	
12,382	Gross Profit—Land Sales for Residential Purposes	156,303	
1,762,052	Interest—House Sales (net)	1,806,124	
161,333	„ Sundry	160,828	
113,565	Miscellaneous	124,280	
<u>17,492,160</u>			<u>18,318,175</u>
		EXPENDITURE.	
5,574,121	Interest—less amounts capitalized and applied to House Sales	5,907,357	
1,833,710	Loan Redemption—Commonwealth-State Agreements	1,897,936	
3,737	Contribution to National Debt Sinking Fund	3,438	
8,000	„ „ Debenture Loan Sinking Fund	8,000	
1,049,736	Administration—General	1,153,480	
606,860	„ House Sales	645,195	
4,092	„ Land Sales—Residential	11,999	
103,224	Cost of rent collection in country areas, &c.	111,859	
2,056,937	Rates—less amount capitalized	2,255,450	
24,834	Insurable Risks	29,418	
126	Loan Conversion Expenses	441	
2,462,893	Provision for accruing maintenance	2,506,863	
21,440	„ „ irrecoverable rents	12,836	
237,132	Cost of Communal Services—Flats and Garden Maintenance	239,014	
2,818	Operating Costs—Laundries	33,737	
484,661	Appropriation to House Purchasers' Death Benefit Fund	477,269	
1,560,905	Transfer to House Sales Reserve Suspense Account	1,189,640	
..	Transfer to Land Realization (Residential) Suspense Account	77,377	
164,892	Maintenance and repairs on houses sold	99,888	
9,832	Maintenance (Rental) Bad Debts written off	15,303	
20,185	Central Heating and Hot Water Services	94,186	
51,956	Miscellaneous	35,303	
<u>16,282,091</u>			<u>16,805,989</u>
1,210,069	Operational Profit for the year .. .. .	..	1,512,186
992,398	Less appropriation to House Purchasers' Interest Receivable Reserve	999,639	
300,000	„ „ for Slum Reclamation and Clearance of Areas	300,000	
			<u>1,299,639</u>
<u>DR. 82,329</u>	Balance—Transferred to Accumulated Surplus Account		<u>CR. 212,547</u>

The sources from which the surplus in 1966-67 was derived and the reasons for the deficit in 1965-66, may be more readily seen from the following summary :—

1965-66.		1966-67.	
\$		\$	
..	Profit—Rental Operations .. .. .	..	42,113
*141,550	Surplus—Miscellaneous Funds .. .. .	..	*145,439
11,038	Net Profit—Residential Land Sales .. .. .	..	70,104
502,864	Realized Profit—House Sales	318,831	
300,000	Less Appropriation for Slum Reclamation and Clearance of Areas	300,000	
			18,831
<hr/>		<hr/>	
355,452			276,487
	<i>Less—</i>		
53,994	Cost of Statutory Functions—non-revenue producing	63,940	
383,787	Loss—Rental Operations .. .. .	..
<hr/>		<hr/>	
437,781			63,940
<hr/>		<hr/>	
DR. 82,329	Balance—General Revenue Account as at close of year .. .. .	..	CR. 212,547

* Includes notional interest on interest-free loans—1965-66, \$22,955 ; 1966-67, \$13,216.

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 :—

	1965-66.		1966-67.	
	\$	\$	\$	\$
Gross rental charges .. .. .	..	13,980,580	..	15,546,968
<i>Deduct—</i>				
Rental rebates allowed	963,537		1,228,699	
Losses from vacancies	33,743		77,531	
	<hr/>	997,280	<hr/>	1,306,230
Credit for Rentals—General Revenue Account		12,983,300		14,240,738

The increase of \$1,566,388 in gross rental charges was due to additional units becoming available for tenancy and also was the reflection of a full year's operation of revised rentals on the re-letting of vacated premises and of certain increases in rentals which took effect as from 30th January and 10th April, 1966.

Sales of Houses.—For the year, 1,873 units were sold for a total sum of \$17,616,774
Details are :—

	No.	Cost.	Selling Price.	Surplus.
		\$	\$	\$
Cash Sales—				
State .. .. .	..	..	..	..
Commonwealth—State Housing Agreement 1945	7	35,882	55,046	19,164
Commonwealth—State Housing Agreement 1956	1	11,344	11,458	114
Sales per War Service Homes Commission—C.S.H.A. 1945	8	35,071	62,737	27,666
Terms Sales—				
State	14	36,030	97,801	61,771
Commonwealth—State Housing Agreement 1945	585	3,392,889	4,743,657	1,350,768
Commonwealth—State Housing Agreement 1956	1,258	12,275,656	12,646,075	370,419
	<hr/>	1,873	17,616,774	1,829,902
Comparable figures—1965-66	2,244	18,045,837	20,505,365	2,459,528

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 \$189,847 from the sale during the year of 172 repossessed units.

Generally, sales have been made on the basis of estimated costs. The dwellings sold, 1,873, included a number of vacated rental units. In respect of these particular units, expenditure amounting to \$99,888 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 an estimate of the amount needed 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.

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

	\$	\$
Gross Surplus on Sales	1,829,902	
Less Transfer to House Sales Reserve Suspense Account ..	1,189,640	
	<hr/>	640,262
Interest receivable on terms	7,209,643	
Less Interest payable on houses sold	5,403,519	
	<hr/>	
Interest on House Sales (net)	1,806,124	
Less Appropriation to House Purchasers' Death Benefit Fund	477,269	
	<hr/>	1,328,855
Other House Sales revenue (included in Miscellaneous revenue in General Revenue Account)		94,436
		<hr/>
		2,063,553
Less Administration—House Sales	645,195	
Maintenance and repairs on houses sold	99,888	
	<hr/>	745,083
		<hr/>
		1,318,470
Less Appropriation to Interest Receivable Reserve—House Purchasers	999,639	
Appropriation for Slum Reclamation and Clearance of Areas	300,000	
	<hr/>	1,299,639
		<hr/>
Net Credit to General Revenue on account of House Sales ..		18,831
		<hr/>

The Commission has again provided from its profits in respect of house sales an amount of \$300,000 to supplement other funds available for slum reclamation works. The total so provided for this purpose now amounts to \$900,000.

Residential Land Sales.— Reference was made in last year's Report to a change of policy adopted by the Commission in relation to the accounting for profits arising out of the sale of land for residential purposes. In accordance with the new policy, operative from 1st July, 1965, profits from sales of residential land are credited to revenue, whereas profits on sales of land for purposes other than residential are treated as capital profits and credited to a Land Realization Reserve Account. The matter is still receiving consideration.

Realized profit on sales of land for residential purposes for the year amounted to \$70,104 compared with \$11,038 for 1965–66.

The financial position of the Commission as at 30th June, 1966 and 1967, is summarized hereunder :—

30.6.66.		30.6.67.
\$		\$ \$
	<i>Current Assets—</i>	
2,170,150	Sundry Debtors	2,182,013
437,377	Cash at Bank and in Transit	546,020
<u>2,607,527</u>		<u>2,728,033</u>
7,934,007	<i>Investments</i>	5,606,763
	<i>Deferred Assets—</i>	
146,592,815	House Purchase Debtors	159,653,564
	<i>Fixed Assets—</i>	
52,787,926	Estates—Cost of land, developmental and incidental expenses	55,567,519
272,878,974	Dwellings and Shops	293,879,263
662,982	Holmesglen Housing Factory—Land and Buildings	685,396
<u>326,329,882</u>		<u>350,132,178</u>
95,708,999	Less Suspense Account for estimated capital costs of land, houses and shops sold	102,176,727
<u>230,620,883</u>		<u>247,955,451</u>
11,699,086	Cost of properties acquired for Slum Reclamation	13,258,418
101,900	Store rooms, Offices, &c.	93,415
517,925	Plant, vehicles, office furniture and equipment	661,835
821,789	Concrete House Project	695,385
400	Shares—31 Melrose Street Pty. Ltd.	400
<u>243,761,983</u>		<u>262,664,904</u>
412,496	<i>Deposit and Trust Account—Cash at Bank and securities</i>	690,622
	<i>Intangibles—</i>	
39,044	Loan Flotation Expenses—Less amount written off	40,703
112,988	Plans and Designs, &c.	146,024
395,535	Slum Reclamation—Unrecouped costs	395,556
192,307	Electronic Data Processing—Planning Costs	175,737
3,911	Overseas Delegation—Expenses .. .. .	..
<u>743,785</u>		<u>758,020</u>
<u>402,052,613</u>	Total	<u>432,101,906</u>
	<i>Current Liabilities—</i>	
656,420	Sundry Creditors	721,143
..	Bank Overdraft	1,995,372
		<u>2,716,515</u>
	<i>Loans—</i>	
335,848,974	Government advances	357,184,289
600,000	Debenture issues	600,000
1,563,508	Death Benefit Fund advances	1,913,840
<u>338,012,482</u>		<u>359,698,129</u>
	<i>Advances and Subsidies—</i>	
2,484,418	Subsidy from Loan for Slum Reclamation	2,484,418
1,489,250	Subsidy from Municipalities	1,689,250
84,316	Gift of Flats—City of Prahran	84,316
<u>4,057,984</u>		<u>4,257,984</u>
	<i>Reserves and Sinking Funds, &c.—</i>	
100,000	Debenture Loans Redemption	100,000
480,842	Cancelled Securities—National Debt Sinking Fund	548,681
103,465	Debenture Loan Sinking Fund	117,304
17,130,205	Loan Redemption—Commonwealth—State Agreements	18,489,344
3,360,968	Accruing Maintenance Provision	3,732,574
80,000	Irrecoverable Rents Provision	50,000
19,335,116	House Sales Reserve Suspense Account	20,573,568
4,531,678	House Purchasers' Death Benefit Scheme	5,247,403
5,618,126	Land Realization Reserve	5,922,845
225,499	Shops Realization Reserve	224,010
6,440,005	Interest Receivable Reserve—House Purchasers	7,439,644
600,000	Appropriation of House Sales Profits for Slum Reclamation Works	900,000
79,863	General Reserve	79,863
<u>58,085,767</u>		<u>63,425,236</u>
827,464	<i>Accumulated Surplus</i>	1,313,420
	<i>Deposit and Trust Account—</i>	
412,496	Contractors' deposits and other trust moneys	690,622
<u>402,052,613</u>	Total	<u>432,101,906</u>

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

Sundry Debtors, \$2,182,013. Details are :—

	\$
Rental Arrears	427,361
Works and Materials, &c., for other bodies and adjoining owners, &c. ..	625,627
Debtors on account of Shop and Land Sales (net)	1,054,318
Revenue Accruals, Prepayments and Advances, &c.	74,707
	2,182,013

Investments.—The book value of investments decreased during the year from \$7,934,007 to \$5,606,763. Relevant details as at 30th June, 1967, are :—

	\$
Interest-free advances—to other Public Authorities	299,970
Loan to a Public Authority	3,482
Loan to a Company on second mortgage	2,000
Investments—Sinking Fund	117,304
Investments—Death Benefit Fund	5,184,007
	5,606,763

House Purchase Debtors, \$159,653,564.—This item is a net figure, the sum of the amounts received from intending purchasers, \$169,318, having been, for balance-sheet purposes, set off against the gross sum due from existing purchasers.

