

1968
—
VICTORIA

SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1968

Ordered by the Legislative Assembly to be printed

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REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT OF 31ST OCTOBER, 1968, IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1968.

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.

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, 1968, amounted to \$1,840,000.

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

1966-67.		1967-68.	
\$		\$	\$
	Nursing Services—		
295,446	Wards	315,355	
181,803	Other	182,559	
		<hr/>	497,914
901,545	Medical, Professional and Ancillary Services .. .. .	..	945,395
763,009	Administration and Ancillary Services .. .. .	..	799,106
195,351	Scientific and Research Departments .. .. .	..	178,051
<hr/>			<hr/>
2,337,154			2,420,466
			<hr/>

The revenue for the year was :—

1,830,000	State Government Grant for Maintenance	1,840,000
62,758	Commonwealth Pharmaceutical Benefits Grant	83,864
42,997	Commonwealth Hospital Benefits Grant	55,762
23,426	Commonwealth Home Nursing Subsidy	24,374
344,386	Patients' Fees	384,487
56,183	Miscellaneous	64,360
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2,359,750		2,452,847
		<hr/>

The following abridged balance-sheets set out the financial position as at 30th June, 1967, and 1968 :—

30.6.67.							30.6.68.	
\$		ASSETS.					\$	\$
	Maintenance Fund—							
101,454	Cash at Bank	..	..	..	..	..	162,290	
92,623	Sundry Debtors	..	..	..	..	..	105,312	
56,583	Stores on Hand	..	..	..	..	..	68,581	
							<u>336,183</u>	
	Investment of Specific Purpose Funds and Trusts—							
11,707	Cash at Bank	..	..	..	..	..	25,417	
199,824	Other Investments	..	..	..	..	..	225,281	
							<u>250,698</u>	
	Capital Funds—							
63,034	Cash at Bank	..	..	..	..	..	147,204	
3,221,259	Building Improvements	..	..	..	..	..	3,423,113	
1,317,683	Plant and Equipment	..	..	..	..	..	1,407,678	
73,947	Furniture and Furnishings	..	..	..	..	..	76,432	
40,029	Motor Cars	..	..	..	..	..	40,459	
							<u>5,094,886</u>	
<u>5,178,143</u>	Total Assets	..	..	..	..	..	..	<u>5,681,767</u>
	LIABILITIES AND FUNDS.							
	Maintenance Fund—							
41,828	Sundry Creditors (net)	..	..	..	..	..	66,712	
53,921	Accrued Expenditure	..	..	..	..	..	82,521	
154,911	Balance of Fund	..	..	..	..	..	186,950	
							<u>336,183</u>	
	Specific Purpose Funds and Trusts—							
206,722	Research Investigation Fund	..	..	..	..	..	208,718	
4,809	Other Funds	..	..	..	..	..	41,980	
							<u>250,698</u>	
4,715,952	Capital Funds	..	..	..	..	..	..	<u>5,094,886</u>
<u>5,178,143</u>	Total Liabilities and Funds	..	..	..	..	..	..	<u>5,681,767</u>

COAL MINE WORKERS PENSIONS TRIBUNAL.

The Tribunal controls the Coal Mine Workers' Pensions Fund into which are paid annual contributions, determined actuarially and collected on a specified basis from mine owners, mine workers and the State, and out of which are paid pensions to mine workers and the dependants of mine workers.

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

1966-67.		INCOME.								1967-68.	
\$										\$	\$
	Contributions—Acts Nos. 6221/6622—										
66,515	Government									44,556	
66,515	Mine Owners									44,556	
6,970	Mine Workers									5,188	
<u>140,000</u>										<u>94,300</u>	
56,058	Interest on Investments									57,641	
<u>196,058</u>										<u>151,941</u>	
		EXPENDITURE.									
147,940	Pensions									149,060	
15,390	Refunds of Contributions									13,253	
5,980	Administration									6,254	
<u>169,310</u>										<u>168,567</u>	
26,748	Surplus for year .. .. .									..
..	Deficit for year									16,626	

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

30.6.67.										30.6.68.	
\$										\$	
<u>1,101,782</u>	Accumulated Funds									<u>1,085,157</u>	
		Represented by—									
44,162	Current Assets <i>less</i> Liabilities									7,537	
620	Fixed Assets									620	
1,057,000	Investments at cost.. .. .									1,077,000	
<u>1,101,782</u>										<u>1,085,157</u>	

As can be seen from the above statement of income and expenditure, there was a surplus of \$26,748 for 1966-67 but a deficit of \$16,626 in 1967-68. This was brought about by the reduction of contributions required from the State, mine owners and mine workers, actuarially assessed as \$94,300 in the current year, compared with \$140,000 in the previous year. The contribution required for each of the four calendar years commencing 1st January, 1968, was estimated at \$48,600.

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, 1968, was \$2,875,245 from which was deducted \$15,231, the surplus of receipts over expenditure carried forward from the year ended 30th June, 1967, leaving net estimated expenditure of \$2,860,014. This was the amount received during the year from the contributors. Actual expenditure for the year exceeded the estimate of total expenditure by \$118,343, but miscellaneous receipts, \$122,434, including refunds, were sufficient to offset the excess and leave a surplus of \$4,091 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 :—

—	1965-66.	1966-67.	1967-68.
<i>Receipts.</i>	\$	\$	\$
Surplus from previous year	8,534	17,340	15,231
Statutory contributions	2,072,910	2,503,578	2,860,014
Other receipts	78,427	90,449	122,434
	2,159,871	2,611,367	2,997,679
<i>Payments.</i>			
Salaries, wages and maintenance	1,324,269	1,598,490	1,800,157
Loan repayments	139,005	139,506	155,581
Loan interest	91,797	108,125	129,749
Land, buildings, rolling-stock and equipment	124,301	187,044	233,525
Motor replacement fund	183,704	208,236	229,460
Compensation fund	30,000	30,000	30,000
Other payments	249,455	324,735	415,116
Surplus carried forward to next year	17,340	15,231	4,091
	2,159,871	2,611,367	2,997,679

Receipts and expenditure of loan moneys over the past three years are shown hereunder :—

	1965-66.	1966-67.	1967-68.
	\$	\$	\$
Balance, 1st July	131,899	1,262	141,038
<i>Receipts—</i>			
Loan Proceeds	290,000	555,000	500,000
Refunds, &c.	10,311	17,359	26,416
	432,210	573,621	667,454
<i>Expenditure—</i>			
Buildings	259,855	164,251	236,509
Vehicles	164,966	214,659	278,063
Radio Equipment	6,127	53,673	39,196
	430,948	432,583	553,768
Balance unexpended 30th June	1,262	141,038	113,686

The analysis hereunder of the Authority's balance-sheets shows the financial position of the Authority at 30th June, 1967 and 1968 :—

30.6.67.		30.6.68.
\$		\$ \$ \$
	Source of Funds—	
	<i>External—</i>	
2,285,810	Loan Liability	2,630,228
141,038	<i>Less unexpended</i>	113,686
		<u>2,516,542</u>
2,144,772		
310,135	*New Headquarters Building Account	279,653
		<u>2,796,195</u>
2,454,907		
	<i>Internal—</i>	
	Excess of assets over liabilities transferred from	
276,271	Country Fire Brigades Board	276,271
1,807,383	Income and Expenditure Account—accumulated balance	1,996,216
2,586,843	Reserves	2,869,662
1,130,668	Funds	1,326,130
1,025,752	<i>Less invested on account of Compensation, Superannuation and other Trust purposes</i>	1,216,679
		<u>109,451</u>
104,916		
4,775,413		<u>5,251,600</u>
7,230,320		<u>8,047,795</u>
	Represented by—	
	<i>Current Assets—</i>	
15,231	Cash	4,091
40,802	Sundry Debtors	45,276
150,301	Stocks—including uniforms issued	127,994
		<u>177,361</u>
206,334		
	<i>Less—</i>	
	<i>Current Liabilities—</i>	
61,163	Sundry Creditors	85,391
		<u>91,970</u>
145,171		
	<i>Investments—</i>	
104,916	Motor Replacement and Sale of Property Funds.. .. .	109,451
	<i>Fixed Assets—</i>	
301,045	Land	564,241
2,424,448	Buildings	2,475,864
3,677,276	Rolling-stock	4,163,828
531,713	Plant and Machinery	597,354
45,751	Other	45,087
		<u>7,846,374</u>
6,980,233		
7,230,320		<u>8,047,795</u>

* 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 \$46,181 at 30th June, 1968.

DANDENONG VALLEY AUTHORITY.

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.

The Authority's balancing date is the 30th September in each year and the accounts have been audited to 30th September, 1967.

Following is an abridged statement of the General Revenue Account for the years ended 30th September, 1966, and 1967 :—

1965-66.		1966-67.	
\$		\$	\$
	Income—		
268,112	Rating Precepts—Municipalities	327,163	
26,651	Other	109,351	
294,763			436,514
	Expenditure—		
32,677	Administration	54,760	
12,557	Maintenance of Works	54,155	
20,095	Survey, Investigation and Design	36,423	
4,287	Depreciation Provision	13,992	
15,520	Debt Services	49,300	
85,136			208,630
209,627	Excess of Income over Expenditure		227,884
3,059	Less Appropriation to Plant Replacement Reserve .. .. .	..
..	,, ,, Loans Repayment Sinking Fund	4,520	
			4,520
206,568	Net Surplus for year		223,364

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

30.9.66.		30.9.67.	
\$		\$	\$
	Current Assets—		
108,677	Cash at Bank .. .. .	..
29,568	Debtors and Prepayments	148,377	
1,706	Other	3,003	
139,951			151,380
	Fixed Assets—		
108,855	Land and Buildings (at cost)	249,173	
65,151	Plant, Vehicles and Equipment (at cost less depreciation)	87,945	
10,515	Office Furniture and Machines (at cost less depreciation)	13,676	
184,521			350,794
	Capitalized Works Expenditure—		
228,961	River Improvement Works	977,241	
298,830	Piped or Lined Drainage Channels	741,660	
1,821,045	Carrum Drainage District	1,820,735	
34,228	Other	60,873	
2,383,064		3,600,509	
3,277	Less Provision for Depreciation	12,682	
2,379,787			3,587,827
68,809	Investments		32,044
2,773,068			4,122,045

30.9.66. \$							30.9.67. \$	\$
	Current Liabilities—							
..	Bank Overdraft	..	..	..	..	..	51,156	
12,746	Other	..	..	..	..	..	42,152	
							<u>93,308</u>	93,308
	Loans—							
536,883	Government of Victoria	..	..	..	..	..	641,447	
498,626	Other	..	..	..	..	..	999,451	
							<u>1,640,898</u>	1,640,898
<u>1,048,255</u>								<u>1,734,206</u>
	Excess of Assets over Liabilities—							
78,086	Grants by Government of Victoria	..	..	..	..	..	200,872	
1,334,763	Capital Expenditure borne by the State	..	..	..	..	..	1,484,194	
18,125	Contributions by Property Owners	..	..	..	..	..	181,001	
3,059	Appropriation for Plant Replacement	..	..	..	..	..	3,059	
..	Appropriation for Loans Repayment	..	..	..	..	..	4,569	
290,780	General Revenue Account Balance	..	..	..	..	..	514,144	
							<u>2,387,839</u>	2,387,839
<u>1,724,813</u>								<u>4,122,045</u>
<u>2,773,068</u>								<u>4,122,045</u>

ELECTRICITY COMMISSION.

The net income of the State Electricity Commission for the year ended 30th June, 1968, as shown in its Revenue Account, was \$9,058,198 compared with \$5,811,323 in 1966-67.

Factors which influenced the year's result included—

- (i) an increase of \$16,733,448 from sales of electricity ;
- (ii) an increase of \$4,442,130 in the annual depreciation charge because of (a) additional assets brought into service and (b) additional depreciation in respect of certain assets at the Morwell open cut replaced by the Overburden Conveyor System. The total depreciation charges included an amount of \$3,000,000 as a special provision for accelerated depreciation of peak load steam power stations. A similar provision was made in the previous financial year ;
- (iii) a special provision of \$6,000,000 by way of additional depreciation of assets in the briquette business compared with \$4,000,000 in the year 1966-67 ;
- (iv) an increase of \$3,758,981 in net interest charges because of an increase in Capital Liabilities and a decrease in Investments during the year ;
- (v) a write-off of the remaining balance of previous years' unamortized loan flotation expenses, \$979,930, and an increase of \$423,210 in the 1967-68 loan flotation expenditure ; and
- (vi) a net increase in costs of salaries, wages and associated charges and also increases in costs of materials and other expenses.

Changes in accounting procedure have necessitated some re-arrangement of items in the Revenue Account for 1966-67 and the Balance-sheet as at 30th June, 1967, published in my last Report, in order that they may be comparable with 1967-68. The separate Reserves—Contingency and General, Obsolescence and Income Retained for Capital Works—have been consolidated into one account styled "General Reserve" and the item, Consumers' Contributions, previously included in the Balance-sheet as a deduction from Fixed Assets now appears under Reserves as a separate item called "Consumers' and Other Contributions for Construction".

REVENUE ACCOUNT.

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

1966-67.		1967-68.
\$		\$
181,664,719	Operating Income	198,332,239
128,427,498	Operating Expenditure	134,996,626
53,237,221	Excess of Operating Income over Operating Expenditure	63,335,613
194,174	Add—Miscellaneous Income	149,302
53,431,395		63,484,915
	<i>Deduct—</i>	
41,758,397	Interest	45,517,378
679,390	Loan Flotation Expenses	1,102,600
932,285	Miscellaneous Expenditure	826,809
250,000	Unamortized Loan Flotation Expenses Written Off	979,930
4,000,000	Additional Depreciation of Briquette Factories	6,000,000
47,620,072		54,426,717
5,811,323	Balance of Income before Transfers to Consolidated Revenue and Appropriations	9,058,198

By decision of the Commission, the net income of \$9,058,198 was appropriated to—

- | | \$ |
|---|-----------|
| (i) provision for transfer to Consolidated Revenue in 1968-69 of a contribution in accordance with the provisions of the <i>Public Authorities (Contributions) Act 1966</i> | 5,700,000 |
| (ii) balance of contribution to Consolidated Revenue in 1967-68 not provided out of 1966-67 Income | 340,000 |
| (iii) provision for statutory transfer to Consolidated Revenue of an amount calculated on the basis of brown coal production in 1967-68 | 563,018 |
| (iv) General Reserve | 2,455,180 |

The contribution to Consolidated Revenue in 1967-68 in accordance with the *Public Authorities (Contributions) Act 1966* was \$5,340,000. This was calculated at 3 per cent. of \$178,000,000, 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 1966-67.