Concrete House Project.—The amounts \$821,789, as at the 30th June, 1966, and \$695,385, as at the 30th June, 1967, 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 \$821,789 to \$695,385 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, 1966		821,789
<i>Add—</i>		
Increase in Book value of Equipment, Plant, Tools, &c. ..	31,592	
Increase in Current Assets	84,150	
Decrease in Reserve for Maintenance of Factory Building ..	5,582	
		943,113
<i>Deduct—</i>		
Increase in Current Liabilities	198,421	
Increase in Reserve for Long Service Leave	49,307	
		247,728
Item—"Concrete House Project" as at 30th June, 1967		695,385

The Project is charged notional interest at the rate of 4 per cent. per annum on the book value of its land, buildings and road services, &c. In the summary of the Commission's Revenue Account for 1966–67 furnished in this Report, the credit for this interest is included in the item "Interest—Sundry" and the charge therefor is reflected in the costs of the prefabricated units constructed at the Project.

Shares—31 *Melrose-street Pty. Ltd.*, \$400.—The Commission is a shareholder to the extent of 200 shares in this service company formed to operate in respect of buildings consisting of eleven shops and six flats at Melrose-street, North Melbourne. These buildings were constructed by the Commission on land originally owned by it and several have been sold in units on a stratum title basis.

Provision for Maintenance.—As at 30th June, 1966, the balance of the Accruing Maintenance Provision Account was \$3,360,968. To this amount there was added in 1966–67 the sum of \$2,506,863 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the Account in 1966–67 was \$2,135,257 leaving a balance at credit of the Account at the close of the year of \$3,732,574.

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

House Sales Reserve Suspense Account.—The primary purpose of this account is to represent at date the profit still to be realized on houses sold on terms. The transactions for the year are summarized below :—

	\$	\$
Balance at credit 1st July, 1966 .. .. .	..	19,335,116
<i>Add—</i>		
Transfer from General Revenue Account (unrealized profits on terms sales for the year)	1,189,640	
Increase in unrealized profits on resale of repossessed units	182,274	
	<hr/>	1,371,914
		<hr/>
		20,707,030
<i>Less—</i>		
Sundry adjustments arising from cancellation of sales, reduction of sale prices, &c.	62,772	
Adjustments to estimated unrealized profits on establishment of actual capital costs	70,690	
	<hr/>	133,462
		<hr/>
Balance at credit 30th June, 1967 .. .. .	..	20,573,568

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, 1967, are summarized below :—

	\$	\$
Balance as at 30th June, 1966 .. .. .	..	4,531,678
<i>Add</i> Appropriation for year (Section 109 Act No. 6275) ..	477,269	
Income from Investments	260,544	
Premiums	15,425	
	<hr/>	753,238
		<hr/>
		5,284,916
<i>Deduct</i> Payments on Account of Deceased Purchasers .. ..	..	37,513
		<hr/>
Balance as at 30th June, 1967 .. .. .	..	5,247,403

The sum of the investments of the Fund, \$5,184,007 includes an amount of \$1,913,840 set aside in an account in the Commission's books styled "Loan Advance—Death Benefit Fund." The Fund's investments are included in the Commission's balance-sheet item—"Investments \$5,606,763".

In respect of the advance of \$1,913,840 it is 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. 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, 1964, reported that the fund had matured to a position of strength.

Realization Reserves—Land, \$5,922,845 ; *Shops*, \$224,010—During the year there was an increase of \$304,719 in the Land Realization Reserve. Of this amount, \$227,342 was the resultant net profit from sales of land for other than residential purposes to industries and retailers, less the net loss on sales of land to municipalities for reserves, church institutions and to the Education Department for school sites.

The balance \$77,377 was the unrealized profit on sales on terms of land for residential purposes.

There were no shops sold in the various estates in 1966–67.

Interest Receivable Reserve—House Purchasers, \$7,439,644.—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 balance at credit of the Reserve was increased from \$6,440,005 at the beginning of the year to \$7,439,644 at the close of the year by transfer from revenue of \$999,639.

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.

Accumulated Surplus, \$1,313,420.—The variations in this account during the year are explained below :—

	\$	\$
1st July, 1966—Balance .. .. .	..	827,464
<i>Add—</i>		
Amount written back to Revenue from Loan Redemption Reserve	273,409	
Credit Balance—General Revenue Account	212,547	
	<hr/>	485,956
30th June, 1967—Balance .. .. .	..	<hr/>1,313,420 <hr/>

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 1966-67 amounted to \$181,358 (Water \$83,921, Sewerage \$97,437). Other advances by the State amounting to \$318,641 (Water \$138,258, Sewerage \$180,383) were made to the Board during the year for the purpose of design, construction and operation of water and sewerage works in the Churchill township. Total advances to the Board to 30th June, 1967, amounted to \$18,770,586 (Water \$12,047,192, Sewerage \$6,723,394).

The accounts of the Board to 30th June, 1967, have been audited. For purposes of comparison, figures for the previous year are given in the abridged statements which follow.

FARM REVENUE ACCOUNT.

1965-66.		1966-67.
\$		\$ \$
	<i>Income—</i>	
4,666	Rental Board Properties	4,156
1,440	Sundry	1,174
83,795	Profit—Sheep Trading Account	17,828
13,815	Profit—Cattle Trading Account	25,809
103,716		48,967
	<i>Expenditure—</i>	
50,749	Farm Operation and Maintenance	62,375
12,124	Production of Fodder	10,267
58,031	Interest on Loans	60,607
2,768	Interest on Overdraft	3,842
17,038	Depreciation Provision	18,044
25,330	Administrative and Sundry Expenses	26,245
1,253	Maintenance Farm Dwellings	4,345
167,293		185,725
63,577	Deficit on Farm Account transferred to General Revenue	136,758

GENERAL REVENUE ACCOUNT.

\$		\$ \$
	<i>Income—</i>	
659,198	Water Charges	690,775
252,693	Disposal Charges	268,548
14,565	Refund Maintenance Outfall Sewer—Tar Removal Costs	10,760
6,847	Rents and Income—Board Properties	5,857
92,438	Other	58,143
1,025,741		1,034,083
	<i>Expenditure—</i>	
445,622	Interest on Loans	445,492
7,563	Interest on Overdraft	11,527
106,246	Depreciation	110,502
178,303	Maintenance and Operation of Works	142,651
30,451	Salaries and Allowances	56,764
135,782	Other Expenses	92,574
903,967		859,510
121,774	Surplus for year	174,573
63,577	Deficit on Farm Revenue Account	136,758
*58,197	<i>Net result for year</i>	†37,815

* Surplus on Water Fund \$90,045 ; Deficit on Sewerage Fund \$31,848.

† Surplus on Water Fund \$128,152 ; Deficit on Sewerage Fund \$90,337.

The Board's balances at 30th June, 1966 and 1967, are summarized hereunder :—

30.6.1966.		30.6.1967.	
\$		\$	\$
	Current Assets—		
3,885	Cash at Bank	3,962	
53,247	Stores, Tools, &c.	45,488	
4,620	Wool and Ensilage on hand	17,325	
252,846	Livestock on Hand (at market value less selling charges) ..	292,935	
105,504	Debtors and Prepayments, etc.	21,291	
		381,001	
695,137	Investments on account of Depreciation Reserve	714,985	
	Fixed Assets—		
16,888,771	Works (including Works in Progress)	17,535,621	
246,532	Plant and Equipment	231,424	
327,459	Land, Buildings, Residences	331,748	
78,465	Office and Laboratory Equipment	93,525	
		18,192,318	
17,541,227			
818,421	Less Depreciation Reserve	966,815	
		17,225,503	
16,722,806			
	Intangibles—		
523,709	Interest on Works during Construction	523,709	
		18,845,198	
18,361,754			
	Current Liabilities—		
385,144	Bank Overdraft	522,387	
7,282	Sundry Creditors	25,043	
2,241	Treasurer of Victoria—Interest .. .. .	..
3,885	Contractors' Deposits and other Trust moneys	3,962	
6,822	Long Service Leave Provision	9,823	
		561,215	
17,002,883	Loan Liability to the State of Victoria.. .. .	16,983,359	
		17,544,574	
17,408,257			
	The excess of Assets over Liabilities is represented by :—		
608,750	Capital Expenditure borne by the State	918,112	
5,000	Grant by Government of Victoria	5,000	
44,505	Appropriation for Plant Renewals	44,454	
295,242	Accumulated Surplus	333,058	
		1,300,624	
18,361,754		18,845,198	

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. Except where an agreement has been made between an employee and an authority for a rate in excess of 7 per cent., 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 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 interest received from the investment of funds at credit of the account, and allocations from the Benefit Contracts Account and the Provident Fund.

The accounts for the year ended 28th February, 1967, are compared hereunder with those for the previous year.

INSURANCE ACCOUNT.

	1965-66.	1966-67.
	\$	\$
<i>Receipts.</i>		
Balance at Bank, 1st March	30,590	19,702
Premiums	6,821	..
Surrender Values	13,073	9,279
Death Claims	6,618	6,585
Matured Policies	239,150	30,436
Taken-over Policies	131	..
Investments Temporary—Redeemed	12,000	..
Other	394	239
	308,777	66,241
<i>Payments.</i>		
Premiums	6,821	..
Death Claims	8,214	6,664
Matured Policies	248,174	44,389
Surrender Values	13,073	8,671
Refunds to Authorities	37	..
Investments Temporary—Purchased	12,000	..
Other	756	..
Balance at Bank, 28th February	19,702	6,517
	308,777	66,241

PROVIDENT FUND.

						<i>Receipts.</i>	
						1965-66.	1966-67.
						\$	\$
Balance at Bank, 1st March	..	..	..	..	..	6,806	22,336
Contributions	..	..	..	..	..	441,353	490,138
Interest on Investments	..	..	..	..	..	119,533	131,585
Death Claims Suspense	..	..	..	..	..	12,654	2,404
Overpaid Benefits Recovered	..	..	..	..	..	..	4,686
Other (including Investments Redeemed)	..	..	..	..	..	446,109	525,354
						<u>1,026,455</u>	<u>1,176,503</u>
						<i>Payments.</i>	
Death Claims	..	..	..	..	..	34,781	21,995
Resignations and Retirements	..	..	..	..	..	385,876	313,287
Additional Interest	..	..	..	..	..	10,943	6,957
Refunds of Contributions	..	..	..	..	..	519	2,679
Investments	..	..	..	..	..	564,000	792,194
Contribution to Administration	..	..	..	..	..	8,000	..
Balance at Bank, 28th February	..	..	..	..	..	22,336	39,391
						<u>1,026,455</u>	<u>1,176,503</u>

The position of the Fund at 28th February, 1966 and 1967, was :—

						1966.	1967.
						\$	\$
Contributors' Credits	..	..	..	..	..	2,043,400	2,301,536
Unallotted Interest	..	..	..	..	..	125,936	134,971
Contributions paid in advance, &c.	..	..	..	..	..	25,950	37,600
Contributions payable to Benefit Contracts Account, &c.	..	..	..	..	..	280	..
Contribution payable to Management Account	..	..	..	..	..	..	8,000
						<u>2,195,566</u>	<u>2,482,107</u>
Represented by—							
Cash at Bank	..	..	..	..	..	22,336	39,391
Investments	..	..	..	..	..	2,170,731	2,437,477
Contributions due, &c.	..	..	..	..	..	2,499	2,596
Overpaid Benefits	..	..	..	..	..	..	2,485
Due from Benefit Contracts Account	..	..	..	..	..	..	158
						<u>2,195,566</u>	<u>2,482,107</u>

BENEFIT CONTRACTS ACCOUNT.

						1965-66.	1966-67.
						\$	\$
<i>Income.</i>							
Contract Premiums	..	..	..	..	..	2,093,770	2,502,127
Interest on Investments	..	..	..	..	..	711,786	827,626
						<u>2,805,556</u>	<u>3,329,753</u>
<i>Expenditure.</i>							
Death Benefits	..	..	..	..	..	265,550	356,673
Withdrawal Benefits	..	..	..	..	..	470,021	464,043
Retirement Benefits	..	..	..	..	..	..	346,770
Contribution to Administration	..	..	..	..	..	168,320	198,523
Other	..	..	..	..	..	70	814
						<u>903,961</u>	<u>1,366,823</u>
Surplus	..	..	..	..	..	<u>1,901,595</u>	<u>1,962,930</u>

As at 28th February, 1966 and 1967, the funds of the Benefit Contracts Account amounted to—

	1966.	1967.
	\$	\$
	12,686,209	14,649,139
and were represented by—		
Investments	12,820,565	14,832,917
Less Excess of Current Liabilities over Current Assets	134,356	183,778
	<u>12,686,209</u>	<u>14,649,139</u>

MANAGEMENT ACCOUNT.

Income.

	1965-66.	1966-67.
	\$	\$
Commission	339	..
Interest on Investments	6,594	6,334
Contribution to Administration—		
From Benefit Contracts Account	168,320	198,523
From Provident Fund	8,000	8,000
Rent	31,620	31,841
Computer Bureau Fees	9,714	28,745
	<u>224,587</u>	<u>273,443</u>

Expenditure.

Board Members' Fees	1,384	1,348
Salaries	82,902	98,298
Hire of Computer and other Office Machines	66,493	73,773
Other Administration Charges	56,968	65,444
Rates, &c.	5,787	6,362
Depreciation	19,441	21,092
	<u>232,975</u>	<u>266,317</u>
Surplus .. .. .	..	7,126
Deficit	8,388	..

As at 28th February, 1966 and 1967, accumulated funds of the Management Account were :—

	1966.	1967.
	\$	\$
Accumulated Funds	783,408	765,429
Asset Replacement Reserve	48,792	66,634
	<u>832,200</u>	<u>832,063</u>
Represented by—		
Current Assets less Liabilities	40,293	66,538
Investments	108,568	82,175
Freehold Property	617,873	616,152
Furniture, Equipment and Office Machines	52,323	52,256
Motor Vehicles	6,272	5,805
Prepayments, &c.	6,871	9,137
	<u>832,200</u>	<u>832,063</u>

MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1967, has been completed and the statements of accounts for the year have been certified by me.

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

1965-66.				1966-67.	
\$		\$	\$	\$	
Rates and Charges—					
13,701,430	Water Supply	14,558,758			
13,758,159	Sewerage	14,831,014			
2,126,552	Drainage and Rivers	2,187,485			
<u>29,586,141</u>			<u>31,577,257</u>		
Farm—					
436,279	Gross profit on cattle	428,536			
132,941	Gross profit on sheep	97,364			
5,483	Rent	4,982			
3,978	Sundry Trading Operations	3,142			
<u>578,681</u>			<u>534,024</u>		
<u>30,164,822</u>	Gross Revenue				32,111,281
Working Expenses—					
3,603,726	Management	3,735,999			
5,572,141	Maintenance	6,091,057			
16,526,218	Interest (including overseas exchange)	17,834,761			
<u>25,702,085</u>					<u>27,661,817</u>
<u>4,462,737</u>	Gross Surplus				<u>4,449,464</u>
General Expenditure—					
303,487	Loan Flotation Expenses	457,380			
163,333	Staff Gratuities	168,871			
201,251	Contributions to Superannuation Fund	284,966			
76,640	Depreciation—Furniture and Fittings, &c.	352,397			
100,946	Pensions (cost of living allowances in superannuation payments)	128,516			
..	Provision for Statutory Expenditure	50,000			
<u>845,657</u>			<u>1,442,130</u>		
Statutory Expenditure—					
33,984	Contributions to Municipalities				
44,107	Fees for valuations			95,955	
<u>923,748</u>	Carried forward			<u>1,538,085</u>	<u>4,449,464</u>

1965-66.		1966-67.	
\$		\$	\$
923,748	Brought Forward	1,538,085	4,449,464
Provisions and Transfers to Reserves—			
662,718	Contributions to—Renewals Fund	968,170	
1,045,674	„ „ —Sinking Fund	1,131,337	
1,228,019	„ „ —Loans Redeemed Reserve	1,420,431	
600,000	„ „ —Rates Equalization Reserve		
3,536,411			3,519,938
4,460,159	Expenditure, &c. from Gross Surplus		5,058,023
2,578	Net Surplus		
..	Net Deficit		608,559
64,344	Add Accumulated Surplus brought forward		66,922
..	Add Transfer from Rates Equalization Reserve		608,559
66,922	Accumulated Surplus at 30th June, carried forward		66,922

As the above statement shows, operations during 1966-67 resulted in a deficit of \$608,559 which was met by an allocation of an equivalent amount from the Rates Equalization Reserve.

The following summary shows the variations in the valuations of properties rateable to the Board and the annual collectable revenue over the past three 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).
				\$	\$	\$	\$
1964-65	..	..	..	12,159,896	10,925,292	1,743,502	212,650,684
1965-66	..	..	..	13,701,430	13,758,159	2,126,552	336,275,826
1966-67	..	..	..	14,558,758	14,831,014	2,187,485	365,660,092

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 above summary, and the statutory maximum rates allowable as from 12th August, 1959, were :—

	Rate Levied (per \$).			Maximum Rate Allowable (per \$).
	1964-65.	1965-66.	1966-67.	
	c	c	c	c
Metropolis generally—				
Water Rate	3.333	2.5	2.5	3.75
Metropolitan General Rate	5.833	4.375	4.375	6.666
Drainage and Rivers Rate	0.833	0.625	0.625	1.25
Parts of Cities of Dandenong, Springvale and Shires of Berwick, Knox and Cranbourne (from and inclusive of 1958-59)—				
Water Rate	4.166	3.125	3	5
Parts of Cities of Chelsea, Springvale and Mordialloc (from and inclusive of 1962-63)—				
Water Rate	5	3.75	3.75	5

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 56·48 per cent. compared with 55·86 per cent. in the previous year. The actual charge to revenue on account of interest and exchange rose from \$16,526,218 in 1965-66 to \$17,834,761 in 1966-67.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund \$390,338 ; Sinking Fund \$1,438,300 ; and Superannuation Fund \$222,658. Exchange on interest remitted overseas amounted to \$65,089.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1967, are shown hereunder :—

	Contributions from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th, June, 1967.
	\$	\$	\$	\$
Sinking Funds.. .. .	1,155,530	1,438,300	2,593,830	31,359,824
Loans Redeemed Reserve	1,420,431	..	1,420,431	6,058,113
Renewals Fund	968,170	390,338	1,358,508	18,565,475
Superannuation Fund	303,157	222,658	525,815	4,704,401
Insurance Account .. .. .	..	..	..	851,924
	<u>3,847,288</u>	<u>2,051,296</u>	<u>5,898,584</u>	<u>61,539,737</u>

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of \$49,199,712 as at 30th June, 1967. Thus, the sum of the Board's Funds and Reserves as at that date was \$110,739,449. Of this sum, \$58,325,998 was invested, \$6,058,113 was applied to loan redemption and \$46,355,338 was utilized in the Board's undertaking.

Town Planning, Metropolitan Highways, &c.—The Metropolitan Improvement Rate remained unchanged at 1·25c per dollar and was assessed on properties with an aggregate net annual value of \$379,174,633 compared with \$362,104,998 in 1965-66.

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

1965-66.		1966-67.
\$		\$
	Revenue—	
4,914,206	Metropolitan Improvement Rate and Sundry Income	5,136,447
	Less Expenditure—	
623,340	Management	633,113
65,677	Maintenance	66,586
51,214	Interest	50,684
24,194	Contribution to Sinking Fund	24,194
36,016	Proportion of Statutory and General Charges	50,879
<u>800,441</u>		<u>825,456</u>
4,113,765	Balance—Surplus transferred to Planning and Highways Reserve	4,310,991

At 30th June, 1967, the credit balances in the accounts of the Board relating to its Planning and Highways functions were :—

	\$
Loan Liability—Loan 857	800,000
Sinking Fund	164,566
Planning and Highways Reserve	32,232,964
	<u>33,197,530</u>

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

Metropolitan Improvement Fund—	\$	\$
Cash at Bank	131,609	
Less amount due to Metropolitan General Fund	272,857	
	—————	O/D141,248
Securities—		
Short Term.. .. .	4,450,000	
Commonwealth	2,000,000	
	—————	6,450,000
Arrears—Rates and Charges (estimate)		120,878
Sundry Debtors—		
Rent	10,999	
Accrued Interest	33,361	
	—————	44,360
Reserved Land—held temporarily under Section 57, Act No. 6849	11,330,463	
Compensation under Section 42, Act No. 6849	695,481	
	—————	12,025,944
Planning, Highways and Foreshore Works—Expenditure		14,697,596
		—————
		33,197,530

Included in the total of \$32,232,964 in Planning and Highways Reserve is an amount of \$4,985,209 which represents the contributions made by the Treasurer of Victoria from the Roads (Special Projects) Fund in connexion with expenditure by the Board on the following Special Projects :—

	To 30.6.1966.	1966-67.	Total
	\$	\$	\$
Special Project No. 1—St. Kilda Junction	1,346,123	2,036,665	3,382,788
„ „ No. 3—South Eastern Freeway .. .. .	..	208,326	208,326
„ „ No. 4—Tullamarine Freeway.. .. .	..	1,394,095	1,394,095
	—————	—————	—————
	1,346,123	3,639,086	4,985,209

Special Project No. 1 was approved by the Governor in Council on 31st August, 1965, and Special Projects No. 3 and No. 4 were approved by the Governor in Council on 25th October, 1966.