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 1967-68 compared with the previous year :—

1966-67.		1967-68.	
\$		\$	\$
13,502,280	Profit on Electricity Supply	20,251,144	
9,630	Profit on Brown Coal Sales (Yallourn North Extension) ..	260,839	
<hr/>		<hr/>	
13,511,910			20,511,983
<hr/>			
2,239,233	Loss on Briquetting	3,309,313	
473,243	Loss on Tramways	487,035	
<hr/>		<hr/>	
2,712,476			3,796,348
<hr/>			<hr/>
10,799,434			16,715,635
<hr/>			
	<i>Less—</i>		
738,111	Excess of Miscellaneous Expenditure over Income ..	677,507	
250,000	Unamortized Loan Flotation Expenses Written Off ..	979,930	
4,000,000	Special Depreciation of Briquette Factories	6,000,000	
<hr/>		<hr/>	
4,988,111			7,657,437
<hr/>			<hr/>
5,811,323	Income in excess of Expenditure for year		9,058,198
<hr/>			<hr/>

Further information relating to the operation and business results of each of the above-mentioned activities is given as follows :—

Electricity Supply.—(Profit \$20,251,144). Operational statements for the past two years show :—

		1966-67.	1967-68.
		\$	\$
<i>Sales—</i>			
Domestic	—	51,282,476	54,790,057
Commercial and General	.. .. .	24,616,660	27,323,730
Industrial...	.. .. .	47,513,723	52,617,987
Traction ...	.. .. .	3,842,668	3,824,659
Bulk Supplies	.. .. .	38,270,776	41,508,500
Public Lighting and Unread Meters	.. .. .	2,605,162	4,799,980
		<hr/>	<hr/>
		168,131,465	184,864,913
		<hr/>	<hr/>
<i>Operating Charges—</i>			
Power Generation	.. .. .	81,975,465	82,623,498
Purchased Electricity	.. .. .	8,642,937	8,801,752
Transmission and Distribution	.. .. .	64,010,783	73,188,519
		<hr/>	<hr/>
		154,629,185	164,613,769
		<hr/>	<hr/>
Profit	.. .. .	13,502,280	20,251,144
		<hr/>	<hr/>

Significant matters affecting the operating result of electricity supply were as follows :—

- (i) Revenue of \$184,864,913 from sales of electricity during the year 1967–68 was an improvement of \$16,733,448 or 10 per cent. on sales revenue for the year 1966–67. This increase of 10 per cent. in sales expressed in monetary terms compares with a 6.3 per cent. increase in sales of kWh. There was also an increase in the average income per kWh sold. The higher percentage increase in revenue and the increase in income per kWh sold are explained by the tariff increase as from 1st November, 1967.
- (ii) There was an increase of 33,398 consumers in the year.
- (iii) Operating charges in 1967–68 increased by \$9,984,584 or 6.5 per cent. over the amount for the previous financial year.
- (iv) The cost per kWh sold rose from 1.683 cents in 1966–67 to 1.686 cents in 1967–68 although there was a reduction in the overall cost per kWh of electricity sent out from power stations (including purchases).

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 :—

	1966-67. Millions.	1967-68. Millions.
Total kWh sent out from power stations and purchased	10,425.645	11,118.882
kWh sold—Victorian consumers	8,878.673	9,385.554
—New South Wales (Interchange)	306.485	375.231
—to Works	187.945	181.747
Total kWh sold	9,373.103	9,942.532

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

	1966-67. kWh.	1967-68. kWh.
Domestic	3,433	3,474
Commercial	9,297	9,833
Industrial	46,763	46,905
	c	c
Income per kWh sold	1.887	1.961
Cost per kWh sold	1.683	1.686

Brown Coal Production and Distribution.—Coal won for the year amounted to 22,520,000 tons, an increase of 537,000 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.

	1966-67. Tons.	1967-68. Tons.
Morwell	8,479,000 (\$1.10)	10,122,000 (\$1.11)
Yallourn	13,081,000 (\$0.82)	11,980,000 (\$0.86)
Yallourn North Extension	423,000 (\$1.67)	418,000 (\$1.09)
	21,983,000	22,520,000

Distribution of the output was as follows :—

	1966-67. Tons.	1967-68. Tons.
Power Production	16,079,000	16,882,000
Briquette Manufacture	5,481,000	5,220,000
Sales to Public	349,000	333,000
Sales to Gas and Fuel Corporation	74,000	85,000
	21,983,000	22,520,000

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

	1966-67.		1967-68.	
	\$	\$	\$	\$
Sales	732,958	..	734,225
Operating Charges—				
Production	705,119	..	457,913
Freight and Distribution	18,209	..	15,473
		<u>723,328</u>		<u>473,386</u>
Profit	9,630	..	260,839

The reduction in expenditure on production from \$705,119 in 1966-67 to \$457,913 in 1967-68 is explained by expenditure on overburden removal being \$288,559 in the former year and \$28,739 in the latter. The reason for the high expenditure in 1966-67 was referred to in my last Report. The increase in income is attributable to a price increase, the sales declining slightly from 422,586 tons in 1966-67 to 418,221 tons in 1967-68.

Briquetting.—(Loss \$3,309,313). Trading results for the past two years, excluding costs charged on internal transfers to works, are shown in the following statement :—

	1966-67.		1967-68.	
	\$	\$	\$	\$
Sales—				
Domestic	6,958,257	..	6,798,497
Industrial	5,560,362	..	5,668,527
		<u>12,518,619</u>		<u>12,467,024</u>
Manufacturing Costs	9,288,483	..	9,572,372
Distribution and Selling	5,469,369	..	6,203,965
		<u>14,757,852</u>		<u>15,776,337</u>
Loss		<u>2,239,233</u>		<u>3,309,313</u>

The statement shows that income decreased in 1967-68 compared with 1966-67. Quantity sales increased by 10,000 tons but the overall average income per ton was lower in a competitive market. The increase in expenditure is attributable to higher salary and wage rates, increased costs of maintenance, freight, storage and selling.

Reference has been made in previous Reports to Commission decisions to make special depreciation provisions in respect of the Morwell and Yallourn briquette factories, the total provisions to 30th June, 1967, amounting to \$11,000,000. It has now been decided to increase the additional depreciation to a level sufficient to depreciate fully these factories, together with all assets connected with this activity (including distribution and selling), before 1970-71. As a first step in this revised programme, a special provision of \$6,000,000 is shown as a separate item in the Revenue Account for 1967-68. 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 additional depreciation provision to 30th June, 1967, resulted in a lower charge for interest in 1967-68.

Tramways.—(Loss \$487,035). Separate figures for the year in respect of operations at Ballarat and at Bendigo show :—

	Ballarat.	Bendigo.	Total.
	\$	\$	\$
Operating Charges	394,526	358,586	753,112
Traffic Receipts, &c.	162,882	103,195	266,077
Loss	<u>231,644</u>	<u>255,391</u>	<u>487,035</u>

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

	1966-67.	1967-68.
	\$	\$
Expenditure—Operation	482,264	488,965
Maintenance	196,465	184,217
Administration, &c.	76,191	79,930
	<u>754,920</u>	<u>753,112</u>
Income—Traffic Receipts, &c.	281,677	266,077
Loss	<u>473,243</u>	<u>487,035</u>
Number of Passengers carried	3,860,604	3,537,177
Number of Tram miles	836,196	833,503
Passengers per Tram mile	4.62	4.24
Expenses per Passenger	19.55c	21.29c
Income per Passenger	7.30c	7.52c

The figures disclose that traffic continued to decline and the loss per passenger carried rose in 1967-68 compared with the previous year.

Depreciation.

The following comparative statement shows depreciation charges for the past two years :—

	1966-67.	1967-68.
	\$	\$
Normal provision—charged to operations	33,520,594	37,961,364
Special provision—(peak load steam power stations) charged to operations	3,000,000	3,000,000
Special provision—(briquette factories, &c.) deducted from net income from operations	4,000,000	6,000,000
Indirect—charged to Fixed Assets	1,141,574	1,189,214
	<u>41,662,168</u>	<u>48,150,578</u>
Amortization—Development of Open Cuts—charged to operations	502,750	504,110
	<u>42,164,918</u>	<u>48,654,688</u>

The balance-sheet discloses that at 30th June, 1968, the provision for depreciation had increased by \$33,545,266 compared with the figure at 30th June, 1967. This net increase is explained hereunder :—

	\$
Balance—30th June, 1967	260,397,645
Add Provision for year as per statement above	48,150,578
	<u>308,548,223</u>
Less Retirements	14,605,312
Balance—30th June, 1968	<u>293,942,911</u>

Interest.

Compared with the previous year, there was a net increase in this item of \$3,905,485 of which \$3,758,981 was charged to Revenue Account.

The following statement compares the interest charges for the past two years :—

	1966-67.	1967-68.
	\$	\$
On—Capital Liabilities	42,006,682	44,774,944
Consumers' and Other Advances for Construction	2,728,547	2,891,725
Provident Fund Advances	1,483,656	1,847,430
Current Liabilities	29,226	28,741
	<u>46,248,111</u>	<u>49,542,840</u>
Deduct Interest earned on Investments	3,637,958	3,027,202
	<u>42,610,153</u>	<u>46,515,638</u>

These totals were allocated in the accounts as under :—

	\$	\$
Revenue Account	41,758,397	45,517,378
Fixed Assets—Indirect interest included in charges for services	851,756	998,260
	<u>42,610,153</u>	<u>46,515,638</u>

BALANCE-SHEET.

The Commission's balances at 30th June, 1967 and 1968, are summarized hereunder :—

30.6.67.		30.6.68.
\$		\$ \$
	Fixed Assets—	
1,041,100,874	Assets in Service—at cost	1,076,253,486
260,397,645	Deduct Provision for Depreciation	293,942,911
<hr/>		<hr/>
780,703,229		782,310,575
43,213,337	Assets not yet in service—at cost.. .. .	93,899,710
14,529,871	Development of Open Cuts—balance of cost	14,117,622
<hr/>		<hr/>
838,446,437		890,327,907
<hr/>		
4,281,582	Long Term Debtors (Real Estate Sales)	4,163,033
<hr/>		
	Deferred Charges—	
979,930	Unamortized Loan Flotation Expenses .. .. .	..
611,851	Other	473,686
<hr/>		<hr/>
1,591,781		473,686
<hr/>		
55,447,903	Investments—at cost	43,195,099
<hr/>		
	Current Assets—	
655,068	Balances at Bank and Cash in Hand	1,247,489
15,762,309	Consumers' and Other Accounts Receivable	17,483,560
11,955,593	Unread Meters—Estimated Income	14,590,366
13,036,035	Materials and Fuel—at cost	14,381,679
<hr/>		<hr/>
41,409,005		47,703,094
<hr/>		
941,176,708		985,862,819
<hr/>		
	Less Current Liabilities—	
..	Bank Overdraft	437,787
18,116,655	Accounts Payable and Accruals (other than Interest)	15,656,533
9,246,145	Interest Accrued	9,812,908
1,662,565	Consumers' Deposits	784,903
5,549,574	Provision for Transfers to Consolidated Revenue	6,263,018
<hr/>		<hr/>
34,574,939		32,955,149
<hr/>		
906,601,769		952,907,670
<hr/>		

The Commission's balances were financed as follows :—

\$		\$ \$
208,601,542	State Treasury (net)	223,417,569
589,677,482	Commission Loans (net)	611,177,960
1,459,383	Loans of Acquired Undertakings	1,541,938
<hr/>		<hr/>
799,738,407		836,137,467
<hr/>		
79,131,025	Consumers' and Other Advances for Construction (including Provident Fund)	85,043,696
<hr/>		
	Reserves—	
22,597,902	General	25,467,484
5,134,435	Consumers' and Other Contributions for Construction	6,259,023
<hr/>		<hr/>
27,732,337		31,726,507
<hr/>		
906,601,769		952,907,670
<hr/>		

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

	30.6.67.	30.6.68.
	\$	\$
Coal Production	65,401,079	67,487,680
Briquette Production and Distribution	43,500,399	43,004,492
Power Production—		
Thermal Stations	340,279,054	359,188,716
Hydro Stations	86,304,757	79,173,627
Transmission System	200,060,556	243,321,647
Distribution	262,664,519	288,316,488
General Service Assets	86,103,847	89,660,546
	<hr/>	<hr/>
	1,084,314,211	1,170,153,196
Deduct Provision for Depreciation	260,397,645	293,942,911
	<hr/>	<hr/>
	823,916,566	876,210,285
Development of Open Cuts—Balance of Cost	14,529,871	14,117,622
	<hr/>	<hr/>
	838,446,437	890,327,907

Expenditure on Fixed Assets for the year, which is summarized below under operational heads, amounted to \$102,798,611 compared with \$99,223,088 in 1966–67 :—

	\$	\$
Coal Production—		
Overburden Removal and Disposal	2,415	
Coal Winning and Transportation	6,572,566	
	<hr/>	
		6,574,981
Briquette Production and Distribution		206,509
Power Production—		
Morwell	63,059	
Yallourn	1,050,393	
Yallourn “ W ”	1,336,317	
Hazelwood	37,378,822	
Kiewa	288,975	
Other	72,688	
	<hr/>	
		40,190,254
Transmission		26,058,297
Distribution—		
Metropolitan	7,330,094	
Provincial and Country	17,572,755	
	<hr/>	
		24,902,849
General Service Assets—		
Plant and Equipment	1,595,549	
Offices, Stores, &c.	1,628,341	
	<hr/>	
		3,223,890
Other		1,641,831
		<hr/>
		102,798,611

The expenditure of \$102,798,611 was offset by retirements and adjustments in the year amounting to \$16,959,626, making the net increase in assets \$85,838,985.

Investments.—During the year, the Commission’s investments, excluding deposits held on account of contractors, decreased by \$12,240,505.

Investments held at 30th June, 1967 and 1968, were as follows :—

	30.6.67.	30.6.68.
	\$	\$
General—		
Government and semi-Government Securities	32,355,896	27,612,669
Short Term—		
Short Term Money Market and “ Buy Back ” secured by Government Guaranteed Securities, and Commercial Bills	11,725,000	3,935,723
Bank Deposits	1,000,000	..
	<hr/>	<hr/>
	45,080,896	31,548,392
Sinking Fund—		
Government and semi-Government Securities	10,292,522	11,584,521
	<hr/>	<hr/>
	55,373,418	43,132,913

The amount of \$31,548,392 shown above represents investment of provisions and reserves and unexpended “ Self Help ” contributions.