Recoups of expenditure by the Board from the dates shown were made by the Treasurer of Victoria on the following basis :—

	\$
Three-fourths of payments for property acquisition from 1st July, 1965	3,200,226
Three-fourths of payments for contract and direct labour works from 31st August, 1965	1,160,116
Three-fourths of payments for contract and direct labour works from 25th October, 1966	407,546
One-half of design, survey and boring costs from 31st August, 1965	119,151
One-half of design, survey and boring costs from 25th October, 1966	98,170
	—————
	4,985,209

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 two years :—

1966.		1967.
\$	Current Assets—	\$ \$
796,412	Cash in Hand and at Bank	1,156,430
11,775,000	Securities—Short Term	15,485,000
1,304,290	Arrears of Rates and Charges	1,231,074
2,113,659	Sundry Debtors	1,878,142
3,230,341	Stores and Materials on Hand	3,135,614
445,160	Livestock on Hand	450,092
	 Reserved Land—Planning and Highways—	
9,203,418	Acquired Land	11,330,463
539,260	Compensation for loss on sales	695,481
<hr/>		<hr/>
29,407,540		35,362,296
<hr/>		
	Fixed Assets—	
9,855,224	Planning and Highways Works	14,697,596
146,540,266	Water Supply Works	153,982,688
158,121,486	Sewerage Works	177,147,645
793,818	Sewerage House Connexions	793,818
27,963,690	Main Drainage and River Improvement Works	31,436,153
11,790,979	Buildings, Water Meters and other items	12,911,561
<hr/>		<hr/>
355,065,463		390,969,461
17,669,172	Less Renewals Fund	18,565,475
<hr/>		<hr/>
337,396,291		372,403,986
3,306,478	Plant and Tools	3,988,263
941,422	Motor Vehicles	1,001,955
384,750	Furniture and Fittings	290,809
<hr/>		<hr/>
342,028,941		377,685,013
<hr/>		
	Investments—	
34,073,000	External—Stock—Commonwealth, &c.	37,123,000
5,652,668	Internal—Stock—Melbourne and Metropolitan Board of Works	5,724,198
<hr/>		<hr/>
39,725,668		42,847,198
<hr/>		<hr/>
411,162,149	Total Assets	455,894,507
<hr/>		<hr/>

1966.		1967.
\$		\$ \$
3,026,728	Current Liabilities—	
4,659,682	Loan Interest, Matured Debentures and Inscribed Stock ..	3,075,861
	Sundry Creditors and Deposits	5,139,443
<u>7,686,410</u>		<u>8,215,304</u>
	Deferred Liabilities—	
4,337,735	Superannuation Fund	4,704,401
771,731	Provision for Furlough	802,903
<u>5,109,466</u>		<u>5,507,304</u>
	Loan Liability—	
1,394,357	Government of Victoria	1,438,807
322,392,354	Other	354,066,422
<u>323,786,711</u>		<u>355,505,229</u>
<u>336,582,587</u>	Total Liabilities	<u>369,227,837</u>
	Excess of Assets over Liabilities, represented by—	
28,632,307	Sinking Fund	31,195,258
4,637,682	Loans Redeemed Reserve	6,058,113
12,098,803	General Reserve	11,823,313
<u>45,368,792</u>		<u>49,076,684</u>
175,899	Less Fixed Assets Retired	405,993
<u>45,192,893</u>		<u>48,670,691</u>
133,687	Planning and Highways Sinking Fund	164,566
22,937,278	Planning and Highways Reserve	32,232,964
2,754,002	Rates Equalization Reserve	2,145,443
1,377,000	Exchange Reserve	1,377,000
207,210	Deferred Maintenance Reserve	207,210
250,000	Provision for Water Charges Adjustment	250,000
864,742	Insurance Account	851,924
795,828	Distributable Expense Variance Account	699,950
66,922	Accumulated Surplus	66,922
<u>74,579,562</u>		<u>86,666,670</u>

The Board's investments—long and short-term—increased by \$6,831,530 (net). This increase was due to the additions in provisions and reserves already referred to herein.

The decrease of \$275,490 in the General Reserve was accounted for as follows :—

	\$	\$
Transfer to Planning and Highways Reserve .. ..	..	1,346,123
Loss on realization of Plant, &c. .. ..	..	6,382
Capital loss on revaluation of stock .. ..	..	1,484
Refund River Yarra improvements .. ..	..	11,314
		<u>1,365,303</u>
<i>Less—</i>		
Estimated value of privately constructed mains taken over by the Board, less reimbursements made by the Board	939,618	
Contributions towards cost of works	145,926	
Profit on disposal of plant and equipment	2,888	
Capital gain on purchase of Inscribed Stock	1,381	
		<u>1,089,813</u>
		<u>275,490</u>

The Board's statutory loan authority for its normal functions is \$400,000,000 against which the actual loan liability at 30th June, 1967, was \$355,505,229.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by \$36,552,375. Major increases were :—

	\$
Reservoir and Conduit Construction, &c.	1,443,369
Water Supply—extension large mains	2,315,951
" " reticulation, water meters, &c.	4,165,138
Construction and Amplification—sewage disposal, &c.—Farm	700,939
Sewerage—extension mains, treatment works, &c.	17,639,534
" Pumping Stations	685,686
Main Drains and River Improvements—extensions, &c.	3,472,463
Metropolitan Main Highways	4,820,696
Plant and Tools	681,785

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1967, 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 30.6.1966.		Year ended 30.6.1967.
Operations—		\$		\$
Tramways	Deficit	909,886	Deficit	518,508
Omnibuses	Deficit	937,917	Deficit	709,460
		1,847,803		1,227,968
Properties and Miscellaneous	Net Credit	136,004	Net Credit	74,708
		1,711,799		1,153,260
Interest on Investments		157,181		172,624
Result for year	Deficit	1,554,618	Deficit	980,636

The results for the two years were arrived at after making provision for depreciation and amortization and, in addition, provisions as shown hereunder. The provisions for long service leave, retiring gratuities, accrued sick leave and public liability claims equalled the amounts expended for those purposes during the year.

		Year ended 30.6.1966.		Year ended 30.6.1967.
Provision for—		\$		\$
Long Service Leave		317,775		290,169
Retiring Gratuities		586,725		527,073
Accrued Sick Leave		127,604		124,984
Public Liability Claims		233,843		285,646
Obsolescence in Stores Stock		6,730		7,673
		1,272,677		1,235,545

The Board's balances as at the 30th June, 1966 and 1967, are summarized hereunder :—

30.6.66.			30.6.67.
\$	Current Assets—		\$
154,871	Balances at Bank and Cash in Hand	120,968	
311,039	Sundry Debtors	197,645	
905,130	Stores on Hand and Work in Progress	1,183,048	
1,371,040			1,501,661
	Fixed Assets—		
16,033,363	Permanent Way, Overhead Construction, Transmission Lines	16,671,141	
11,236,882	Rolling Stock	11,164,767	
4,738,124	Land and Buildings	4,778,159	
3,188,113	Plant, Furniture, and Fittings, &c.	3,163,817	
35,196,482		35,777,884	
16,822,053	Less Provision for Depreciation	17,404,883	
18,374,429		18,373,001	
19,745,469	Carried forward	19,874,662	

30. 6. 1966.		30. 6. 1967.
\$		\$
19,745,469	Brought forward	19,874,662
2,005,402	Intangible Assets	2,016,402
1,259,119	Less Provision for Amortization	1,299,227
746,283		
2,511,907	Investments	717,175
23,003,659	Total Assets	2,643,687
		23,235,524
	Current Liabilities—	
742,977	Sundry Creditors	774,606
76,453	Contractors' and other Deposits	68,299
37,192	Less Deposits other than Cash	35,007
782,238		33,292
		807,898
	Accrued Liabilities—	
332,790	Interest on Loans	324,914
556,561	Other	749,855
889,351		1,074,769
22,396,382	Loans	23,396,938
	Specific Provisions—	
200,000	Provision for Fire Damage .. .. .	..
170,000	„ „ Public Liability Claims .. .. .	..
500,000	„ „ Accrued Sick Leave .. .. .	..
1,525,320	„ „ Retiring Gratuities .. .. .	..
500,000	„ „ Long Service Leave .. .. .	..
22,348	„ „ Stores Obsolescence .. .. .	..
2,917,668		..
26,985,639	Total Liabilities	25,279,605
	The excess of Liabilities over Assets is represented by—	
	The Accumulated Deficit brought forward	4,139,553
	Plus—Deficit for year	980,636
		5,120,189
	Less—Specific Provisions written back	2,918,535
4,139,553	Accumulated Deficit at 30th June	2,201,654
157,573	Less—Grants from Commonwealth of Australia for Tramlines constructed at its request	157,573
3,981,980		2,044,081

As a result of the writing back of the Specific Provisions for Fire Damage, Accrued Sick Leave, &c., no provision now exists in the Board's accounts for such contingencies. The writing back of these Provisions against the Accumulated Deficit has reduced the Accumulated Deficit as at 30th June, 1967, compared with the 30th June, 1966, figure. However, the large deficits which have occurred regularly in recent years have reduced the Board's equity, calculated on Balance-sheet figures, in the undertaking, so that for some years its liabilities have exceeded its assets.

The provision for depreciation and amortization is regarded as covering not only those 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. 1966	30. 6. 1967.
	\$	\$
Provision for depreciation and amortization	16,531,841	17,049,579
Sinking Fund	1,549,331	*1,654,531
Total Provision	18,081,172	18,704,110

* Of the investments of the Board amounting to \$2,643,687, as at 30th June, 1967, investments to the sum of \$1,654,531 were accepted as being held on behalf of the Sinking Fund.

MELBOURNE HARBOR TRUST.

In the conduct of the audit of the accounts for 1966, the continuous checking of receipts and vouching of disbursements carried out by the Trust's auditors—a firm of chartered accountants—has been accepted.

The Trust's Revenue Accounts for the past two calendar years are compared in the following summary :—

							<i>Revenue.</i>	
							1965.	1966.
							\$	\$
Charges on Ships	..	..	..	..	..	..	2,643,078	2,262,913
Charges on Goods	..	..	..	..	..	..	5,699,774	5,230,014
Charges for Services—Cranes	..	..	..	..	..	..	1,799,768	1,672,099
Charges for Services—Other	..	..	..	..	..	..	376,232	370,099
Rents and Licence Fees from Lands	..	..	..	..	..	..	725,088	948,686
Other Revenue..	..	..	..	..	..	..	190,254	211,355
Total Revenue	..	..	..	..	..	..	<u>11,434,194</u>	<u>10,695,166</u>

Expenditure and Provisions.

Payment to Consolidated Revenue	..	..	..	..	..	..	1,419,562	1,286,646
Operating Expenses	..	..	..	..	..	..	2,412,994	2,421,950
Maintenance	..	..	..	..	..	..	1,834,168	1,652,402
Interest on Loans	..	..	..	..	..	..	1,465,124	1,550,806
Other Expenses	..	..	..	..	..	..	784,124	875,711
Provision for Depreciation	..	..	..	..	..	..	1,486,484	1,584,086
Provision for Insurance	..	..	..	..	..	..	95,994	98,587
Total Expenditure	..	..	..	..	..	..	<u>9,498,450</u>	<u>9,470,188</u>
Net Revenue before Appropriation	..	..	..	..	..	..	<u>1,935,744</u>	<u>1,224,978</u>

Appropriations.