Consumers' and Other Advances for Construction.—The Commission's liability on account of these advances increased during the year to \$85,043,696—a net increase of \$5,912,671. Details are :—

	Increase for Year.	Balance. 30. 6. 68.
	\$	\$
Consumers' Advances for Construction (Self Help)	697,587	51,014,135
Advances for Construction of Offices and Showrooms	135,931	2,230,718
Advances from Provident Fund	5,295,935	31,798,843
Municipality—Pending acquisition of Electrical Undertaking (Decrease)	216,782	..
	<u>5,912,671</u>	<u>85,043,696</u>

A summary of transactions for the past two years in respect of Consumers' Advances for Construction shows—

	1966-67.		1967-68.	
	\$	\$	\$	\$
Contributions received	7,250,830		7,317,379	
Interest credits	2,617,606		2,750,714	
		<u>9,868,436</u>		<u>10,068,093</u>
Less refunds of instalments and expired deposits, and transfers to consumers' accounts as payments for supplies of electricity		7,367,276		9,370,506
Net Increase		<u>2,501,160</u>		<u>697,587</u>

The small net increase in 1967-68 compared with 1966-67 indicates that the liability under the "self-help" scheme may have reached its peak.

Loans.—The loan liability increased by \$36,399,060 compared with an increase of \$44,519,792 in 1966-67.

The increase in 1967-68 is analysed as follows :—

	\$	\$
Loan Liability at 30th June, 1967		799,738,407
1967-68—		
Net increase in Commission Loans	21,500,478	
„ „ „ Treasury Loans	14,816,027	
„ „ „ Loans of Acquired Undertakings	82,555	
		<u>36,399,060</u>
Loan Liability at 30th June, 1968		<u>836,137,467</u>

The loan liability at 30th June, 1968, as shown above, does not include \$3,000,000 advanced by the Treasury in June, 1968. This sum was not received by the Commission until July, 1968.

Including settlements of \$51,010 on account of loans authorized in 1966-67, loan moneys raised by the Commission during the year amounted to \$65,622,200. The sources of these moneys were:—

	\$
Public Loans	20,256,200
Private Loans	43,794,900
Area Loans	512,300
Retired Staff Loans	1,058,800
	<u>65,622,200</u>

The difference of \$44,121,722 between the total raisings of \$65,622,200, detailed immediately above, and the net increase of \$21,500,478 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 \$223,417,569 to the Treasury was determined after the deduction of \$24,671,728, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1967-68 was \$2,027,744, in respect of which a credit of \$414,402 was made to the General Reserve representing, mainly, the relevant Commonwealth contributions to the Fund less National Debt charges in connexion with the repurchase of securities.

Reserves.—The Balance-sheet discloses that, at 30th June, 1968, Reserves totalled \$31,726,507 compared with \$27,732,337 at 30th June, 1967. The balances have been affected by changes in accounting classification, as already stated, and other movements in the year 1967–68. Further explanations are given hereunder :—

(a) *General Reserve.*—The increase of \$2,869,582 in the balance of this Reserve is accounted for as follows :—

	\$	\$
Balances at 30th June, 1967, transferred—		
Obsolescence Reserve	2,600,508	
Contingency and General Reserve	16,986,541	
Income Retained for Capital Works	3,010,853	
	<hr/>	22,597,902
<i>Add</i> —Credit on account of contributions to the National Debt Sinking Fund for 1967–68 not payable by the Commission, less certain charges	414,402	
Appropriation from Revenue Account—		
Balance of Income for 1967–68	2,455,180	
	<hr/>	2,869,582
Balance at 30th June, 1968		<hr/> <hr/> 25,467,484

(b) *Consumers' and Other Contributions for Construction.*—The balances of this Reserve at 30th June, 1967 and 1968, comprise contributions made to the Commission towards the cost of Fixed Assets. In previous Balance-sheets, this item was shown as a deduction from Fixed Assets.

ELECTRICITY COMMISSION PROVIDENT FUND.

Financial statements of this Fund for the year ended 30th June, 1968, have been audited. The following statement shows operations of the Fund during the year:—

	\$	\$
Balance of Fund at 30th June, 1967 .. .. .	..	54,426,016
<i>Add</i> —Contributions—Commission	3,428,776	
Officers	2,282,999	
	<hr/>	5,711,775
Interest on Investments .. .. .	..	3,344,882
		<hr/>
		63,482,673
<i>Less</i> —Expenditure—Benefits	2,696,806	
Refunds on account of resignation, &c.	234,259	
	<hr/>	2,931,065
Balance of Fund at 30th June, 1968 .. .. .	..	<hr/><hr/>60,551,608

The Fund was represented by—

Investments in Commission—Loan Advances	31,798,843	
Inscribed Stock	25,491,700	
	<hr/>	57,290,543
Other Investments—Debentures	625,784	
Housing Societies	549,182	
Ordinary Shares	985,936	
	<hr/>	2,160,902
Accrued Income—Contributions	130,500	
Interest	1,028,104	
	<hr/>	1,158,604
<i>Less</i> —Benefits accrued and unpaid	58,441	
	<hr/>	1,100,163
		<hr/> <hr/> 60,551,608

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 :—

1966-67. \$		1967-68. \$	\$
	Income—		
	Sales—		
29,857,125	Gas	30,806,314	
9,300,995	Residual Products and Appliances	9,584,414	
39,158,120			40,390,728
	Expenditure—		
	Gas—		
15,069,871	Manufacture	15,889,549	
9,106,709	Distribution	9,561,413	
9,311,179	Residual Products, Appliances and Selling Expenses	9,438,876	
1,981,604	Management	2,249,280	
12,689	Audit Fees	13,853	
14,695	Directors' Fees	17,548	
564,060	Research and Development	516,653	
667,836	Superannuation and Retiring Allowances	716,159	
566,654	Long Service Leave	474,317	
89,954	Other costs	81,855	
37,385,251			38,959,503
1,772,869	Profit on Trading		1,431,225
930,000	Contribution to Consolidated Revenue—State of Victoria	960,000	
50,000	Contingency Reserve	50,000	1,010,000
792,869	Net Profit for year carried to Profit and Loss Appropriation Account		421,225

The quantity of gas sold for the year was 95,948,932 therms returning 32·11 cents per therm compared with, in 1966-67, 90,950,453 therms for a unit return of 32·83 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 \$32,000,000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1966-67 and 3 per cent. thereof, viz., \$960,000, was paid to Consolidated Revenue in June, 1968.

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

	\$	\$
Balance brought forward 1st July, 1967	21,448	
Net Profit for year from Profit and Loss Account	421,225	
Available for Appropriation .. .. .	..	442,673
Additional Provision for Retiring Allowances	100,000	
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1967	157,639	
Preference Dividend to be paid—		
4 per cent. per annum for half year ended 30th June, 1968	157,639	
		415,278
Balance carried forward 30th June, 1968 .. .. .	..	27,395

The following is a statement of the Corporation's balances at 30th June, 1968, arranged 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.

1967.		1968.
\$		\$ \$
	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
489,804	National Debt Sinking Fund (Treasury allocation of Commonwealth contributions)	545,590
307,336	Contingencies Reserve	357,336
100,000	Reserve for Increased Cost of Replacement of Fixed Assets	100,000
160,000	Dividend Equalization Reserve (Preference Shares) ..	160,000
700,000	Natural Gas Conversion Reserve	700,000
		<u>3,629,242</u>
21,448	Profit and Loss Appropriation Account	27,395
<u>19,426,856</u>		<u>19,538,589</u>
	Deferred Liabilities—	
10,046,777	Advances from State of Victoria	10,049,374
808,438	Less securities purchased and cancelled by the National Debt Commission	889,316
<u>9,238,339</u>		<u>9,160,058</u>
	Debentures and Debenture Stock (Secured)—	
6,096,903	Redeemable within twelve months	8,864,361
69,175,536	Redeemable after twelve months	70,700,069
<u>75,272,439</u>		<u>79,564,430</u>
	\$ Contingent Liabilities—	\$
1,499	Uncalled amount on Shares held in another company	1,499
<u>103,937,634</u>		<u>108,263,077</u>
	1,129,375 Commitments under Contracts for Capital Expenditure and Bank Guarantees	4,434,288
	Fixed Assets—	
129,437,996	Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in Progress (at cost) (see explanatory note No. 2 herein)	137,463,006
32,245,650	Less Provision for Depreciation and Amortization (see explanatory note No. 3 herein)	36,004,894
<u>97,192,346</u>	Carried forward	<u>101,458,112</u>

1967.		1968.
\$		\$
97,192,346	Brought forward	101,458,112
Current Assets—		
227,476	Cash in Hand and at Banks	370,759
2,600,000	Short-term Deposits	2,930,000
6,828,015	Trade and Other Debtors (<i>less</i> provision for Bad and Doubtful Debts and Consumers' Deposits)	7,346,942
4,454,879	Stocks at Cost or Valuation	4,513,402
84,946	Prepayments	118,717
<u>14,195,316</u>		15,279,820
Less Current Liabilities—		
4,939,303	Trade and Other Creditors	5,555,256
286,359	Bank Overdraft	474,995
11,670	State of Victoria (Balance of advances for purchase of preference shares)	7,572
Provisions—		
1,469,433	Long Service Leave	1,748,992
663,794	Retiring Allowances (see explanatory note No. 4 herein)	767,631
225,950	Deferred Repairs	75,568
157,639	Preference Dividend	157,639
<u>7,754,148</u>		8,787,653
6,441,168	Net Current Assets.. ..	6,492,167
Investment—		
1,901	Company Shares (at cost)	1,501
Intangibles—		
302,219	Unamortized Debenture Issue Expenses	311,297
<u>103,937,634</u>		<u>108,263,077</u>

DIRECTORS' EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1968.

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. *Fixed Assets.*—In converting to a natural gas supply, it is likely that other uses may not be found for plant of very substantial value. Although it is not possible at present to determine the probable loss, the amount involved may be written off over a number of years.

3. *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 \$83,698 (1967 \$279,490) 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 1968, \$92,115, (1967 \$66,852) is deducted in the accounts from the provision for Depreciation.

4. *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, 1968, \$767,631, includes appropriations totalling \$700,000 in addition to the estimated amount which may be granted to employees who became eligible for consideration at that date.

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, 1967.	1967-68.	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	7,138,894	60,000	7,198,894	
	15,138,894	60,000	15,198,894	
Advances—				
Advance for Capital Works	10,000,000	..	10,000,000	Loan Fund
Loan Flotation Expenses	49,374	34,459	83,833	
	10,049,374	34,459	10,083,833	
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 ..	25,188,268	94,459	25,282,727	
Cost to the State on account of the above—				
Interest on Loans	13,099,539	1,010,426	14,109,965	Consolidated Revenue
Sinking Fund Contribution	883,515	62,964	946,479	
	13,983,054	1,073,390	15,056,444	
<i>Less</i> Recoups, &c., from Corporation—				
Interest on Advances	5,874,123	483,021	6,357,144	
Sinking Fund Contribution	318,630	25,092	343,722	
Dividends on Preference Shares	3,706,572	285,916	3,992,488	
	9,899,325	794,029	10,693,354	
Net Cost to the State	4,083,729	279,361	4,363,090	

The above statement does not take into account the sum of \$960,000, already referred to, which was paid into Consolidated Revenue in 1967-68 in accordance with the provisions of the *Public Authorities (Contributions) Act 1966* or the total amount that has been transferred to Consolidated Revenue in accordance with these provisions to 30th June, 1968, \$1,890,000.

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, 1968, the State was the registered owner of 3,594,436 shares. The transfer of a further 1,225 shares was in course and \$7,572 was held by the Corporation for future purchases.

GEE LONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1967, was \$1,268,293, a decrease of \$39,710 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, Port Development Fund and Long Service Leave Provision absorbed \$643,418, leaving a net surplus of \$624,875.

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

		1966.	1967.
<i>Revenue.</i>		\$	\$
Operating Revenue—			
Harbor Revenue		2,373,059	2,464,397
Shipping Services		838,376	851,101
Other		109,094	111,087
Non-operating Revenue—			
Interest		115,216	51,422
Sale of Scrap Materials		3,805	1,456
Total Revenue		3,439,550	3,479,463
 <i>Expenditure.</i> 			
Operating Expenses—			
Administration, &c.		312,355	323,211
Shipping Services		647,390	613,705
Maintenance		202,323	212,777
Depreciation and Amortization		515,065	602,741
Non-operating Expenses—			
Superannuation		42,653	47,499
Interest		400,989	399,580
Miscellaneous		10,772	11,657
Total Expenditure		2,131,547	2,211,170
Net Revenue		1,308,003	1,268,293
 Appropriations—			
Sinking Fund		75,971	76,665
Insurance Fund		50,000	51,000
Port Development Fund .. .. .		..	500,000
Long Service Leave		11,168	15,753
Total Appropriations		137,139	643,418
Net Surplus		1,170,864	624,875

The following statement summarizes the Trust's financial position as at 31st December, 1966 and 1967 :—

31.12.66.		31.12.67.	
\$		\$	\$
7,527,663	Source of Funds— External— Loan Liability .. .. .	.. .. .	7,735,915
5,432,254	Internal— Endowments .. .. .	.. .. .	5,432,254
10,521,798	Net Revenue Account—Accumulated Surplus .. .. .	.. .. .	11,146,673
1,240,241	General Reserve .. .. .	.. .. .	1,237,744
2,746,910	Specific Reserves and Funds	3,530,172	
2,651,379	Less Investments	3,420,798	
95,531			109,374
17,289,824			17,926,045
24,817,487			25,661,960
	Represented by— Current Assets—		
19,694	Cash .. .. .	.. .. .	1,060
1,595,626	General and Short Term Investments .. .. .	.. .. .	..
308,477	Sundry Debtors and Prepayments .. .. .	.. .. .	348,425
40,428	Stores (at cost) .. .. .	.. .. .	39,114
1,964,225			388,599
	Less—Current Liabilities—		
290,360	Bank Overdraft	288,267	
27,541	Sundry Creditors and Accruals	257,662	
	Contractors' Deposits and Retentions	88,274	
317,901			634,203
1,646,324			Dr. 245,604
51,569	Deferred Assets— Various advances, &c. .. .. .	.. .. .	52,092
	Fixed Assets (at Cost less Depreciation)—		
83,577	Land (Purchased and Vested) .. .. .	.. .. .	109,952
1,974,623	Buildings and Improvements .. .. .	.. .. .	2,010,686
19,207,257	Harbor Works .. .. .	.. .. .	21,305,287
1,623,155	Floating Plant .. .. .	.. .. .	2,185,908
189,793	Other Plant and Vehicles .. .. .	.. .. .	206,814
41,189	Furniture and Fittings .. .. .	.. .. .	36,825
23,119,594			25,855,472
24,817,487			25,661,960

Specific Reserves and Funds.—Transactions within the respective Reserves and Funds under this heading during 1967 are given hereunder :—

	Port Development Fund.	Sinking Fund.	Insurance Reserve Fund.	Provision for Long Service Leave.
	\$	\$	\$	\$
Balance forward 1st January, 1967	1,007,492	629,797	1,014,090	95,531
Allocation from revenue	500,000	76,665	51,000	26,437
Interest on investments	49,339	33,895	55,604	..
Surplus from realization of inscribed stock	2,916	..	..	..
	1,559,747	740,357	1,120,694	121,968
Less—debits .. .. .	..	..	..	12,594
Balance 31st December, 1967	1,559,747	740,357	1,120,694	109,374
	3,530,172			

Current Assets and Liabilities.—Current liabilities exceeded current assets by \$245,604 as at 31st December, 1967. The decline in the Trust's liquidity of funds, as against the previous year, was due mainly to expenditure on dredging of the port channels and on additional floating plan

GRAIN ELEVATORS BOARD.