Sinking Fund	..	..	..	..	..	..	927,642	160,000
General Reserve	..	..	..	..	..	..	800,000	900,000
							<u>1,727,642</u>	<u>1,060,000</u>
Surplus for year	..	..	..	..	..	..	<u>208,102</u>	<u>164,978</u>

In addition to the two provisions appearing in the foregoing summary, the following provisions were made and subsequently absorbed in other expenditure accounts :—

							1965.	1966.
							\$	\$
Depreciation	..	..	..	..	..	..	293,068	313,891
Insurance	..	..	..	..	..	..	26,166	26,967
Periodical Maintenance	..	..	..	..	..	..	10,000	10,000
Superannuation Pensions	..	..	..	..	..	..	150,000	150,000
Service Grant Gratuities	..	..	..	..	..	..	20,000	20,000
Long Service Leave	..	..	..	..	..	..	50,000	50,000
							<u>549,234</u>	<u>570,858</u>

In the years 1965 and 1966, the Commissioners appropriated \$800,000 and \$900,000 respectively to a general reserve. Attention has been drawn to the need to clarify the legal power of the Trust to make these appropriations, and amending legislation relating to reserves and reserve funds is under consideration.

The following statement, based on the balance-sheet, analyses the sources of funds available to the Trust up to 31st December, 1966, and the application thereof, and includes comparative figures at the end of the previous year :—

31.12.1965.	<i>Source of Funds.</i>						31.12.1966.	
\$							\$	\$
	<i>External—</i>							
30,472,858	Loan Liability	..	..	..	..	..	32,246,588	
1,063,910	Sundry Creditors	..	..	..	..	..	984,886	
425,100	Bank Overdraft	..	..	..	..	..	607,696	
29,672	Trust Accounts	..	..	..	..	..	43,388	
							33,882,558	
	<i>Internal—</i>							
10,234,564	Capital Redemption Reserve	..	..	..	..	..	10,403,829	
800,000	General Reserve	..	..	..	..	..	1,700,000	
3,131,142	Insurance Reserve	..	..	..	..	..	3,232,762	
1,200,358	Superannuation Accounts	..	..	..	..	..	1,305,044	
13,894,356	Provision for Depreciation	..	..	..	..	..	15,692,798	
173,642	Provision for Periodical Maintenance	..	..	..	..	..	21,803	
340,000	Provision for Pensions and Gratuities	..	..	..	..	..	510,000	
100,000	Provision for Long Service Leave	..	..	..	..	..	150,000	
746,342	Sinking Fund	..	..	..	..	..	769,555	
8,368,056	Revenue Account Balance	..	..	..	..	..	8,533,034	
							42,318,825	
70,980,000							76,201,383	
	<i>Application of Funds.</i>							
65,294,382	Works of Construction and Plant (at cost)	..	..	..	..	..	70,733,452	
2,997,430	Investments (at cost) and Cash	..	..	..	..	..	3,038,537	
	<i>Current Assets—</i>							
840,360	Sundry Debtors	..	..	..	..	..	806,166	
120,144	Advances for Housing	..	..	..	..	..	130,502	
951,670	Materials in Stock (at cost)	..	..	..	..	..	839,783	
							1,776,451	
746,342	Investments of Sinking Fund (at cost)	..	..	..	..	..	609,555	
29,672	Cash Held in Trust Accounts	..	..	..	..	..	43,388	
70,980,000							76,201,383	

METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to the financial year 1966-67 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1966-67, the funds so provided were—Fire Insurance Companies, \$3,468,000, and Municipalities, \$1,734,000.

						1964-65.	1965-66.	1966-67.
						\$	\$	\$
<i>Revenue.</i>								
Surplus from previous year	..	..	..	..	..	161,486	193,794	128,108
Statutory contributions	..	..	..	..	..	4,263,914	4,707,900	5,202,000
Other	..	..	..	..	..	122,986	130,067	117,193
						<u>4,548,386</u>	<u>5,031,761</u>	<u>5,447,301</u>
<i>Expenditure.</i>								
Salaries, Wages and Maintenance, &c.	..	..	..	..	..	3,932,410	4,449,524	4,958,687
Loan Repayments	..	..	..	..	..	21,810	22,896	24,038
Transfers to Funds and Interest on Loans	..	..	..	..	..	400,372	431,233	419,158
						<u>4,354,592</u>	<u>4,903,653</u>	<u>5,401,883</u>
Surplus carried forward to next year	..	..	..	..	..	193,794	128,108	45,418

The financial position of the Board as at 30th June, 1966 and 1967, is summarized hereunder :—

30.6.1966.		30.6.1967.	
\$		\$	\$
	Source of Funds—		
	External—		
646,061	Loan Liability .. .. .	..	622,023
	Internal—		
4,124,007	Excess of Assets over Liabilities .. .. .	..	4,211,235
4,626,011	Funds	5,195,958	
3,769,016	Less invested on account of Superannuation and other Trust purposes	4,216,960	
856,995		<u>978,998</u>	
4,981,002			5,190,233
5,627,063			<u>5,812,256</u>
	Represented by—		
	Current Assets—		
139,043	Sundry Debtors and Advances	197,117	
225,706	Stock on Hand	225,150	
1,372	Work in Progress	446	
366,121		<u>422,713</u>	
	Less—		
	Current Liabilities—		
1,295	Sundry Creditors	2,534	
255,512	Cash Deficit	271,638	
256,807		<u>274,172</u>	
109,314			148,541
1,031,290	Investments .. .. .	..	1,032,561
	Fixed Assets—		
3,675,264	Land and Buildings	3,715,880	
288,690	Plant, Machinery and Equipment	398,005	
522,505	Rolling Stock	517,269	
		<u>4,631,154</u>	
5,627,063			<u>5,812,256</u>

PORTLAND HARBOR TRUST.

Pursuant to the provisions of the *Portland Harbor Trust Act 1958* the exclusive management and control of the Port of Portland are vested in the Commissioners of the Trust.

The Commissioners' statutory charter provides authority, also, for the erection and operation of a grain terminal at Portland. The erection of the terminal was completed during the year at a total cost of \$1,378,167. Further approvals were granted for the extension of receival facilities and expenditure on these extensions to 30th June totalled \$37,480. Operations for the year resulted in a surplus of \$46,131.

The statement of revenue and expenditure and the abridged balance-sheet herein summarize the financial results of the whole of the operations of the Trust. After taking into consideration a State contribution of \$615,000 and the provisions for sinking fund and accruing long service leave, there was a surplus of \$46,134 on the year's operations. This compares with a deficit of \$73,774 in 1965-66.

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

1965-66.		1966-67.
\$		\$ \$
	Operating Revenue—	
137,252	Wharfage Rates	156,390
21,162	Tonnage Rates	25,505
572	Slipway Charges	952
63,175	Shipping Services	108,112
17,540	Rent	31,868
81,514	Handling Charges, &c.—Grain Terminal	207,427
321,215		530,254
	Operating Expenditure—	
67,497	Administrative	76,251
77,881	Maintenance	66,248
60,844	Shipping Services	87,588
48,903	Grain Terminal Expenses (including Depreciation)	87,783
11,991	Depreciation—Harbor Works, &c.	11,822
267,116		329,692
54,099	Operating Surplus	200,562
	Non-operating Revenue—	
25,975	Interest	22,583
1,214	Licences	1,205
347	Other	271
27,536		24,059
81,635		224,621
	Non-operating Expenditure—	
677,253	Loan Interest	738,725
6	Loan Flotation Expenses, &c.	270
677,259		738,995
595,624	Excess of Expenditure over Revenue	514,374
	Appropriations—	
4,427	Long Service Leave	2,779
49,723	Sinking Fund	51,713
54,150		54,492
649,774		568,866
576,000	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes	615,000
73,774	Surplus for year	46,134
	Deficit for year .. .. .	..
83,255	Accumulated Surplus at 30th June	93,320

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 which have been made 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, \$1,849,509, and National Debt Sinking Fund contributions, \$94,828.

Movements in the Accumulated Revenue Account for the year were :—

	\$
Balance 1st July, 1966	83,255
Add Surplus for year	46,134
	<hr/> 129,389
Deduct Transfer to Loans Redeemed Reserve in respect of Loans redeemed during 1966-67	36,069
	<hr/> 93,320

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

30.6.1966.		30.6.1967.
\$		\$ \$
241,181	Current Liabilities	211,962
	Deferred Liabilities—	
10,000	Treasury Advance	10,000
17,109,875	Loan Funds	18,021,806
37,881	Provision for Overburden Removal, Cape Grant Quarry ..	53,314
11,939	„ „ Plant Maintenance	61,820
24,177	Other	36,812
		<hr/>
17,435,053		18,183,752
	Funds of the Trust—	
67,125	Endowments	50,070
507,000	Sinking Fund	582,635
99,425	Loans Redeemed Reserve	137,494
		<hr/>
673,550		770,199
83,255	Accumulated Surplus	93,320
		<hr/>
756,805		863,519
		<hr/>
18,191,858		19,259,233
	Current Assets—	
71,707	Cash	45,264
83,155	Stores	94,839
38,532	Other	64,923
		<hr/>
		205,026
1,301,375*	Investments	1,494,654*
	Fixed Assets—	
61,004	Property Vested (<i>less</i> Written Off)	43,949
9,403	Other (<i>less</i> Depreciation)	10,478
15,352,422	Harbor Construction Works and Plant (<i>less</i> Depreciation) ..	16,119,002
1,274,260	Grain Terminal Construction Works and Plant (<i>less</i> Depreciation)	1,386,124
		<hr/>
		17,559,553
		<hr/>
18,191,858		19,259,233

* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1967, comprised advances from the Treasurer, \$4,082,900 (including \$24,900 discount and expenses on loans) and \$13,938,906 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 \$1,849,509.

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, 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 \$54,434, and subsidiary stores, \$40,405. 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, \$1,494,654, 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.

Moneys equivalent to the amount of the Sinking Fund 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.

	30.6.1965.		30.6.1966.		30.6.1967.	
	\$	%	\$	%	\$	%
Inscribed Stock	5,447,000	34	5,446,300	31	5,489,100	27
Bank Deposit Stock	700,000	4	700,000	4	700,000	4
Municipal Debentures	1,210,374	8	1,078,693	6	1,743,187	9
Mortgages	7,858,350	49	9,528,173	54	11,307,877	56
Loan to Co-operative Housing Society	240,904	2	218,604	1	196,704	1
Cash at Bank and in Hand ..	469,956	3	662,073	4	644,906	3
	<u>15,926,584</u>	<u>100</u>	<u>17,633,843</u>	<u>100</u>	<u>20,081,774</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 \$26,955,955 at 30th June, 1967.

The Act requires that interest received from the investment of moneys forming part of the Common Fund shall be paid into an Interest Suspense Account. From this Account, there is payable in each year :—

- (i) to the credit of the respective estates represented in the Common Fund, interest at rates determined from time to time by the Public Trustee ; and
- (ii) such amount as the Public Trustee deems necessary for credit to the Estates Guarantee and Reserve Account for the purpose of meeting certain contingencies including losses which might arise on the sale of investments of the Common Fund.

At the end of the financial year, the remainder at credit to the Interest Suspense Account is payable to Consolidated Revenue towards administrative costs.