The current financial agreement between the Grain Elevators Board and the Australian Wheat Board, which covers the period 1st November, 1964, to 31st October, 1969, broadly states that the Grain Elevators Board will be paid for the use of its storage facilities a remuneration based on—

- (a) a Capital Facilities Allowance of 7½ per cent. on structures and 12½ per cent. on Plant and Equipment, and
(b) reimbursement of Operating Costs.

A clause in the agreement requires other bulk handling authorities utilizing Grain Elevators Board facilities to share the cost of the remuneration payable by the Australian Wheat Board. Under the provisions of Act No. 7092, the Grain Elevators Board was authorized to handle bulk barley. The Australian Barley Board has utilized Grain Elevators Board facilities and consequently there is a supplementary agreement with that Board. The terms of each agreement require an audit certificate to support the apportionment of the remuneration receivable by the Grain Elevators Board in relation to each year's operations.

Wheat receipts for the 1966-67 season totalled 73,623,266 bushels while 3,173,562 bushels of barley were handled.

The statement of revenue and expenditure given below shows a net surplus for the 1966-67 accounting period of \$251,649. The excess of income over expenditure is directly related to the excess of revenue from the Capital Facilities Allowances over loan and depreciation charges, as net operating and maintenance costs are recovered in full from the respective Boards.

		<i>Revenue.</i>			
1965-66.	\$	1966-67.	\$	1966-67.	\$
		<i>Revenue.</i>			
	Australian Wheat Board—				
1,688,387	Recoupable expenditure for operating and maintenance	1,891,191			
2,011,146	Capital Facilities Allowance	2,168,217			
				4,059,408	
	Australian Barley Board—				
42,898	Recoupable expenditure for operating and maintenance	81,529			
194,300	Capital Facilities Allowance	232,977			
				314,506	
<u>3,936,731</u>	Total Revenue—Grain Handling				4,373,914
		<i>Expenditure.</i>			
	Operating and Maintenance—				
421,509	Geelong Terminal	490,610			
755,549	Country Elevators	887,073			
123,125	Bulk Wheat Storages	115,067			
16,897	Sunshine Sub-terminal	23,522			
				1,516,272	
414,205	Administration Expenses			456,448	
<u>1,731,285</u>				1,972,720	
504,089	*Depreciation and Renewals			544,725	
1,229,675	Interest on Loans			1,348,920	
459	Amortization—Loan Flotation Expenses			482	
	Sinking Fund Charges—				
5,313	National Debt Sinking Fund			5,313	
<u>225,531</u>	Debentures and Inscribed Stock Sinking Fund			250,105	
<u>3,696,352</u>					4,122,265
240,379	Net Surplus				251,649
4,905	Less Net Loss on realization of assets				2,280
<u>235,474</u>					249,369
488,262	Add—Net Accumulation brought forward				562,896
97,973	Interest earned on General Reserve Fund Investment				109,086
8,968	Interest earned on Insurance Reserve Fund Investment				14,593
13,312	Interest earned on Renewals Reserve Fund Investment				21,231
191,286	Interest earned on Depreciation Reserve Fund Investment				244,711
61,816	Interest—Other Investments				45,814
<u>1,097,091</u>					1,247,700
	Less Appropriations—				
191,286	*Depreciation Reserve Fund			244,711	
	*General Reserve Fund			207,059	
8,968	*Insurance Reserve Fund			14,593	
113,312	*Renewals Reserve Fund			321,231	
180,000	Office Building Reserve				
40,629	Adjustment Flotation Expenses written off				
<u>534,195</u>					787,594
<u>562,896</u>	Net Accumulation at 31st October				460,106

* Approved by the Honorable the Treasurer.

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

31.10.66.		31.10.67.
\$		\$ \$ \$
	Current Assets—	
476,868	Sundry Debtors, Accrued Interest and Advances	481,622
163,565	Cash	19,020
640,433		500,642
9,256,790	Investments	10,008,167
	Fixed Assets—at Cost—	
	Construction—	
15,992,620	Country Elevators	17,414,782
3,361,948	Geelong Terminal	3,390,320
1,012,051	Sunshine Sub-Terminal	1,020,780
		21,825,882
	Equipment and Plant—	
4,171,987	Country Elevators	4,570,790
1,331,887	Geelong Terminal	1,588,506
147,913	Sunshine Sub-Terminal	148,626
		6,307,922
4,840	Marmalake No. 1 Emergency Store	4,840
247,054	Motor Vehicles, Office Furniture and Equipment	246,773
345,353	Freehold Land and Buildings	528,416
		780,029
		28,913,833
379	National Debt Sinking Fund—Cash in Fund	1,160
36,513,255		39,423,802
	Current Liabilities—	
489,132	Sundry Creditors	330,938
	Loans—	
1,729,073	Government of Victoria	1,705,788
22,201,726	Public	23,722,699
		25,428,487
	Reserves and Sinking Funds—	
	Cancelled Securities Reserves—	
418,697	National Debt Sinking Fund	443,245
352,934	Debentures and Inscribed Stock	531,961
757,460	Matured Public Loans	757,460
4,833,403	Depreciation Reserve Fund	5,560,030
4,840	Marmalake No. 1 Emergency Storage Reserve	4,840
500,000	Office Building Reserve	500,000
262,325	Insurance Reserve Fund	298,652
2,000,000	General Reserve Fund	2,207,059
717,215	Debentures and Inscribed Stock Sinking Fund	824,671
665,483	Renewals Reserve Fund	675,253
92,932	Provision for Long Service Leave	96,743
366,660	Superannuation Fund	442,158
		12,342,072
533,790	Reserve Fund Contribution for Renewal of Assets	845,252
	Suspense Accounts—	
15,500	Border Wheat Agreements and Tenderers' Deposits	15,940
9,025	Rebagging Wheat	843
164	Unclaimed Interest	164
		16,947
562,896	Revenue Account—Net Accumulation	460,106
36,513,255		39,423,802

Reserves and Sinking Funds of the Board totalled \$12,342,072 at 31st October, 1967, compared with \$10,971,949 at the close of the previous financial year.

Due to the statutory maximum general reserve of \$2,000,000 having been reached, interest on investments relating to the General Reserve Fund received in 1965-66 was not appropriated in that year to the Fund. In 1966-67, however, amending legislation increased the statutory maximum to \$4,000,000 and, with the approval of the Treasurer, the 1965-66 interest, \$97,973, together with current interest amounting to \$109,086, was appropriated to the General Reserve Fund.

In addition to the appropriation of interest received on investments of the various funds, the Board, in 1966-67, appropriated a further sum of \$300,000 to the Renewals Reserve Fund. Particulars of the operations of this latter fund are :—

						\$
Balance 1st November, 1966	..	..	..	..	..	665,483
<i>Add</i> —Interest on Investments Appropriated	..	..	..	..	..	21,231
Special Board Appropriation	..	..	..	..	..	300,000
						<u>986,714</u>
<i>Deduct</i> —Renewals—						\$
Electrification—Country Elevators	..	..	..	..	..	66,758
Mechanical Equipment—Country Elevators	..	..	..	..	..	29,974
Dust Extraction System—Geelong Terminal	..	..	..	..	..	214,729
						<u>311,461</u>
Balance 31st October, 1967	..	..	..	..	..	<u>675,253</u>

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 first or 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, 1968, was \$24,250,000 compared with \$22,300,000 at 30th June, 1967. Of the amount of \$24,250,000, a sum of \$1,900,000 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 .. .. .	..	9,950,000
Other Savings Banks	11,010,000	
Trading Banks	1,150,000	
	<hr/>	12,160,000
Insurance Companies .. .. .	..	2,140,000
		<hr/>
		24,250,000

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 .. .. .	..	24,250,000
Less—Amount not yet drawn by Trust	700,930	
Amount repaid to lending institution	1,840,032	
	<hr/>	2,540,962
Total liability of Trust to lending institutions		<hr/>
		21,709,038

Loans approved by the Trust to borrowers amounted to \$28,319,479, of which sum \$2,554,060 related to second mortgages. Discharged mortgages, including mortgages on repossessed properties sold under contracts of sale, amounted to \$4,173,740. Advances secured by first mortgage at 30th June, 1968, amounted to \$19,030,282 (net) and, by second mortgage, to \$1,514,451 (net).

Operations for the year resulted in surpluses of \$36,957 on account of first mortgages (Home Finance Fund No. 1) and \$9,604 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, 1967, and 1968. The figures are subject to audit.

30.6.67.		30.6.68.
\$	<i>Assets.</i>	\$
18,988,493	Current ordinary loans secured by first mortgage	21,295,630
1,914,632	Less repayments by mortgagors	2,265,348
		<hr/>
1,518,520	Current ordinary loans secured by second mortgage	2,000,450
345,596	Less repayments by mortgagors	485,999
		<hr/>
146,170	Repossessed properties sold under contracts of sale	161,370
21,184	Less payments of instalments of principal	29,779
		<hr/>
61,526	Arrears—under mortgages and contracts of sale	131,591
85,090	Sundry Debtors (interest accrued at date, etc.)	88,515
65,957	Cash at Bank	108,579
750,000	Cash on Fixed Deposit	79,950
20	Cash on Hand	1,100,493
		<hr/>
19,334,364		20
		<hr/>
		22,053,881
		<hr/>
	<i>Liabilities.</i>	
19,039,182	Deposits by lending institutions and accommodation by way of overdraft—repayment guaranteed by Treasurer of Victoria	21,709,038
2,429	Prepayments by mortgagors of valuation and inspection fees, etc.	2,498
10,974	Mortgagors' equities in properties subject to contracts of sale	11,653
..	Sundry Creditor	2,352
277,202	Home Finance Fund No. 1—Surplus	314,159
4,577	Home Finance Fund No. 2—Surplus	14,181
		<hr/>
		328,340
		<hr/>
19,334,364		22,053,881
		<hr/>

HOSPITALS SUPERANNUATION BOARD.

This Board was constituted under the provisions of the *Hospitals Superannuation Act 1965*. It is responsible for the administration of the Hospitals Superannuation Fund established under this 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 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 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 an "Approved 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 names 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 and 1967-68) 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.

Subject to final audit of the 1967-68 accounts, summaries of the transactions of the Management Account within the Fund during 1966-67 and 1967-68 and of the Balance-sheets of the Fund as at 30th June, 1967 and 30th June, 1968, are given below :—

MANAGEMENT ACCOUNT.		1967-68.	
1966-67.		\$	\$
	<i>Establishment</i>		
	<i>Income—</i>		
37,500	Grants from Hospitals and Charities Fund .. .. .		..
117	Interest .. .. .		..
6,368	Transfer to Accumulated Fund		9,227
<u>43,985</u>			<u>9,227</u>
	<i>Expenditure—</i>		
29,479	Preliminary fees and expenses		2,104
..	Renovations		4,246
14,506	Office Furniture, Equipment, &c.		2,877
<u>43,985</u>			<u>9,227</u>
	<i>Administration</i>		
	<i>Income—</i>		
61,175	Management Proportion of Contributions		74,538
12,887	Commission		2,151
1,305	Distribution of Earnings		1,878
<u>75,367</u>			<u>78,567</u>
	<i>Expenditure—</i>		
29,666	Salaries and Wages		35,875
640	Staff Superannuation		1,201
6,205	Fees—Actuarial, audit, medical, &c.		7,715
11,243	Office and Miscellaneous Expenses		9,454
1,827	Depreciation		2,685
..	Transfer to—Management Reserve		21,637
25,786	Accumulated Fund .. .. .		..
<u>75,367</u>			<u>78,567</u>
	<i>Accumulated Fund</i>		
..	Balance 1st July		19,418
25,786	Transfer from Administration .. .. .		..
			<u>19,418</u>
	<i>Less—</i>		
6,368	Transfer from Establishment	9,227	
..	,, to Management Reserve	3,363	
		<u>12,590</u>	
<u>19,418</u>	Balance, 30th June		<u>6,828</u>

BALANCE SHEET.

30.6.67.		30.6.68.
\$	<i>Assets</i>	\$
5,196,742	Approved Scheme—A.M.P. Society Investment (net)	6,215,227
	Other Assets—	
54,555	Cash at Bank and on Hand	133,376
62,040	Accruals and Outstandings	104,961
124	Prepayments	4,905
1,352,915	Investments (Face Value \$1,630,610) ..	1,623,821
12,679	Office Furniture, Equipment, Fittings and Motor Vehicles (<i>less</i> Depreciation Reserve)	12,872
<u>6,679,055</u>		<u>8,095,162</u>
	<i>Accounts and Liabilities</i>	
	Approved Scheme—	
5,151,109	Members' Accounts	6,125,432
8,284	Beneficiaries' Account (Deferred Benefits) ..	9,303
37,291	Insurance Account	80,492
58	Undistributed Earnings .. ..	..
<u>5,196,742</u>		<u>6,215,227</u>
	Other Accounts and Liabilities—	
1,087,801	Provident—Members' Accounts	1,361,255
9,545	Interest and Investment Fluctuation Reserve	9,545
		<u>1,370,800</u>
235,520	Welfare	249,033
10,367	Beneficiaries (Disability Benefits)	51,112
26,365	Supplementary Contributions—Members' Accounts	77,932
13,322	Annuities	15,158
19,199	Terminal Benefits—Class "B" Institutions	46,555
31,338	Sundry Benefits, &c. Outstanding	15,769
	Management—	
14,932	Sundry Creditors and Accrued Expenses	4,364
	Accumulated Fund—	
14,506	Capital	17,384
19,418	Surplus	6,828
		<u>24,212</u>
..	Reserve	25,000
		<u>53,576</u>
<u>6,679,055</u>		<u>8,095,162</u>

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 1966-67 and 1967-68 is furnished below :—

1966-67.		1967-68.	
		REVENUE.	
\$		\$	\$
14,240,738	Rentals	15,044,021	
1,829,902	Gross Surplus—House Sales	1,628,254	
156,303	Gross Profit—Land Sales for Residential Purposes	90,396	
1,806,124	Interest—House Sales (net)	1,825,612	
160,828	Sundry	147,741	
124,280	Miscellaneous	139,246	
<u>18,318,175</u>		<u>18,875,270</u>	
		EXPENDITURE.	
5,907,357	Interest—less amounts capitalized and applied to House Sales	6,267,595	
1,897,936	Loan Redemption—Commonwealth-State Agreements	1,966,506	
3,438	Contribution to National Debt Sinking Fund	3,172	
8,000	,, ,, Debenture Loan Sinking Fund	8,000	
1,153,480	Administration—General	1,222,253	
645,195	,, House Sales	704,982	
11,999	,, Land Sales—Residential	15,291	
111,859	Cost of rent collection in country areas, &c.	114,799	
2,255,450	Rates—less amount capitalized	2,407,228	
29,418	Insurable Risks	38,498	
441	Loan Conversion Expenses	345	
2,506,863	Provision for accruing maintenance	2,553,688	
12,836	,, ,, irrecoverable rents	27,248	
239,014	Cost of Communal Services—Flats and Garden Maintenance	272,098	
33,737	Operating Costs—Laundries	42,330	
477,269	Appropriation to House Purchasers' Death Benefit Fund	469,295	
1,189,640	Transfer to House Sales Unrealized Profit Suspense Account	526,994	
77,377	Transfer to Land (Residential) Unrealized Profit Suspense Account	761	
99,888	Maintenance and repairs on houses sold	120,932	
15,303	Maintenance (Rental) Bad Debts written off	8,311	
94,186	Central Heating and Hot Water Services	144,448	
35,303	Miscellaneous	32,277	
<u>16,805,989</u>		<u>16,947,051</u>	
1,512,186	Operational Profit for the year	1,928,219	
999,639	Less appropriation to House Purchasers' Interest Receivable Reserve	992,558	
300,000	,, ,, for Slum Reclamation and Clearance of Areas	600,000	
		<u>1,592,558</u>	
<u>212,547</u>	Balance—Transferred to Accumulated Surplus Account	<u>335,661</u>	

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

1966-67.		1967-68.	
\$		\$	
42,113	Profit—Rental Operations .. .. .	..	38,169
*145,439	Surplus—Miscellaneous Funds .. .. .	..	*136,893
70,104	Net Profit—Residential Land Sales .. .. .	..	84,880
318,831	Realized Profit—House Sales	729,250	
300,000	Less Appropriation for Slum Reclamation and Clearance of Areas	600,000	
		129,250	
276,487			389,192
<i>Less—</i>			
63,940	Cost of Statutory Functions—non-revenue producing		53,531
212,547	Balance—General Revenue Account as at close of year		335,661

* Includes notional interest on interest-free loans—1966-67, \$13,216 ; 1967-68, \$18,325.

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 :—

		1966-67.		1967-68.	
		\$	\$	\$	\$
Gross rental charges			15,546,968		16,483,056
<i>Deduct—</i>					
Rental rebates allowed		1,228,699		1,362,874	
Losses from vacancies		77,531		76,161	
		1,306,230		1,439,035	
Credit for Rentals—General Revenue Account			14,240,738		15,044,021

The increase of \$936,088 in gross rental charges was due to additional units becoming available for tenancy.

Sales of Houses.—For the year, 1,808 units were sold for a total sum of \$17,469,158. Details are :—

	No.	Cost.	Selling Price.	Surplus.
		\$	\$	\$
Cash Sales—				
State	3	7,322	24,000	16,678
Commonwealth—State Housing Agreement 1945	13	70,721	102,338	31,617
Commonwealth—State Housing Agreement 1956	1	6,603	7,764	1,161
Sales per War Service Homes Commission—				
Commonwealth—State Housing Agreement 1945	17	78,945	141,024	62,079
Commonwealth—State Housing Agreement 1956	1	9,944	10,043	99
Terms Sales—				
State	12	32,712	84,975	52,263
Commonwealth—State Housing Agreement 1945	437	2,638,550	3,674,476	1,035,926
Commonwealth—State Housing Agreement 1956	1,324	12,996,107	13,424,538	428,431
	1,808	15,840,904	17,469,158	1,628,254
Comparable figures—1966-67	1,873	15,786,872	17,616,774	1,829,902

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 \$292,798 from the sale during the year of 247 repossessed units.

Generally, sales have been made on the basis of estimated costs. The dwellings sold, 1,808, included a number of vacated rental units. In respect of these particular units, expenditure amounting to \$120,932 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	1,628,254	
<i>Less</i> Transfer to House Sales Unrealized Profit Suspense Account	526,994	
	<hr/>	1,101,260
Interest receivable on terms	7,777,306	
<i>Less</i> Interest payable on houses sold	5,951,694	
	<hr/>	
Interest on House Sales (net)	1,825,612	
<i>Less</i> Appropriation to House Purchasers' Death Benefit Fund	469,295	
	<hr/>	1,356,317
Other House Sales revenue (included in Miscellaneous revenue in General Revenue Account)		90,145
		<hr/>
		2,547,722
<i>Less</i> Administration—House Sales	704,982	
Maintenance and repairs on houses sold	120,932	
	<hr/>	825,914
		<hr/>
		1,721,808
<i>Less</i> Appropriation to Interest Receivable Reserve—House Purchasers	992,558	
Appropriation for Slum Reclamation and Clearance of Areas	600,000	
	<hr/>	1,592,558
		<hr/>
Net Credit to General Revenue on account of House Sales ..		129,250
		<hr/>

The Commission, during 1967–68, provided from its profits in respect of house sales an amount of \$600,000 to supplement other funds available for slum reclamation works. The total so provided for this purpose now amounts to \$1,500,000.

Residential Land Sales.—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 Realized Profit Reserve Account.

Realized profit on sales of land for residential purposes for the year amounted to \$84,880 compared with \$70,104 for 1966–67.

The financial position of the Commission as at 30th June, 1967 and 1968, is summarized hereunder :—

30.6.67.		30.6.68.
\$		\$ \$
	<i>Current Assets—</i>	
2,182,013	Sundry Debtors	1,791,462
546,020	Cash at Bank and in Transit	1,055,197
<u>2,728,033</u>		
5,606,763	<i>Investments</i>	2,846,659
		6,766,868
	<i>Deferred Assets—</i>	
159,653,564	House Purchase Debtors	171,882,794
	<i>Fixed Assets—</i>	
39,125,773	Estates—Cost of land, developmental and incidental expenses	40,177,072
208,144,282	Dwellings and Shops	216,777,285
685,396	Holmesglen Housing Factory—Land and Buildings	695,814
13,258,418	Properties acquired for Slum Reclamation	16,009,372
93,415	Store-rooms, Offices, &c.	121,276
661,835	Plant, Vehicles, Office Furniture and Equipment	660,783
695,385	Concrete House Project	851,095
400	Shares—31 Melrose Street Pty. Ltd.	400
<u>262,664,904</u>		
690,622	<i>Deposit and Trust Account—Cash at Bank and Securities</i>	419,122
	<i>Intangibles—</i>	
40,703	Loan Flotation Expenses—Less amount written off	79,409
146,024	Plans and Designs, &c.	161,408
395,556	Slum Reclamation—Unrecouped costs	395,535
175,737	Electronic Data Processing—Planning Costs	140,589
..	Overseas Delegation—Expenses	7,023
<u>758,020</u>		783,964
432,101,906	Total	<u>457,992,504</u>
	<i>Current Liabilities—</i>	
721,143	Sundry Creditors	634,546
1,995,372	Bank Overdraft .. .. .	..
<u>2,716,515</u>		634,546
	<i>Loans—</i>	
357,184,289	Government advances	379,043,486
600,000	Debenture issues	600,000
1,913,840	Death Benefit Fund advances	2,846,021
<u>359,698,129</u>		382,489,507
	<i>Advances and Subsidies—</i>	
2,484,418	Subsidy from Loan for Slum Reclamation	2,484,418
1,689,250	Subsidy from Municipalities	1,725,650
84,316	Gift of Flats—City of Prahran	84,316
<u>4,257,984</u>		4,294,384
	<i>Reserves and Sinking Funds, &c.—</i>	
100,000	Debenture Loans Redemption	100,000
548,681	Cancelled Securities—National Debt Sinking Fund	629,119
117,304	Debenture Loan Sinking Fund	131,969
18,489,344	Loan Redemption—Commonwealth—State Agreements	19,985,882
3,732,574	Accruing Maintenance Provision	3,821,979
50,000	Irrecoverable Rents Provision	50,000
20,573,568	Unrealized Profit Suspense Account—House Sales	21,368,539
446,016	Unrealized Profit Suspense Accounts—Land and Shops	352,269
5,247,403	House Purchasers' Death Benefit Scheme	5,985,639
5,700,839	Realized Profit Reserves	5,842,112
7,439,644	Interest Receivable Reserve—House Purchasers	8,432,202
900,000	Appropriation of House Sales Profits for Slum Reclamation Works	1,500,000
79,863	General Reserve	79,863
<u>63,425,236</u>		68,279,573
1,313,420	<i>Accumulated Surplus</i>	1,875,372
	<i>Deposit and Trust Account—</i>	
690,622	Contractors' deposits and other trust moneys	419,122
<u>432,101,906</u>	Total	<u>457,992,504</u>

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

Sundry Debtors, \$1,791,462. Details are :—

	\$
Rental Arrears	437,367
Tenants' Maintenance Arrears	114,502
Works and Materials, &c., for other bodies and adjoining owners, &c. ..	309,360
Debtors on account of Shop and Land Sales (net)	841,125
Revenue Accruals, Prepayments and Advances, &c.	89,108
	1,791,462

Investments.—The book value of investments increased during the year from \$5,606,763 to \$6,766,868. Relevant details as at 30th June, 1968, are :—

	\$
Interest-free advances—to other Public Authorities	217,270
Loan to a Public Authority	2,927
Loan to a Company on second mortgage	1,200
Investments—Sinking Fund	131,969
Investments—Death Benefit Fund	5,913,502
Short Term Investment	500,000
	6,766,868

Concrete House Project.—The amounts, \$695,385, as at the 30th June, 1967, and \$851,095, as at the 30th June, 1968, against this item are, in effect, the notional liabilities, as at the respective dates, of the Concrete House Project to the Commission. The increase from \$695,385 to \$851,095 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, 1967 .. .. .	..	695,385
<i>Add—</i>		
Increase in Book value of Equipment, Plant, Tools, &c.	119,140	
Decrease in Current Liabilities	220,600	
Decrease in Reserve for Maintenance of Factory Building	12,050	
		351,790
		1,047,175
<i>Deduct—</i>		
Decrease in Current Assets	143,621	
Increase in Reserve for Long Service Leave	52,459	
		196,080
Item—"Concrete House Project" as at 30th June, 1968 .. .. .	..	851,095

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 1967-68 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, 1967, the balance of the Accruing Maintenance Provision Account was \$3,732,574. To this amount there was added in 1967–68 the sum of \$2,553,688 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the Account in 1967–68 was \$2,464,283 leaving a balance at credit of the Account at the close of the year of \$3,821,979.

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

House Sales Unrealized Profit 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, 1967		20,573,568
<i>Add—</i>		
Transfer from General Revenue Account	526,994	
Profits on resale of repossessed units	292,798	
	<hr/>	819,792
		<hr/>
		21,393,360
<i>Less—</i>		
Sundry adjustments arising from cancellation of sales, reduction of sale prices, &c.		24,821
		<hr/>
Balance at credit 30th June, 1968		21,368,539
		<hr/>

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, 1968, are summarized below :—

	\$	\$
Balance as at 1st July, 1967		5,247,403
<i>Add</i> Appropriation for year (Section 109 Act No. 6275)	469,295	
Income from Investments	297,767	
Premiums	15,509	
	<hr/>	782,571
		<hr/>
		6,029,974
<i>Deduct</i> Payments on Account of Deceased Purchasers		44,335
		<hr/>
Balance as at 30th June, 1968		5,985,639
		<hr/>

The sum of the investments of the Fund, \$5,913,502, includes an amount of \$2,846,021 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 \$6,766,868".

In respect of the advance of \$2,846,021 there is a contra of a similar 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, 1967, reported that the Fund contained a substantial actuarial surplus at this date, and he estimated that this surplus would increase in the future. He therefore advised that no variation was necessary in the payments into the Fund.

Realized Profit Reserves—Land, \$5,692,263 ; *Shops*, \$149,849—During the year there was an increase of \$156,145 in the Land Realized Profit Reserve, being the resultant net realized profit from sales of land for other than residential purposes to industries, retailers, municipalities for reserves, church institutions and to the Education Department for school sites.

There were no shops sold in the various estates in 1967–68.

Interest Receivable Reserve—House Purchasers, \$8,432,202.—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 \$7,439,644 at the beginning of the year to \$8,432,202 at the close of the year by transfer from revenue of \$992,558.

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, \$1,875,372.—The variations in this account during the year are explained below :—

	\$	\$
1st July, 1967—Balance .. .. .	..	1,313,420
<i>Add—</i>		
Amount written back to Revenue from Loan Redemption Reserve	232,706	
Credit Balance—General Revenue Account	335,661	
	<hr/>	568,367
		<hr/>
		1,881,787
<i>Deduct—</i> Adjustment of realized Profit of previous year—Land Sales .. .. .	..	6,415
		<hr/>
30th June, 1968—Balance .. .. .	..	1,875,372
		<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 mainly from the State's Loan Fund. Advances from the Treasury in 1967-68 amounted to \$254,772 (Water \$125,065, Sewerage \$129,707). Other advances by the State amounting to \$470,228 (Water \$201,621, Sewerage \$268,607) 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, 1968, amounted to \$19,495,587 (Water \$12,373,878, Sewerage \$7,121,709).

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

The accounts of the Board to 30th June, 1968, are submitted subject to the completion of the audit. For purposes of comparison, figures for the previous year are given in the abridged statements which follow.

DISPOSAL AREA REVENUE ACCOUNT.