Operations through the Suspense and Reserve Accounts for the financial years 1965-66 and 1966-67 were :—

1965-66.		INTEREST SUSPENSE ACCOUNT.		1966-67.	
\$		\$		\$	\$
1,045,414	Income from investments .. ..	..	..	..	1,209,204
	Appropriations—				
683,497	Interest allocated to estates .. ..	..	..	777,431	
65,000	Provision for interest payable to estates .. ..	..	..	70,000	
296,917	Consolidated Revenue .. ..	..	..	361,773	
1,045,414					1,209,204
1965-66.		ESTATES GUARANTEE AND RESERVE ACCOUNT.		1966-67.	
\$		\$		\$	\$
1,058,163	Balance at 1st July .. ..	..	..	..	1,131,804
71,509	Interest credited on balance .. ..	..	..	..	76,387
2,800	Capital profit on realization of Common Fund investments .. ..	..	..	..	..
1,132,472					1,208,191
..	Less Legal fees .. ..	..	..	217	
668	Capital loss on realization of Common Fund investments .. ..	..	..	..	217
1,131,804	Balance at 30th June .. ..	..	..	..	1,207,974

In 1966-67, as in the previous financial year, no allocation was made to the Estates Guarantee and Reserve Account from the Interest Suspense Account. It is understood that the Public Trustee did not deem it necessary to make any such allocation for the reason that the Estates Guarantee and Reserve Account is, on present indications, adequate to meet anticipated losses on the realization of investments and to meet any other costs chargeable to the Account.

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 \$154,865 compared with a surplus of \$111,539 in the preceding year. Particulars are :—

1965-66	Receipts.	1966-67	1965-66	Payments.	1966-67
\$		\$	\$		\$
318,270	Fees and Commission ..	334,029		Salaries, pay in lieu of long service leave, overtime and payroll tax ..	456,213
296,917	Surplus—Interest Suspense Account	361,773	416,284	Publicity	2,460
			2,147	Rent	60,316
			65,814	Other expenses (net) ..	21,948
			19,403	Surplus for the year ..	154,865
			111,539		
<u>615,187</u>		<u>695,802</u>	<u>615,187</u>		<u>695,802</u>

The Public Trustee also collects amounts from various sources on account of Consolidated Revenue including probate duty on estates administered by him and 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—

	1964-65.	1965-66.	1966-67.
	\$	\$	\$
Consolidated Revenue—			
Fees and Commission	285,858	318,271	334,029
Probate Duty	504,456	372,803	414,271
Surplus from Interest Suspense Account	310,184	296,917	361,773
Maintenance—Patients in Mental Hospitals ..	48,390	55,933	173,393
Stationery, Postages recouped	14,520	11,681	11,718
Sundry Receipts	4,668	3,387	1,719
	<u>1,168,076</u>	<u>1,058,992</u>	<u>1,296,903</u>
Transfers to Treasury Trust Fund—			
Unclaimed Moneys—after 6 years	101,160	121,098	91,384

RURAL FINANCE AND SETTLEMENT COMMISSION.

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.

Loans under Part III. of Act.—In accordance with the provisions of this Part, 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 \$4,236,256. At the close of the year, \$24,619,908 was held by borrowers of which \$20,353,703 was held in respect of primary industries and \$4,266,205 on account of secondary industries.

Rate of Interest on Loans from State.—From the commencement of operations up to and inclusive of the year 1963–64, the annual rate of interest charged by the State on its loans to the Commission was less than that payable by the State on loans raised on its behalf by the Commonwealth. Concessions granted on this basis varied from 1½ per cent. in 1952 to ½ per cent. in 1963–64. Since then no such concession has applied.

Advances under Part IV. of Act—Under this Part, 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 the farmer and his creditors. Any such advance is made from the Rural Rehabilitation Fund established pursuant to the provisions of Section 48 of the Act. No such advances were made during 1966–67.

Repayments of advances are credited to the Fund but any interest payable on an advance forms part of the Commission's income. Interest from this source included in the year's revenue totalled \$15,234.

The Rural Rehabilitation Fund is held in the Treasury and no interest is payable thereon to the Commission. The position of the Fund is summarized hereunder :—

	\$	\$
Grants from Commonwealth Government .. .. .	..	4,784,000*
<i>Add</i> Amounts received from farmers to 30th June, 1966 ..	6,577,891	
Repayments of advances, 1st July, 1966, to 30th June, 1967 ..	122,852	
	—————	6,700,743†
		—————
		11,484,743
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1967 .. .. .	..	7,285,577
		—————
Unexpended balance 30th June, 1967 .. .. .	..	4,199,166
		—————

* Of the advances from this amount, \$100,712 (net) has been written off as bad debts.

† Includes mortgage interest \$19,404 received prior to 26th April, 1950.

Annual Statements of Accounts.—As required by the relevant legislation, the Commission has prepared a Profit and Loss Account for the financial year ended 30th June, 1967, and a Balance-sheet as at that date in respect of its operations under Parts III. and IV. of the Act. Comparative details for the past two years are summarized hereunder :—

		INCOME.							
1966.								1967.	
\$								\$	\$
1,301,982	Interest .. .. .	..	..	..	..	..	..	1,410,664	
22,496	Application and Legal Fees .. .. .	..	..	..	..	..	..	25,545	
<u>1,324,478</u>								<u>1,436,209</u>	
EXPENDITURE AND PROVISIONS.									
168,689	Administration .. .. .	..	..	..	..	..	..	184,890	
970,737	Interest on Loan Indebtedness .. .. .	..	..	..	..	..	..	1,050,796	
50,775	Interest on Redeemed Securities .. .. .	..	..	..	..	..	..	57,870	
3,245	Provision for Long Service Leave .. .. .	..	..	..	..	..	..	3,438	
19,322	Provision for Superannuation .. .. .	..	..	..	..	..	..	35,216	
<u>1,212,768</u>								<u>1,332,210</u>	
111,710	Operating Profit for Year .. .. .	..	..	..	..	..	..	103,999	
<i>Add—</i>									
43,938	Interest on Investments .. .. .	..	..	..	..	..	..	36,726	
11,632	Surplus on Sale of Residences, &c. .. .. .	..	..	..	..	..	..	4,483	
<u>167,280</u>								<u>145,208</u>	
<i>Less—</i>									
56,106	National Debt Sinking Fund—Contribution .. .. .	..	..	..	..	..	..	59,139	
18,570	Discounts and Expenses on Loans .. .. .	..	..	..	..	..	..	9,496	
19,321	Provision for Doubtful Debts .. .. .	..	..	..	..	..	..	1,098	
<u>93,997</u>								<u>69,733</u>	
<u>73,283</u>	Balance Transferred to General Reserve .. .. .	..	..	..	..	..	..	<u>75,475</u>	

At 30th June, 1966 and 1967, funds available to the Commission were :—

30.6.1966.		30.6.1967.	
\$		\$	\$
Loan Funds—			
22,127,531	Loan Liability—Treasurer of Victoria (net) .. .. .	..	22,880,402
Other Funds—			
13,081	Advances <i>Farmers Debts Adjustment Act</i> 1943—Treasurer of Victoria .. .. .	..	12,202
4,683,288*	Funds provided by Grant under <i>Commonwealth Loan (Farmers Debts Adjustment) Act</i> 1935 .. .. .	..	4,683,288*
19,404	Interest on Mortgages prior to 26th April, 1950 .. .. .	..	19,404
			<u>4,714,894</u>
25,478	Trust Account—Amounts in suspense .. .. .	..	46,767
3,523	Sundry Creditors .. .. .	..	4,644
1,287,172	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	..	1,446,417
50,540	Provision for Long Service Leave .. .. .	..	41,477
555,853	Provision for Superannuation .. .. .	..	704,182
477,831	Provision for Doubtful Debts .. .. .	..	478,930
63,578	Settlers' Proceeds Held .. .. .	..	15,981
Dr. 3,956	Inter-Fund Adjustment Account .. .. .	..	Dr. 1,303
520,000	Loan Equalization Account .. .. .	..	755,000
693,799	General Reserve .. .. .	..	730,910
90,656	Profit and Loss Appropriation Account .. .. .	..	124,033
<u>30,607,778</u>			<u>31,942,334</u>

* Excludes \$100,712 (net), bad debts written off.

The purpose of the General Reserve (\$730,910) 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 funds shown in the preceding statement were represented by the following assets :—

30.6.1966.		30.6.1967.
\$		\$ \$
	Loans and Advances—	
23,486,589	Loans under Part III.— <i>Rural Finance Act 1958</i>	24,619,908
626,378	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Act 1958</i>	503,526
13,081	Advances under <i>Farmers Debts Adjustment Act 1943</i>	12,202
11,888	Contracts of Sale	10,150
		<hr/>
		25,145,786
422,149	Interest Due and Accrued	455,483
	Cash at Treasury, &c.—	
4,076,314	Rural Rehabilitation Fund	4,199,166
1,164	National Debt Sinking Fund	3,785
		<hr/>
		4,202,951
	Fixed Assets—	
28,995	Furniture and Office Equipment <i>less</i> Depreciation	34,726
34,587	Motor Cars <i>less</i> Depreciation	33,496
81,078	Residences and Offices	85,225
		<hr/>
		153,447
5,056	Charges paid in Advance	1,489
	Cash—	
51,972	At bank and in hand	40,576
500,000	At call	500,000
		<hr/>
		540,576
1,268,527	Investment Pool (at cost) on account of Provisions and General Reserve	1,442,602
<hr/>		<hr/>
30,607,778		31,942,334

Interest due and accrued, \$455,483, shown above, comprised interest due, \$197,244, and interest accrued, \$258,239.

Mention was made in previous Reports of a company indebted to the Commission and operating under the control of an Official Manager and Committee of Management pursuant to the provisions of the Companies Act. This arrangement continued in 1966–67 and, at 30th June, the amount due to the Commission was \$550,353. Should any part of this debt become uncollectable, the General Reserve mentioned earlier could be called on to meet the deficiency.

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. During 1966–67, the Treasurer so directed the Commission in respect of certain loans which, with accrued interest, totalled \$59,396 and which had originally been advanced from the Decentralization Fund. Operations in this Department during the year were :—

	\$	\$	\$
Receipts—			
From Treasurer of Victoria—			
Loan Fund			125,000
From borrowers—			
Repayments of Principal			97,583
Interest on Advances			62,919
			<hr/>
			160,502
<i>Add</i> Cash at Bank—1st July, 1966			91,566
			<hr/>
	Carried forward		377,068

	\$	\$	\$
Total Receipts brought forward			377,068
Less Payments—			
To Settlers—			
Bush Fire Relief	38,703		
Drought Relief	875		
Frost Damage Relief—Dried Fruit Growers	116,671		
Hail Damage—Dried Fruits Area	34,930		
Orchardists (Hail and Storm Damage)	17,100	208,279	
To Treasurer of Victoria—Instalments of Principal and Interest		160,502	
			368,781
Cash at Bank—30th June, 1967			8,287

During the year, the Treasurer approved of an amount of \$21,254, including \$5,254 interest, being written off as a bad debt. Amounts written off now total \$53,694.

SOLDIER SETTLEMENT ACT 1958.

Section 17 of the Soldier Settlement Act authorized the borrowing of \$130,000,000 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, 1967, a sum of \$131,017,264 has been allocated for soldier settlement. Of this sum, \$116,619,858 has been made available from State Loan Fund and \$14,397,406 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, 1967, was \$53,119,335.