1966-67. \$							1967-68. \$ \$		
	<i>Income—</i>								
4,156	Rental Board Properties	..	..	..	..	..	4,459	
1,174	Sundry	..	..	..	..	..	1,793	
17,828	Profit—Sheep Trading Account	..	..	..	..	..	..
25,809	Profit—Cattle Trading Account	..	..	..	..	..	21,385	
48,967							27,637		
	<i>Expenditure—</i>								
62,375	Farm Operation and Maintenance	..	..	..	..	..	69,018	
10,267	Production of Fodder*	..	..	..	..	..	..
60,607	Interest on Loans	..	..	..	..	..	67,323	
3,842	Interest on Overdraft	..	..	..	..	..	980	
18,044	Depreciation Provision	..	..	..	..	..	18,348	
26,245	Administrative and Sundry Expenses	..	..	..	..	..	24,456	
4,345	Maintenance Farm Dwellings	..	..	..	..	..	3,516	
..	Loss—Sheep Trading Account	..	..	..	..	..	36,380	
185,725							220,021		
136,758	Deficit on Disposal Area Account transferred to General Revenue Account							192,384	

* In 1967-68, costs associated with the production of fodder were allocated to various stock handling charges.

GENERAL REVENUE ACCOUNT.

\$							\$ \$	
	<i>Income—</i>							
690,775	Water Charges	..	..	..	..	..	682,259	
268,548	Disposal Charges	..	..	..	..	..	298,402	
10,760	Refund Maintenance Outfall Sewer—Tar Removal Costs	..	..	..	..	..	6,240	
5,857	Rents and Income—Board Properties	..	..	..	..	..	5,478	
58,143	Other	..	..	..	..	..	53,211	
1,034,083							1,045,590	
	<i>Expenditure—</i>							
445,492	Interest on Loans	..	..	..	..	..	442,986	
11,527	Interest on Overdraft	..	..	..	..	..	6,863	
110,502	Depreciation	..	..	..	..	..	115,790	
142,651	Maintenance and Operation of Works	..	..	..	..	..	142,761	
56,764	Salaries and Allowances	..	..	..	..	..	63,561	
92,574	Other Expenses	..	..	..	..	..	45,560	
859,510							817,521	
174,573	Surplus for year	..	..	..	..	..	..	228,069
136,758	Deficit on Disposal Area Revenue Account	..	..	..	..	..	..	192,384
*37,815	<i>Net surplus for year</i>	..	..	..	..	..	..	†35,685

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

† Surplus on Water Fund \$128,304; Deficit on Sewerage Fund \$92,619.

The Board's balances at 30th June, 1967 and 1968, are summarized hereunder :—

30.6.67.		30.6.68.
\$		\$ \$
	Current Assets—	
3,962	Cash at Bank	892
45,488	Stores, Tools, &c.	49,554
17,325	Wool and Ensilage on Hand	8,351
292,935	Livestock on Hand	261,969
21,291	Debtors and Prepayments, &c.	56,975
		<u>377,741</u>
714,985	Investments	773,934
	Fixed Assets—	
17,535,621	Works (including Works in Progress)	18,071,382
231,424	Plant and Equipment	199,816
331,748	Land, Buildings, Residences	334,666
93,525	Office and Laboratory Equipment	94,794
		<u>18,700,658</u>
18,192,318		18,700,658
966,815	Less Depreciation Reserve	1,107,402
		<u>17,593,256</u>
17,225,503		17,593,256
	Intangibles—	
523,709	Interest on Works during Construction	523,709
		<u>523,709</u>
18,845,198		19,268,640
	Current Liabilities—	
522,387	Bank Overdraft	193,762
25,043	Sundry Creditors	8,909
3,962	Contractors' Deposits and other Trust moneys	892
9,823	Long Service Leave Provision	6,148
		<u>209,711</u>
	Loan Liability—	
16,983,359	State of Victoria	17,264,178
..	Rural Finance and Settlement Commission	175,000
		<u>17,439,178</u>
17,544,574		17,648,889
	Excess of Assets over Liabilities—	
918,112	Capital Expenditure borne by the State	1,191,292
5,000	Grant by Government of Victoria	5,000
44,454	Appropriation for Plant Renewals	54,716
333,058	Accumulated Surplus	368,743
		<u>1,619,751</u>
18,845,198		19,268,640

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, rent, computer bureau fees and allocations from the Benefit Contracts Account and the Provident Fund.

The accounts for the year ended 29th February, 1968, are compared hereunder with those for the previous year.

INSURANCE ACCOUNT.

	1966-67.	1967-68.
<i>Receipts.</i>	\$	\$
Balance at Bank, 1st March	19,702	6,517
Surrender Values	9,279	6,590
Death Claims	6,585	4,350
Matured Policies	30,436	8,054
Other	239	186
	66,241	25,697
<i>Payments.</i>		
Death Claims	6,664	8,109
Matured Policies	44,389	8,856
Surrender Values	8,671	7,197
Other .. .. .	..	325
Balance at Bank at end of year	6,517	1,210
	66,241	25,697

PROVIDENT FUND.

Receipts.

	1966-67.	1967-68.
	\$	\$
Balance at Bank, 1st March	22,336	39,391
Contributions	490,138	608,122
Interest on Investments	131,585	140,634
Death Claims Suspense	2,404	..
Overpaid Benefits Recovered	4,686	2,475
Other (including Investments Redeemed)	525,354	858,723
	<u>1,176,503</u>	<u>1,649,345</u>

Payments.

Death Claims	21,995	30,676
Resignations and Retirements	313,287	372,549
Additional Interest	6,957	7,845
Refunds of Contributions	2,679	2,268
Investments	792,194	1,185,940
Contribution to Administration .. .. .	..	16,000
Balance at Bank at end of year	39,391	34,067
	<u>1,176,503</u>	<u>1,649,345</u>

The position of the Fund at 28th February, 1967 and 29th February, 1968, was :—

	1967.	1968.
	\$	\$
Contributors' Credits	2,301,536	2,566,693
Unallotted Interest	177,395	188,549
Contributions paid in advance, &c.	37,600	95,827
Contributions payable to Benefit Contracts Account, &c. .. .. .	..	128
Contribution payable to Management Account	8,000	..
	<u>2,524,531</u>	<u>2,851,197</u>
Represented by—		
Cash at Bank	39,391	34,067
Investments	2,437,477	2,764,754
Contributions due, &c.	2,596	2,610
Overpaid Benefits	2,485	..
Due from Benefit Contracts Account	158	..
Due from Management Account .. .. .	..	1,054
Accrued Interest	42,424	48,712
	<u>2,524,531</u>	<u>2,851,197</u>

BENEFIT CONTRACTS ACCOUNT.

	1966-67.	1967-68.
	\$	\$
<i>Income.</i>		
Contract Premiums	2,502,127	2,806,664
Interest on Investments	827,626	954,606
	<u>3,329,753</u>	<u>3,761,270</u>
<i>Expenditure.</i>		
Death Benefits	356,673	346,984
Withdrawal Benefits	464,043	518,574
Retirement Benefits	346,770	449,718
Contribution to Administration	198,523	209,649
Other	814	2,659
	<u>1,366,823</u>	<u>1,527,584</u>
Surplus	1,962,930	2,233,686

As at 28th February, 1967 and 29th February, 1968, the funds of the Benefit Contracts Account amounted to \$14,649,139 and \$16,882,825 respectively, and were represented by—

	1967.	1968.
	\$	\$
Investments	14,832,917	17,291,675
Less Excess of Current Liabilities over Other Assets	183,778	408,850
	<u>14,649,139</u>	<u>16,882,825</u>

MANAGEMENT ACCOUNT.

Income.

	1966-67.	1967-68.
	\$	\$
Interest on Investments	6,334	5,568
Contribution to Administration—		
From Benefit Contracts Account	198,523	209,649
From Provident Fund	8,000	8,000
Rent	31,841	31,516
Computer Bureau Fees	28,745	45,908
	<u>273,443</u>	<u>300,641</u>

Expenditure.

Board Members' Fees	1,348	1,500
Salaries	98,298	117,251
Hire of Computer and other Office Machines	73,773	79,358
Other Administration Charges	65,444	66,861
Rates, &c.	6,362	6,081
Depreciation	21,092	21,929
	<u>266,317</u>	<u>292,980</u>
Surplus	<u>7,126</u>	<u>7,661</u>

As at 28th February, 1967 and 29th February, 1968, accumulated funds of the Management Account were :—

	1967.	1968.
	\$	\$
Accumulated Funds	765,429	747,230
Asset Replacement Reserve	66,634	86,351
	<u>832,063</u>	<u>833,581</u>

Represented by—

Current Assets less Liabilities	66,538	80,592
Investments	82,175	69,646
Freehold Property	616,152	613,506
Furniture, Equipment and Office Machines	52,256	50,712
Motor Vehicles	5,805	8,109
Prepayments, &c.	9,137	11,016
	<u>832,063</u>	<u>833,581</u>

MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1968, 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 :—

1966-67. \$						1967-68. \$ \$ \$		
	Rates and Charges—							
14,558,758	Water Supply	..	..	..	..	14,957,357		
14,831,014	Sewerage	..	..	..	..	16,590,015		
2,187,485	Drainage and Rivers	..	..	..	..	3,617,214		
31,577,257						35,164,586		
	Farm—							
428,536	Gross profit on cattle	..	..	..	..	336,745		
97,364	Gross profit on sheep	..	..	..	..	79,003		
4,982	Rent	..	..	..	..	4,720		
3,142	Sundry Trading Operations	..	..	..	..	2,563		
534,024						423,031		
32,111,281	Gross Revenue	..	..	..	..	..	..	35,587,617
	Working Expenses—							
3,735,999	Management	..	..	..	..	..	4,302,887	
6,091,057	Maintenance	..	..	..	..	..	7,016,011	
17,834,761	Interest (including overseas exchange)	..	..	..	..	..	19,258,244	
27,661,817								30,577,142
4,449,464	Gross Surplus	..	..	..	..	..	..	5,010,475
	General Expenditure—							
457,380	Loan Flotation Expenses	..	..	..	..	332,587		
168,871	Staff Gratuities	..	..	..	..	156,054		
284,966	Contributions to Superannuation Fund	..	..	..	..	336,481		
352,397	Depreciation—Furniture and Fittings, &c.	..	..	..	..	58,628		
128,516	Pensions (cost of living allowances in superannuation payments)	..	..	..	..	110,481		
50,000	Provision for Statutory Expenditure	..	..	..	..	50,000		
1,442,130						1,044,231		
	Statutory Expenditure—							
95,955	Fees for valuations	..	..	..	..	..	100,826	
1,538,085	Carried forward	..	..	..	..	..	1,145,057	5,010,475

1966-67.		1967-68.	
\$		\$	\$
1,538,085	Brought forward	1,145,057	5,010,475
Provisions and Transfers to Reserves—			
968,170	Contributions to—Renewals Fund	749,134	
1,131,337	Sinking Fund	1,206,339	
1,420,431	Loans Redeemed Reserve	1,478,983	
..	General Reserve	1,776,000	
3,519,938		5,210,456	
5,058,023	Expenditure, &c. from Gross Surplus .. ..	..	6,355,513
608,559	Net Deficit .. .. .	..	1,345,038
66,922	Add—Accumulated Surplus brought forward	66,922	
608,559	Transfer from Rates Equalization Reserve	1,278,116	1,345,038
66,922	Accumulated Surplus at 30th June, carried forward .. ..	..	..

In addition to the yearly contributions to Renewals Fund, Sinking Fund and Loans Redeemed Reserve, the Board also transferred to the General Reserve \$1,776,000. This represents the estimated amount which was provided from revenue for water supply and drainage works totalling \$1,421,000 and \$355,000 respectively.

As the above statement shows, operations during 1967-68 resulted in a deficit of \$1,345,038 which was met by an allocation of \$1,278,116 from the Rates Equalization Reserve, and \$66,922 from the Accumulated Surplus.

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).
	\$	\$	\$	\$
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
1967-68	14,957,357	16,590,015	3,617,214	378,424,518

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 :—

	Rates Levied (per \$).			Maximum Rate Allowable (per \$).
	1965-66.	1966-67.	1967-68.	
	c	c	c	c
Metropolis generally—				
Water Rate	2.5	2.5	2.5	3.75
Metropolitan General Rate	4.375	4.375	4.7	6.666
Drainage and Rivers Rate	0.625	0.625	1	1.25
Parts of Cities of Dandenong, Springvale and Shires of Berwick, Knox and Cranbourne (from and inclusive of 1958-59)—				
Water Rate	3.125	3	2.8	5
Parts of Cities of Chelsea, Springvale and Mordialloc (from and inclusive of 1962-63)—				
Water Rate	3.75	3.75	3.5	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 54·77 per cent. compared with 56·48 per cent. in the previous year. The actual charge to revenue on account of interest and exchange rose from \$17,834,761 in 1966-67 to \$19,258,244 in 1967-68.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund \$360,006; Sinking Fund \$1,567,991; and Superannuation Fund \$242,021. Exchange on interest remitted overseas amounted to \$27,355.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1968, are shown hereunder :—

	Contributions from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1968.
	\$	\$	\$	\$
Sinking Funds	1,230,536	1,567,991	2,798,527	34,158,352
Loans Redeemed Reserve	1,478,983	..	1,478,983	7,537,095
Renewals Fund	749,134	360,006	1,109,140	19,342,293
Superannuation Fund	357,958	242,021	599,979	5,176,255
Insurance Account .. .. .	..	..	..	838,830
	3,816,611	2,170,018	5,986,629	67,052,825

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of \$63,355,736 as at 30th June, 1968. Thus, the sum of the Board's Funds and Reserves as at that date was \$130,408,561. Of this sum, \$62,470,538 was invested, \$7,537,095 was applied to loan redemption and \$60,400,928 was utilized in the Board's undertaking.

Town Planning, Metropolitan Highways, &c.—The Metropolitan Improvement Rate was increased from 1·25c to 1·4c per dollar and was assessed on properties with an aggregate net annual value of \$392,417,498 compared with \$379,174,633 in 1966-67.

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

1966-67.		1967-68.
\$		\$ \$
5,136,447	Revenue— Metropolitan Improvement Rate and Sundry Income	6,022,219
	Less Expenditure—	
633,113	Management	720,882
66,586	Maintenance	108,163
50,684	Interest	52,228
24,194	Contribution to Sinking Fund	24,197
50,879	Proportion of Statutory and General Charges	52,863
825,456		958,333
4,310,991	Balance—Surplus transferred to Planning and Highways Reserve	5,063,886

At 30th June, 1968, 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	196,991
Planning and Highways Reserve	44,397,194
	45,394,185

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

Metropolitan Improvement Fund—		\$	\$
Cash at Bank .. .. .	.. .. .	54,577	
Less amount due to Metropolitan General Fund .. .. .	.. .. .	504,574	
		<u> </u>	0/D449,997
Securities—			
Short Term.. .. .	.. .. .	5,550,000	
Commonwealth .. .. .	.. .. .	2,000,000	
		<u> </u>	7,550,000
Arrears—Rates and Charges (estimate) .. .. .	.. .. .		122,948
Sundry Debtors—			
Rent .. .. .	.. .. .	12,321	
Accrued Interest .. .. .	.. .. .	7,289	
		<u> </u>	19,610
Reserved Land—held temporarily under Section 57, Act No. 6849 .. .. .	.. .. .	12,695,842	
Compensation under Section 42, Act No. 6849 .. .. .	.. .. .	862,626	
		<u> </u>	13,558,468
Planning, Highways and Foreshore Works—Expenditure .. .. .	.. .. .		24,593,156
			<u> </u>
			45,394,185

Included in the total of \$44,397,194 in Planning and Highways Reserve is an amount of \$12,083,122 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 30.6.67.	1967-68.	Total.
	\$	\$	\$
Special Project No. 1—St. Kilda Junction	3,382,788	2,604,654	5,987,442
„ „ No. 3—South Eastern Freeway	208,326	738,835	947,161
„ „ No. 4—Tullamarine Freeway.. .. .	1,394,095	3,754,424	5,148,519
	<u> </u>	<u> </u>	<u> </u>
	4,985,209	7,097,913	12,083,122
	<u> </u>	<u> </u>	<u> </u>

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 .. .. .	.. .. .	5,314,850
Three-fourths of payments for contract and direct labour works from 31st August, 1965 .. .. .	.. .. .	3,222,211
Three-fourths of payments for contract and direct labour works from 25th October, 1966 .. .. .	.. .. .	3,047,823
One-half of design, survey and boring costs from 31st August, 1965 .. .. .	.. .. .	167,493
One-half of design, survey and boring costs from 25th October, 1966 .. .. .	.. .. .	330,745
		<u> </u>
		12,083,122

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 :—

1967.		1968.
\$	Current Assets—	\$ \$
1,156,430	Cash in Hand and at Bank	1,216,432
15,485,000	Securities—Short Term	18,410,000
1,231,074	Arrears of Rates and Charges	1,178,994
1,878,142	Sundry Debtors	1,536,620
3,135,614	Stores and Materials on Hand	3,492,811
450,092	Livestock on Hand	550,854
	 Reserved Land—Planning and Highways—	
11,330,463	Acquired Land	12,695,842
695,481	Compensation for loss on sales	862,626
35,362,296		39,944,179
	 Fixed Assets—	
14,697,596	Planning and Highways Works	24,593,156
153,982,688	Water Supply Works	163,363,070
177,147,645	Sewerage Works	200,151,195
793,818	Sewerage House Connexions	793,818
31,436,153	Main Drainage and River Improvement Works	33,148,707
12,911,561	Buildings, Water Meters and other items	13,764,189
390,969,461		435,814,135
18,565,475	<i>Less</i> Renewals Fund	19,342,293
372,403,986		416,471,842
3,988,263	Plant and Tools	4,310,624
1,001,955	Motor Vehicles	1,098,874
290,809	Furniture and Fittings	340,205
377,685,013		422,221,545
	 Investments—	
37,123,000	External—Stock—Commonwealth, &c.	39,533,000
5,724,198	Internal—Stock—Melbourne and Metropolitan Board of Works	4,533,738
42,847,198		44,066,738
455,894,507	Total Assets	506,232,462

1967.		1968.
\$	Current Liabilities—	\$ \$
3,075,861	Loan Interest, Matured Debentures and Inscribed Stock ..	3,361,143
5,139,443	Sundry Creditors and Deposits	5,439,159
8,215,304		8,800,302
	Deferred Liabilities—	
4,704,401	Superannuation Fund	5,176,255
802,903	Provision for Furlough	906,600
5,507,304		6,082,855
	Loan Liability—	
1,438,807	Government of Victoria	1,429,061
354,066,422	Other	384,936,831
355,505,229		386,365,892
369,227,837	Total Liabilities	401,249,049
	Excess of Assets over Liabilities, represented by—	
31,195,258	Sinking Fund	33,961,361
6,058,113	Loans Redeemed Reserve	7,537,095
11,823,313	General Reserve	15,225,822
49,076,684		56,724,278
405,993	Less Fixed Assets Retired	441,433
48,670,691		56,282,845
164,566	Planning and Highways Sinking Fund	196,991
32,232,964	Planning and Highways Reserve	44,397,194
2,145,443	Rates Equalization Reserve	867,327
1,377,000	Exchange Reserve	1,377,000
207,210	Deferred Maintenance Reserve	207,210
250,000	Provision for Water Charges Adjustment	250,000
851,924	Insurance Account	838,829
699,950	Distributable Expense Variance Account	566,017
66,922	Accumulated Surplus .. ..	..
86,666,670		104,983,413

The Board's investments—long and short-term—increased by \$4,144,540. This increase was due to the additions in provisions and reserves already referred to herein.

The increase of \$3,402,509 in the General Reserve was accounted for as follows :—

	\$	\$
Estimated value of privately constructed mains taken over by the Board ..		1,536,324
less reimbursements made by the Board		17,828
Contributions towards cost of works		1,776,000
Capital works financed from revenue		16,496
Profit on sale of land		69,909
Capital gain on revaluation of stock		3,416,557
Less—Water Supply, Monbulk	9,329	
Loss on sale of plant and equipment	3,144	
Loss on sale of motor vehicles	1,575	
	14,048	
		3,402,509

The Board's statutory loan authority for its normal functions is \$500,000,000 against which the actual loan liability at 30th June, 1968, was \$386,365,892.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by \$45,313,350. Major increases were :—

	\$
Reservoir and Conduit Construction, &c.	3,793,568
Water Supply—extension large mains	1,452,190
" " reticulation, water meters, &c.	4,564,725
Construction and Amplification—sewage disposal, &c.—Farm	40,526
Sewerage—extension mains, treatment works, &c.	22,468,565
" Pumping Stations	183,737
Main Drains and River Improvements—extensions, &c.	1,712,553
Metropolitan Main Highways	9,831,994
Plant and Tools	322,361
Depots and Quarters	324,681

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1968, 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 Revenue Accounts for the past two years are compared :—

		<i>Revenue.</i>	
		1966-67.	1967-68.
		\$	\$
Traffic Receipts—Tram		15,772,025	15,478,629
” ” —Bus		3,287,801	3,385,616
Miscellaneous Operating Receipts		176,431	176,000
” Non-operating Receipts		311,981	287,132
	Total Revenue	19,548,238	19,327,377
 <i>Expenditure.</i> 			
Traffic Operation Costs —Tram		7,253,366	7,389,731
” ” —Bus		1,843,262	1,935,436
Maintenance of Permanent Way		959,964	902,974
” Tramcars		2,457,647	2,479,770
” Buses		765,077	851,327
” Electrical Equipment		474,057	526,183
” Buildings and Grounds		206,097	244,964
Traction Energy Costs		873,951	883,564
Fuel Oil (Buses)		184,354	196,869
Bus Licence Fees and Road Tax		25,064	22,518
General Administration and Stores Department Costs		1,177,659	1,166,354
Workers Compensation Insurance		496,219	406,962
Payroll Tax		345,912	355,027
Interest on Capital Debt		1,221,608	1,274,023
Depreciation and Amortization Provisions		1,013,792	1,000,723
Charges for Accrued Sick Leave		55,634	92,307
” Long Service Leave		290,169	292,476
” Retiring Gratuities		527,073	542,827
” Public Liability Claims		285,647	231,186
Obsolescence in Stores Stock (Provision)		7,673	..
Non-operating expenses		64,649	75,973
	Total Expenditure	20,528,874	20,871,194
	Result for year	980,636 Deficit	1,543,817 Deficit

The Board's balances as at the 30th June, 1967 and 1968, are summarized hereunder :—

30.6.67.		30.6.68.
\$	Current Assets—	\$ \$
120,968	Balances at Bank and Cash in Hand	233,343
197,645	Sundry Debtors	160,144
1,183,048	Stores on Hand and Work in Progress	941,357
1,501,661		1,334,844
 Fixed Assets—		
16,671,141	Permanent Way, Overhead Construction, Transmission Lines	17,203,847
11,164,767	Rolling Stock	10,760,532
4,778,159	Land and Buildings	4,835,417
3,163,817	Plant, Furniture, and Fittings, &c.	3,316,981
35,777,884		36,116,777
17,404,883	Less Provision for Depreciation	18,118,480
18,373,001		17,998,297
19,874,662	Carried forward	19,333,141

30.6.67.		30.6.68.	
\$		\$	\$
19,874,662	Brought forward .. ..	..	19,333,141
2,016,402	Intangible Assets	2,010,754	
1,299,227	Less Provision for Amortization	1,339,103	
717,175			671,651
2,643,687	Investments		2,032,000
23,235,524	Total Assets		22,036,792
	Current Liabilities—		
774,606	Sundry Creditors	568,514	
68,299	Contractors' and other Deposits	73,157	
35,007	Less Deposits other than Cash	42,790	
807,898		30,367	
	Accrued Liabilities—		
324,914	Interest on Loans	331,112	
749,855	Other	854,265	
1,074,769			1,185,377
23,396,938	Loans		23,840,432
25,279,605	Total Liabilities		25,624,690

The excess of Liabilities over Assets is represented by—

	The Accumulated Deficit brought forward	2,201,654
	Plus—Deficit for year	1,543,817
2,201,654	Accumulated Deficit at 30th June	3,745,471
157,573	Less—Grants from Commonwealth of Australia for Tramlines constructed at its request	157,573
2,044,081		3,587,898

As a result of the writing back, in 1966–67, of the Specific Provisions for Accrued Sick Leave, Retiring Gratuities, Long Service Leave, &c., no provision now exists in the Board's accounts for such contingencies.

The large deficits which have occurred regularly in recent years have reduced the Board's equity, calculated on Balance-sheet figures, in the undertaking to such an extent 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 :—

	30.6.67.	30.6.68.
	\$	\$
Provision for depreciation and amortization	17,049,579	17,825,968
Sinking Fund	1,654,531	*1,631,615
Total Provision	18,704,110	19,457,583

* Of the investments of the Board amounting to \$2,032,000, as at 30th June, 1968, investments to the sum of \$1,631,615 were accepted as being held on behalf of the Sinking Fund.

MELBOURNE HARBOR TRUST.

In the conduct of the audit of the accounts for 1967, 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>	
							1966.	1967.
							\$	\$
Charges on Ships	..	..	..	..	..	..	2,262,913	2,344,241
Charges on Goods	..	..	..	..	..	..	5,230,014	5,521,025
Charges for Services—Cranes	..	..	..	..	..	..	1,672,099	1,792,997
Charges for Services—Other	..	..	..	..	..	..	370,099	378,831
Rents and Licence Fees from Lands	..	..	..	..	..	..	948,686	965,438
Other Revenue..	..	..	..	..	..	..	211,355	210,675
Total Revenue	..	..	..	..	..	..	10,695,166	11,213,207

							<i>Expenditure and Provisions.</i>	
Payment to Consolidated Revenue	..	..	..	..	..	..	1,286,646	1,346,329
Operating Expenses	..	..	..	..	..	..	2,421,950	2,642,055
Maintenance	..	..	..	..	..	..	1,652,402	1,545,395
Interest on Loans	..	..	..	..	..	..	1,550,806	1,705,524
Other Expenses	..	..	..	..	..	..	875,711	909,234
Provision for Depreciation	..	..	..	..	..	..	1,584,086	1,426,626
Provision for Insurance	..	..	..	..	..	..	98,587	103,321
Total Expenditure	..	..	..	..	..	..	9,470,188	9,678,484
Net Revenue	..	..	..	..	..	..	1,224,978	1,534,723
Surplus on Sale of Capital Assets	..	..	..	..	..	..	..	109,037
Amount Available for Appropriation	..	..	..	..	..	..	1,224,978	1,643,760

							<i>Appropriations.</i>	
Sinking Fund	..	..	..	..	..	..	160,000	435,000
General Reserve	..	..	..	..	..	..	900,000	1,037,000
							1,060,000	1,472,000
Surplus for year	..	..	..	..	..	..	164,978	171,760

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

							1966.	1967.
							\$	\$
Depreciation	..	..	..	..	..	..	313,891	324,899
Insurance	..	..	..	..	..	..	26,967	27,218
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
							570,858	582,117

In previous reports, reference was made to the need to clarify the legal power of the Trust to make appropriations to a general reserve. The position was met by the *Harbor Charges Act* 1967, which gave the Commissioners power to “establish such reserves and reserve funds as they think fit”, and to appropriate surplus revenue thereto.

The following statement, based on the balance-sheet, analyses the sources of funds available to the Trust up to 31st December, 1967, and the application thereof, and includes comparative figures at the end of the previous year :—

31.12.66.	<i>Source of Funds.</i>						31.12.67.	
\$							\$	\$
	<i>External—</i>							
32,246,588	Loan Liability	..	..	..	..	..	34,483,642	
984,886	Sundry Creditors	..	..	..	..	..	1,043,047	
607,696	Bank Overdraft	..	..	..	..	..	478,668	
43,388	Trust Accounts	..	..	..	..	..	49,975	
							36,055,332	
	<i>Internal—</i>							
10,403,829	Capital Redemption Reserve	..	..	..	..	..	10,403,829	
1,700,000	General Reserve	..	..	..	..	..	2,737,000	
3,232,762	Insurance Reserve	..	..	..	..	..	3,331,573	
1,305,044	Superannuation Accounts	..	..	..	..	..	1,427,126	
15,692,798	Provision for Depreciation	..	..	..	..	..	17,025,663	
21,803	Provision for Periodical Maintenance	..	..	..	..	..	29,814	
510,000	Provision for Pensions and Gratuities	..	..	..	..	..	680,000	
150,000	Provision for Long Service Leave	..	..	..	..	..	200,000	
769,555	Sinking Fund	..	..	..	..	..	1,241,720	
8,533,034	Revenue Account Balance	..	..	..	..	..	8,704,794	
							45,781,519	
76,201,383							81,836,851	
	<i>Application of Funds.</i>							
70,733,452	Works of Construction and Plant (at cost)	..	..	..	..	..	74,997,846	
3,038,537	Investments (at cost) and Cash	..	..	..	..	..	4,021,007	
	<i>Current Assets—</i>							
806,166	Sundry Debtors	..	..	..	..	..	828,214	
130,502	Advances for Housing	..	..	..	..	..	177,035	
839,783	Materials in Stock (at cost)	..	..	..	..	..	956,054	
							1,961,303	
609,555	Investments of Sinking Fund (at cost)	..	..	..	..	..	806,720	
43,388	Cash Held in Trust Accounts	..	..	..	..	..	49,975	
76,201,383							81,836,851	

METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to the financial year 1967-68 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1967-68, the funds so provided were—Fire Insurance Companies, \$4,026,600, and Municipalities, \$2,013,300.