With the exception of \$971,608 paid to the Commonwealth as part redemption of its special assistance loans, repayments by settlers and other credits of a capital nature have been credited to Loan Fund. During 1966–67, \$3,713,962 was so credited bringing the total repayments to 30th June, 1967, to \$58,152,858.

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		7,942
Land and Improvements held by settlers under—		
(a) Purchase Lease	38,638,257	
(b) Interim Lease	83,334	38,721,591
Advances to finance single unit farms		8,830,641
Advances to effect improvements and for purchase of stock, &c.		86,870
Unpaid balances under Contracts of Sale		337,601

In addition to the assets listed above, there is another item of substantial size in the Commission's books. This item, \$4,286,310, is the amount which the Commission considers to be the sum due from the Commonwealth Government for the balance of its share of excess costs. The basis of the Commonwealth contribution towards excess costs incurred in writing down settlers' liabilities was determined in accordance with an arrangement made on 11th July, 1952. This arrangement was to apply to interim claims but there was an understanding that the Commonwealth would review the basis of its contribution on the submission of final claims. Although this review has been requested on several occasions in the past, the Commonwealth's acknowledgment of the balance shown above has not yet been signified.

In respect of Soldier Settlement, the Commission's Profit and Loss account for 1966-67 shows :—

<i>Expenditure—</i>	\$	\$	\$
Interest	2,966,043		
<i>Less</i> Interest Capitalized	17,796		
	<hr/>	2,948,247	
<i>Less</i> Interest transferred and borne by the State		922,881	
		<hr/>	2,025,366
Administrative Costs		244,154	
Shire Rates		79	
Rents and Interest remitted	602		
<i>Less</i> Commonwealth share	301	301	
		<hr/>	
Provision for Long Service Leave		4,650	
Provision for Superannuation		47,635	
		<hr/>	2,322,185
<i>Income—</i>			
Interest earned		1,019,815	
Rents, Fees and Sundries		814	
Contribution by Commonwealth—account Shire Rates		3,386	
		<hr/>	1,024,015
Deficit for 1966-67			<hr/> <hr/> 1,298,170

The total accumulated deficit to 30th June, 1967, amounted to \$20,507,789. 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, 1967, have been calculated by the Commission to be \$21,592,011.

In addition to land settlement, the Soldier Settlement Commission, by agreement with the Commonwealth Director of War Service Land Settlement, undertook the administration of re-establishment loans under the *Commonwealth Re-establishment and Employment Act* 1945. 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 \$30,000,000 for a land settlement scheme which was to be open, in terms of the Act, to applications by all adult British subjects. From its inception in 1959-60 to the close of the year under review, a sum of \$23,709,677 has been allocated for the purposes of the scheme. According to its books, the Commission's loan liability on account of land settlement, as at 30th June, 1967, was \$20,224,043—a reduction of \$3,485,634, made up as hereunder :—

	To 30.6.66.	1966-67.	Total.
	\$	\$	\$
Settlers' repayments to Loan Fund	1,435,173	721,447	2,156,620
Borne by the State pursuant to Section 41	932,845	396,169	1,329,014
	<hr/>	<hr/>	<hr/>
	2,368,018	1,117,616	3,485,634
	<hr/>	<hr/>	<hr/>

Assets of the Commission at 30th June were :—

	\$	\$
Estates purchased and developed not yet disposed of .. ..	..	13,226,093
Unpaid balances under Contracts of Sale .. ..	..	271,790
Land and improvements held under purchase lease—Division 4 .. ..	..	7,683,709
Advances to Settlers—Division 6 .. ..	..	225,470
Other assets—		
Building and working plant at cost <i>less</i> depreciation	672,132	
Plant, materials and services not yet allocated	46,926	
	<hr/>	719,058
		<hr/>
		22,126,120

The Profit and Loss Account for the year ended 30th June, 1967, excluding livestock transactions, shows :—

	\$	\$
<i>Expenditure—</i>		
Interest and Loan-raising Expenses .. ..	..	1,007,954
Less Interest Capitalized	608,080	
„ Interest transferred and borne by the State under Section 41	57,617	
	<hr/>	665,697
		<hr/>
		342,257
Administrative Costs .. ..	..	218,340
Provision for Long Service Leave .. ..	..	4,150
Provision for Superannuation .. ..	..	42,521
Shire Rates .. ..	..	5,198
		<hr/>
		612,466
		<hr/>
<i>Income—</i>		
Interest earned, agistment, &c. .. ..	..	230,742
Deficit for 1967 .. ..	..	381,724
		<hr/>
		612,466
		<hr/>

During the year Temporary Lease Rentals totalling \$562,653 were written back against the Profit and Loss Account. Since the commencement of the Act, these rents have been credited to the Profit and Loss Account instead of being offset against the interest charges of the estates. The adjustment was needed to meet the requirements of the relevant legislation.

The accumulated deficit to 30th June, 1967, before taking into account profits from livestock trading, amounted to \$1,921,677. 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.

For the year, trading in livestock showed a profit of \$118,150, thereby increasing the accumulated profit from this activity to \$432,965 at 30th June, 1967.

RURAL FINANCE AND SETTLEMENT INSURANCE FUND.

The Rural Finance and Settlement Insurance Fund was established pursuant to the provisions of Section 29 of the *Rural Finance and Settlement Commission Act* 1961, as amended.

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

	\$	\$
<i>Income—</i>		
Balance at 1st July, 1966	1,198,122	
<i>Less—</i> Transfer of surplus to Rural Finance and Settlement Fund ..	198,122	
	<hr/>	1,000,000
Premiums Raised 1966–67	204,143	
Interest on Investments	56,779	
	<hr/>	260,922
Gross Income .. .. .	..	1,260,922
<i>Expenditure—</i>		
Current Claims admitted—1966–67	67,554	
Administration Expenses	17,982	
Statutory contribution to Country Fire Authority	23,004	
	<hr/>	
Total Expenditure .. .. .	..	108,540
Balance at 30th June, 1967 .. .. .	..	<hr/>1,152,382 <hr/>

The transfer of \$198,122 to the Rural Finance and Settlement Fund from the balance brought forward at 1st July, 1966, was made on the basis of my certificate issued pursuant to the provisions of sub-section (11) of Section 29 of the *Rural Finance and Settlement Commission Act* 1961. This was the sum which, after due consideration of the claims reasonably likely to be made against the Rural Finance and Settlement Insurance Fund was, in my opinion, the surplus in the Fund at the close of business on 30th June, 1966.

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

	\$
Cash at Bank	13,267
<i>Investments—</i>	
Inscribed stock, &c. held in common pool	1,153,390
Accrued Interest	13,890
Arrears of Premium	11,559
	<hr/>
	1,192,106
<i>Less—</i>	
Claims admitted but not paid	39,724
	<hr/>
Balance at 30th June, 1967	<hr/> 1,152,382 <hr/>

THE STATE SUPERANNUATION BOARD.

By legislative direction, the State Superannuation Board is responsible for the administration of the Superannuation Fund, the Pensions Supplementation Fund and the Married Women Teachers' Pensions Fund.

SUPERANNUATION FUND.

This Fund, authorized under the provisions of the *Superannuation Act* 1958, provides, on a contributory basis, retiring benefits for the Public and Teaching Services, the officers and employees of the Railways and certain statutory bodies and, in terms of the *Superannuation Act* 1963, for certain members of the Police Force.

Amending legislation proclaimed to operate from 25th May, 1966, and incorporated in the *Pensions Supplementation Act* 1966—

- (i) introduces a second table of units of pension which enables an officer to contribute for a greater number of units in relation to salary, but at increased rates of contribution for units effected after the commencement of the Act, and places no limit on the number of units beyond which an officer may, according to salary, contribute for pension ;
- (ii) authorizes contributors, subject to certain conditions, to defer payment of that part of their fortnightly contributions which is in excess of 8 per cent. of gross salary ;
- (iii) in respect of the entitlement of contributors to elect to contribute for "lost" units (that is, previously available units not contributed for), restricts any such election to such a maximum number of additional units as will not cause total fortnightly contributions to exceed one-third of gross salary ;
- (iv) enables contributors, including "limited" contributors, with "lost" units who are between the ages of 60 and 65 years to elect, under certain conditions, for "lost" units and retire on a full pension prior to attaining the age of 65 years ;
- (v) extends, from six months to twelve months, the period during which "limited" contributors may obtain medical certificates entitling them to full benefits ; and
- (vi) establishes a scheme, whereby contributors nearing retirement, together with certain pensioners, including widows, may elect to convert part of their pension entitlement to a lump sum cash entitlement.

MARRIED WOMEN TEACHERS' PENSIONS FUND.

The purpose of this Fund, authorized under the provisions of the *Teaching Service Act 1958*, is to provide retiring benefits to married women who are in permanent employment in the teaching service and who, because of their married status, are not eligible to be contributors to the State Superannuation Fund. Benefits are provided by way of pension or, under certain circumstances, lump sum payments.

A summary of transactions for the current year compared with the previous year is given hereunder :—

	Year ended 30th June, 1966.	Year ended 30th June, 1967.
	\$	\$
<i>Receipts.</i>		
Contributions from Teachers	42,189	47,214
Contributions from Consolidated Revenue	†44,000	†46,024
Interest on Investments	28,596	33,556
Profit on Redemption of Investments	103	..
Balance (including Investments)—1st July	533,720	628,569
	648,608	755,363
<i>Disbursements.</i>		
Pensions	3,056	4,303
Contributions Refunded—		
Teachers	6,985	5,937
Consolidated Revenue	6,701	5,017
Lump Sum Payments	1,937	..
Interest on Contributions Refunded	1,360	1,064
	20,039	16,321
The Balance was.. .. .	628,569	739,042
Of which there was invested	*582,979	*736,979
Leaving a cash balance of	45,590	2,063

† Based on estimate pending determination.

* Face value of Investments 1965-66 \$583,280 ; 1966-67 \$737,280.

VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1967, has been completed.

Transactions for 1966-67 resulted in a loss of \$52,352 after providing \$14,500 for long service leave, compared with a profit of \$70,672 in 1965-66. A summarized statement of trading operations for the two years is as follows :—

1965-66.	REVENUE.	1966-67.
\$		\$
2,323,536	Sales— Meat, Offal and By-products	2,291,564
69,453	Hides, Skins and Wool	64,867
1,170,177	Storage, Treatment and General Receipts	925,290
31	Interest on Investments	1
3,563,197		3,281,722
..	Loss	52,352
3,563,197		3,334,074
	EXPENDITURE.	
1,083,939	Purchases of Livestock and Meat	1,151,238
2,000,709	Working Expenses—Wages, Fuel, Freight, Stores, &c.	1,763,198
163,726	General Expenses—Rent, Rates, Pay-roll Tax, &c.	157,452
45,667	Administration—Head Office, Salaries, &c.	54,182
67,007	Depreciation	85,467
27,398	Stock Decrease	1,407
3,388,446		3,212,944
87,579	Interest—Treasurer of Victoria	106,630
16,500	Provision for Long Service Leave	14,500
70,672	Profit .. .. .	..
3,563,197		3,334,074

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

	At 30th June—		
	1965.	1966.	1967.
	\$	\$	\$
Current Liabilities	479,819	447,231	596,741
Loan for Fixed Assets	1,602,150	2,562,151	2,553,319
Capital	580,069	580,069	580,069
Reserves	155,366	155,115	163,962
Accumulated Profit	50,378	121,050	68,698
	2,867,782	3,865,616	3,962,789
Current Assets	314,498	261,564	268,389
Fixed Assets less Depreciation	2,553,284	3,604,052	3,694,400
	2,867,782	3,865,616	3,962,789

The State has provided working capital for the Authority and, at 30th June, 1967, the total advanced for this purpose remained unchanged at \$224,999.

The Reserve Bank continued to provide temporary financial accommodation on the security of the current assets of the Authority and a Government guarantee. During the year, the limit of the guarantee by the Government was raised from \$100,000 to \$150,000.

At the close of the year, the Authority's loan liability to the State on account of fixed assets was \$2,553,319.

VICTORIAN PIPELINES COMMISSION.

The Victorian Pipelines Commission was constituted pursuant to the provisions of the *Victorian Pipelines Commission Act 1966*, which came into operation on 1st March, 1967.

Under the provisions of the Act, an annual audit of the accounts of the Commission is required. This has been completed to 30th June, 1967, which was the first balancing date of the undertaking.

Expenditure to 30th June was mainly of a preliminary nature and was capitalized. Finance was provided by way of bank overdraft.

The following is a statement of the Commission's balances as at 30th June, 1967 :—

	\$
Current Liabilities—	
Bank Overdraft	14,910
Tender and Security Deposits	9,000
	23,910
Represented by—	
Capitalized Expenditure	23,890
Cash	20
	23,910

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.

Five Boards, namely the Chicory, Egg and Egg Pulp, Maize, Onion and Tobacco Leaf Marketing Boards are operating under the Act. By statutory direction the accounts of these Boards are subject to my audit, and comments on and summaries of the accounts follow :—

Chicory Marketing Board.

The accounts for the last complete pool period, that ended on 31st March, 1967, have been audited. The operation of this and the two previous pools and the financial position of the Board as at 31st March, 1967, are embodied in the following summary of the Board's affairs.

The Board's assets were :—

		\$	\$
Sundry Debtors		226	
Income accrued due		284	
Stock of stencils on hand		34	
Plant (at cost less depreciation)		256	
Cash at Bank		10,861	
		11,661	

Against these assets the pool balances and liabilities were :—

	Pools.			
	1964.	1965.	1966.	
	\$	\$	\$	
Proceeds of Sales	696	16,862	20,881	
Deduct expenses	98	1,178	1,929	
	598	15,684	18,952	
Less Paid to growers	598	15,684	18,339	
	..	..	613	613
Pool Balance				
Sundry Creditors			474	474
			1,087	1,087
As at 31st March, 1967, there was an excess of assets over liabilities of				10,574

Egg and Egg Pulp Marketing Board.

This Board administers the marketing of eggs and egg products in Victoria. It operates grading floors in Melbourne and Ballarat in addition to a number of receiving and selling depots which are situated in both metropolitan and country areas. Grading and selling operations are also conducted on behalf of the Board by its authorized agents, producer agents and distributors. Pulp is manufactured by the Board in its own factories in Melbourne, Bendigo and Ballarat.

Pursuant to the provisions of the *Poultry Levy (Collection Arrangement) Act* 1965, the Board is responsible for the collection of a hen levy in Victoria on behalf of the Commonwealth. Grants made by the Commonwealth to the State for the assistance of the Poultry Industry, under the provisions of the Commonwealth's *Poultry Industry Assistance Act* 1965, amounted to \$690,315 in respect of the pool period under review.

The operations of the pools during the accounting periods for 1965-66 and 1966-67 were :—

1965-66.		1966-67.	
\$		\$	\$
14,072,392	Advances to Producers (Current production)	16,468,814	
459,124	Purchases of Eggs and Pulp from other sources	296,591	
<u>14,531,516</u>		<u>16,765,405</u>	
1,213,547	<i>Less</i> Producers' Contributions on Account of Local Marketing Charges	1,362,002	
<u>13,317,969</u>	Net Advances to Producers .. .. .	..	*15,403,403
	Disposal of Eggs—		
13,220,336	Sold in Shell on Local Market	14,437,772	
33,856	Sold in Shell on Overseas Market	25,635	
68,828	Sold in Shell on Interstate and Other Markets .. .. .	..
1,298,781	Converted to Pulp and Sold	1,782,250	
<u>14,621,801</u>		<u>16,245,657</u>	
Dec. 13,241	Increase or Decrease in Stock on hand	Inc. 224,858	
<u>14,608,560</u>	Total Value of Disposals	<u>16,470,515</u>	
	<i>Less</i> Expenses—		
1,504,745	Grading, Selling, Manufacturing and Administrative Costs	1,572,103	
432,667	<i>Less</i> —Poultry Industry Trust Fund Distribution (Net)	666,171	
<u>1,072,078</u>		<u>905,932</u>	
<u>13,536,482</u>	Net Proceeds of Pool .. .. .	..	<u>15,564,583</u>
<u>218,513</u>	Excess of Proceeds over Advances to Producers .. .. .	..	<u>161,180</u>

* Does not take account of amounts payable by producers in respect of the hen levy imposed by the Commonwealth.

The following is a statement of the Board's balances at 1st July, 1967. Comparative figures at the end of the preceding pool period are also given.

The Board's Funds were—

2.7.1966.		1.7.1967.
\$		\$
409,579	Reserve Fund	454,991
468,131	Surplus Distribution 1947-48 (<i>ex</i> Commonwealth)	468,131
	Undistributed Pool Balances—	
218,513	1965-66 .. .. .	..
..	1966-67	161,180
<u>1,096,223</u>		<u>1,084,302</u>

These Funds were represented by assets as detailed on the following page.

2.7.1966. \$		\$	1.7.1967. \$
	<i>Current Assets—</i>		
30,760	Commonwealth Hen Levy Trust Account	53,022	
30,760	Less—Due to Commonwealth	53,022	
693	Cash on Hand and at Bank .. ..	..	703
67,667	Claim on Poultry Industry Trust Fund .. ..	..	101,290
68,360			
	<i>Stocks on Hand—</i>		
269,170	Eggs and Egg Products at valuation	494,028	
65,577	Packing materials at valuation	110,429	
17,111	Supplies at cost or valuation	11,718	
351,858			616,175
639,856	Debtors—(including \$10,277 due under Contract of Sale, Warragul property)	480,100	
10,598	Less Provision for Doubtful Debts	10,495	
629,258			469,605
1,049,476			1,187,773
	<i>Less Current Liabilities—</i>		
287,218	Creditors	263,932	
425,523	Reserve Bank of Australia	555,817	
20,443	Provision for Long Service Leave	28,508	
..	Provision for repayment to Poultry Industry Trust Fund	24,144	
733,184			872,401
316,292	Working Capital .. ..	..	315,372
	<i>Fixed Assets—(at cost less depreciation)</i>		
133,002	Freehold Properties	120,836	
291,039	Leasehold Properties	282,734	
300,362	Plant and Equipment	300,336	
21,873	Motor Vehicles	27,076	
33,655	Office Machinery and Equipment	37,948	
779,931			768,930
1,096,223			1,084,302

As in the previous two pool periods, the results of the year's operations have been affected by the valuation of stocks of eggs and egg products. The asset "Egg and Egg Products" shown in the Balance-sheet at \$494,028 has been valued at current local market prices after providing for storage and other applicable charges and after deducting an additional 15 per cent. from the valuation of the stocks of egg products and winter storage eggs. The arbitrary reduction of 15 per cent. has the effect of understating the value of stocks on hand as at 1st July, 1967, by approximately \$79,000.

Maize Marketing Board.

A summary of the financial operations of the Board for the accounting period ended 20th March, 1967, is as follows :—

Total number of bushels marketed	30,564
	\$ \$
Gross proceeds of sales	52,403
Freight, commission, &c.	7,351
Administration expenses	4,797
Amount paid to growers	40,150
Taken to Reserve	105
	<u>52,403</u>

Onion Marketing Board.

The audit of the final accounts in respect of the pool period ended 15th November, 1966, is in course. Subject to the completion thereof, details of the operations in this and the previous pool period are :—

	Pool.	
	1965.	1966.
	tons.	tons.
Total Onions acquired	15,520	13,552
	\$	\$
Proceeds from sales	830,841	1,315,860
Administration and marketing expenses	60,039	61,156
Payments to growers	757,826	1,219,991

The average return per ton to the growers was \$48.83 in 1965 and \$90.02 in 1966.

Tobacco Leaf Marketing Board.

During the year under review, the Supreme Court granted an injunction restraining the appointment of the persons who had been elected, on 13th April, 1966, as elective members of the Tobacco Leaf Marketing Board. By authority of Act No. 7382, a manager was appointed to carry on the functions of the Board until the appointment of the members of the Board.

A summary of the financial operations for the accounting period from 1st April, 1966, to 31st March, 1967, is set out hereunder. The figures are subject to audit.

	\$	\$
Gross proceeds from 1966 sales of tobacco leaf		12,547,281
<i>Applied to</i>		<u> </u>
Brokers' Commission	282,733	
Freight	52,431	
Rehandling Charges	13,385	
Commonwealth Tax Levy	53,935	
Insurance	123,400	
Growers' Liens, Orders, &c.	726,691	
Marketing Board Charge	94,230	
Amount owed to Growers re Over Quota Export Leaf	121,965	
Other Expenses	2,458	
Net Proceeds to Growers	11,076,053	
	<u> </u>	<u>12,547,281</u>

The Board's charge of \$94,230 against the sales proceeds, together with the Crop Insurance Premium of \$123,400 and other receipts of \$3,086, was expended as shown :—

	\$
Administration expenses	39,731
Travelling expenses	7,204
Board fees	317
Crop Insurance premium	124,738
Contribution to Tobacco Growers' Council	4,800
Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal	4,710
General expenses	1,730
Balance	37,486
	<u>220,716</u>

The Board's balances at 31st March, 1967, are summarized hereunder :—

	\$	\$
<i>Assets—</i>		
Term Deposits		70,000
Cash		261
Bank—Over Quota Export Account		11,935
Advances to—		
Tobacco Quota Committee	1,000	
Tobacco Quota Appeals Tribunal	1,000	
Growers—on Redried Leaf.. .. .	135,195	
		<u>137,195</u>
Sundry Debtors—Unrecovered Charges		64,720
Sundry Debtors—Over Quota Export Leaf		110,030
Office Furniture and Equipment (less depreciation)		4,689
Motor Vehicle		2,230
		<u>401,060</u>
<i>Liabilities—</i>		
Overdraft at Bank—		
Ordinary	1,910	
Redried Leaf Account	174,188	
		<u>176,098</u>
Sundry Creditors—		
Ordinary	24,799	
Growers— <i>re</i> Over Quota Export Leaf	121,965	
		<u>146,764</u>
Growers' Funds		78,198
		<u>401,060</u>

ACKNOWLEDGMENT.

I appreciate the helpful co-operation that I have received during the year from the members and staff of the several Authorities referred to in this Report.

A. J. A. GARDNER
Auditor-General.

Melbourne, 1st December, 1967.