The following statement shows revenue and expenditure for the past three years :—

	<i>Revenue.</i>	1965-66.	1966-67.	1967-68.
		\$	\$	\$
Surplus from previous year		193,794	128,108	45,418
Statutory contributions		4,707,900	5,202,000	6,039,900
Other		130,067	117,193	126,755
		5,031,761	5,447,301	6,212,073
<i>Expenditure.</i>				
Salaries, Wages and Maintenance, &c.		4,449,524	4,958,687	5,317,391
Loan Repayments		22,896	24,038	25,237
Transfers to Funds and Interest on Loans		431,233	419,158	449,440
		4,903,653	5,401,883	5,792,068
Surplus carried forward to next year		128,108	45,418	420,005

The financial position of the Board as at 30th June, 1967 and 1968, is summarized hereunder :—

30.6.67.		30.6.68.
\$		\$ \$ \$
	Source of Funds—	
	External—	
622,023	Loan Liability	596,786
	Internal—	
4,211,235	Excess of Assets over Liabilities	4,822,160
5,195,958	Funds	5,870,098
4,216,960	Less invested on account of Superannuation and other Trust purposes	4,741,499
978,998		1,128,599
5,190,233		5,950,759
5,812,256		6,547,545
	Represented by—	
	Current Assets—	
197,117	Sundry Debtors and Advances	211,853
225,150	Stock on Hand	247,323
446	Work in Progress	795
422,713		459,971
	Less—	
	Current Liabilities—	
2,534	Sundry Creditors	15,270
271,638	Cash Balance Overdrawn (net)	368,963
274,172		384,233
148,541		75,738
1,032,561	Investments	1,652,461
	Fixed Assets—	
3,715,880	Land and Buildings	3,793,340
398,005	Plant, Machinery and Equipment	404,859
517,269	Rolling Stock	621,147
		4,819,346
5,812,256		6,547,545

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. To 30th June, 1968, capital expenditure on the erection of the terminal, including modifications and extensions, totalled \$1,498,810. Operations for the year, which were affected by drought conditions, resulted in a deficit of \$111,599, compared with a surplus for the previous year 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 \$760,000 and the provisions for sinking fund and accruing long service leave, there was a deficit of \$16,650 on the year's operations. This compares with a surplus of \$46,134 in 1966-67.

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

1966-67.		1967-68.
\$		\$ \$
	Operating Revenue—	
156,390	Wharfage Rates	158,760
25,505	Tonnage Rates	23,304
952	Slipway Charges	6,403
108,112	Shipping Services	101,477
31,868	Rent	43,734
207,427	Handling Charges, &c.—Grain Terminal	16,801
530,254		350,479
	Operating Expenditure—	
76,251	Administrative	91,659
66,248	Maintenance	69,690
87,588	Shipping Services	77,092
87,783	Grain Terminal Expenses (including Depreciation)	50,172
11,822	Depreciation—Harbor Works, &c.	11,084
329,692		299,697
200,562	Operating Surplus	50,782
	Non-operating Revenue—	
22,583	Interest	34,079
1,205	Licences	1,489
271	Other	404
24,059		35,972
224,621		86,754
	Non-operating Expenditure—	
738,725	Loan Interest	806,590
270	Loan Flotation Expenses, &c.	7
..	Loss on disposal of Railway Property	273
738,995		806,870
514,374	Excess of Expenditure over Revenue	720,116
	Appropriations—	
2,779	Long Service Leave	3,391
51,713	Sinking Fund	53,143
54,492		56,534
568,866	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes	776,650
615,000		760,000
46,134	Surplus for year .. .. .	..
..	Deficit for year	16,650

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, \$2,045,330, and National Debt Sinking Fund contributions, \$105,035.

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

	\$
Balance 1st July, 1967	93,320
Less Deficit for year	16,650
	<hr/> 76,670
Deduct Transfer to Loans Redeemed Reserve in respect of Loans redeemed during 1967-68	43,310
	<hr/> 33,360

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

30.6.67.		30.6.68.
\$		\$
211,962	Current Liabilities	227,689
	Deferred Liabilities—	
10,000	Treasury Advance	10,000
18,021,806	Loan Funds	18,498,496
53,314	Provision for Overburden Removal, Cape Grant Quarry ..	55,836
61,820	" " Plant Maintenance	75,572
36,812	Other	28,351
<hr/> 18,183,752		<hr/> 18,668,255
	Funds of the Trust—	
50,070	Endowments	46,348
582,635	Sinking Fund	649,985
137,494	Loans Redeemed Reserve	200,804
<hr/> 770,199		<hr/> 897,137
93,320	Accumulated Surplus	33,360
<hr/> 863,519		<hr/> 930,497
<hr/> 19,259,233		<hr/> 19,826,441
	Current Assets—	
45,264	Cash	33,624
94,839	Stores	91,517
64,923	Other	79,169
		<hr/> 204,310
1,494,654*	Investments	1,673,295*
	Fixed Assets—	
43,949	Property Vested (<i>less</i> Written Off)	40,227
10,478	Other (<i>less</i> Depreciation)	68,738
16,119,002	Harbor Construction Works and Plant (<i>less</i> Depreciation) ..	16,387,732
1,386,124	Grain Terminal Construction Works and Plant (<i>less</i> Depreciation)	1,452,139
		<hr/> 17,948,836
<hr/> 19,259,233		<hr/> 19,826,441

* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1968, comprised advances from the Treasurer, \$3,672,900 (including \$24,900 discount and expenses on loans) and \$14,825,596 raised by the Trust by the issue of Inscribed Stock and Debentures.

During the year, the loan liability to the Treasurer of Victoria was reduced by the repayment to the State's Loan Fund of an amount of \$410,000, being the net sum received by the Trust from the Victorian Railways Commissioners consequent upon an exchange of lands pursuant to the provisions of the *Portland Harbor (Exchange of Land) Act 1967*.

Deferred Liabilities do not include interest accrued on advances from the Treasurer. At 30th June, the amount involved was \$2,045,330.

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 \$61,431, and subsidiary stores, \$30,086. 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, \$1,673,295, 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.

	30.6.66.		30.6.67.		30.6.68.	
	\$	%	\$	%	\$	%
Inscribed Stock	5,446,300	31	5,489,100	27	5,750,200	27
Bank Deposit Stock	700,000	4	700,000	4	700,000	3
Municipal Debentures	1,078,693	6	1,743,187	9	1,611,286	7
Mortgages	9,528,173	54	11,307,877	56	12,688,117	59
Loan to Co-operative Housing Society	218,604	1	196,704	1	179,204	1
Cash at Bank and in Hand ..	662,073	4	644,906	3	639,089	3
	<u>17,633,843</u>	<u>100</u>	<u>20,081,774</u>	<u>100</u>	<u>21,567,896</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 \$28,429,206 at 30th June, 1968.

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 1966-67 and 1967-68 were :—

1966-67.		INTEREST SUSPENSE ACCOUNT.		1967-68.	
\$		\$		\$	\$
1,209,204	Income from investments .. ..	..	..	..	1,369,129
	Appropriations—				
777,431	Interest allocated to estates .. ..	..	..	881,870	
70,000	Provision for interest payable to estates .. ..	..	..	80,000	
361,773	Consolidated Revenue .. ..	..	..	407,259	
<u>1,209,204</u>				<u>1,369,129</u>	
1966-67.		ESTATES GUARANTEE AND RESERVE ACCOUNT.		1967-68.	
\$		\$		\$	\$
1,131,804	Balance at 1st July .. ..	..	..	..	1,207,974
76,387	Interest credited on balance .. ..	..	..	..	84,531
<u>1,208,191</u>				<u>1,292,505</u>	
217	Less Legal fees .. ..	..	..	..	512
<u>1,207,974</u>	Balance at 30th June .. ..	..	..	..	<u>1,291,993</u>

In 1967-68, 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 \$149,717 compared with a surplus of \$154,865 in the preceding year. Particulars are :—

1966-67.	<i>Receipts.</i>	1967-68.	1966-67.	<i>Payments.</i>	1967-68.
\$		\$	\$		\$
334,029	Fees and Commission ..	352,119	456,213	Salaries, pay in lieu of long service leave, overtime and payroll tax	517,533
361,773	Surplus—Interest Suspense Account	407,259	2,460	Publicity	2,278
			60,316	Rent	66,465
			21,948	Other expenses (net) ..	23,385
			154,865	Surplus for the year ..	149,717
<u>695,802</u>		<u>759,378</u>	<u>695,802</u>		<u>759,378</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—

	1965-66.	1966-67.	1967-68.
	\$	\$	\$
Consolidated Revenue—			
Fees and Commission	318,271	334,029	352,119
Probate Duty	372,803	414,271	767,389
Surplus from Interest Suspense Account	296,917	361,773	407,259
Maintenance—Patients in Mental Hospitals ..	55,933	173,393	66,906
Stationery, Postages recouped	11,681	11,718	15,391
Sundry Receipts	3,387	1,719	1,461
	<u>1,058,992</u>	<u>1,296,903</u>	<u>1,610,525</u>
Transfers to Treasury Trust Fund—			
Unclaimed Moneys—after 6 years	121,098	91,384	118,395

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 \$5,288,730. At the close of the year, \$27,243,135 was held by borrowers of which \$22,422,966 was held in respect of primary industries and \$4,820,169 on account of secondary industries.

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 1967-68.

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 \$12,162.

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, 1967 ..	6,700,743	
Repayments of advances, 1st July, 1967, to 30th June, 1968 ..	105,297	
	—————	6,806,040†
		11,590,040
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1968 .. .. .	.. .. .	7,285,577
		—————
Unexpended balance 30th June, 1968 .. .. .	.. .. .	4,304,463

* Of the advances from this amount, \$100,807 (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, 1968, 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.							
1967.							1968.		
\$							\$	\$	
1,410,664	Interest .. .. .	..	..	..	..	..	1,526,090	
25,545	Application and Legal Fees .. .. .	..	..	..	..	..	30,909	
<u>1,436,209</u>								<u>1,556,999</u>	
		EXPENDITURE AND PROVISIONS.							
184,890	Administration .. .. .	..	..	..	..	..	211,197	
1,050,796	Interest on Loan Indebtedness .. .. .	..	..	..	..	..	1,103,790	
57,870	Interest on Redeemed Securities .. .. .	..	..	..	..	..	64,918	
3,438	Provision for Long Service Leave .. .. .	..	..	..	..	..	4,182	
35,216	Provision for Superannuation .. .. .	..	..	..	..	..	32,140	
<u>1,332,210</u>								<u>1,416,227</u>	
103,999	Operating Profit for Year .. .. .	..	..	..	..	..		140,772
	<i>Add—</i>								
36,726	Interest on Investments .. .. .	..	..	..	..	..		32,504
4,483	Surplus on Sale of Residences, &c. .. .. .	..	..	..	..	..		11,496
<u>145,208</u>								<u>184,772</u>	
	<i>Less—</i>								
59,139	National Debt Sinking Fund—Contribution .. .. .	..	..	..	..	..	61,085	
9,496	Discounts and Expenses on Loans .. .. .	..	..	..	..	..	90,930	
1,098	Provision for Doubtful Debts .. .. .	..	..	..	..	..	880	
<u>69,733</u>								<u>152,895</u>	
<u>75,475</u>	Balance Transferred to General Reserve .. .. .	..	..	..	..	..		<u>31,877</u>

At 30th June, 1967 and 1968, funds available to the Commission were :—

30.6.67.		30.6.68.	
\$		\$	\$
22,880,402	Loan Funds— Loan Liability—Treasurer of Victoria (net) .. .. .	..	24,451,275
	Other Funds—		
12,202	Advances <i>Farmers Debts Adjustment Act 1943</i> —Treasurer of Victoria .. .. .	..	11,355
4,683,288*	Funds provided by Grant under <i>Commonwealth Loan (Farmers Debts Adjustment) Act 1935</i> .. .. .	..	4,683,193*
19,404	Interest on Mortgages prior to 26th April, 1950 .. .. .	..	19,404
			<u>4,713,952</u>
46,767	Trust Account—Amounts in suspense .. .. .	..	48,488
4,644	Sundry Creditors .. .. .	..	20,393
1,446,417	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	..	1,622,960
41,477	Provision for Long Service Leave .. .. .	..	45,803
704,182	Provision for Superannuation .. .. .	..	824,252
478,930	Provision for Doubtful Debts .. .. .	..	479,810
15,981	Settlers' Proceeds Held .. .. .	..	117,357
Dr. 1,303	Inter-Fund Adjustment Account .. .. .	..	904
755,000	Loan Equalization Account .. .. .	..	1,090,000
730,910	General Reserve .. .. .	..	391,841
124,033	Profit and Loss Appropriation Account .. .. .	..	394,893
<u>31,942,334</u>			<u>34,201,928</u>

* Excludes bad debts written off :—30th June, 1967, \$100,712 (net) and 30th June, 1968, \$100,807 (net).

The General Reserve (\$391,841) is available to meet any loss or deficiency incurred in the course of business by the Commission or it may be applied by the Commission as it thinks fit for the purpose for which the moneys in the Reserve were set aside. During the year, \$377,800 was transferred from the General Reserve to the Profit and Loss Appropriation Account to meet the increased expenditure on loans for the year.

The funds shown in the preceding statement were represented by the following assets :—

30.6.67.		30.6.68.
\$		\$ \$
	Loans and Advances—	
24,619,908	Loans under Part III.— <i>Rural Finance Act 1958</i>	27,243,135
503,526	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Act 1958</i>	398,133
12,202	Advances under <i>Farmers Debts Adjustment Act 1943</i>	11,355
10,150	Contracts of Sale	18,640
		<hr/>
		27,671,263
455,483	Interest Due and Accrued	682,466
..	Amount Due for Administration—Drought Relief	82,096
	Cash at Treasury, &c.—	
4,199,166	Rural Rehabilitation Fund	4,304,463
3,785	National Debt Sinking Fund	271
		<hr/>
		4,304,734
	Fixed Assets—	
34,726	Furniture and Office Equipment <i>less</i> Depreciation	27,028
33,496	Motor Cars <i>less</i> Depreciation	35,778
85,225	Residences and Offices	68,367
		<hr/>
		131,173
1,489	Charges paid in Advance	502
	Cash—	
40,576	At bank and in hand	85,644
500,000	At call	85,644
		<hr/>
		1,244,050
1,442,602	Investment Pool (at cost) on account of Provisions and General Reserve	1,244,050
<hr/>		<hr/>
31,942,334		34,201,928

Interest due and accrued, \$682,466, shown above, comprised interest due, \$390,480, and interest accrued, \$291,986.

The payment of certain instalments on loans and advances has been deferred. At 30th June, 1968, these amounted to \$218,960 including interest, \$95,738.

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 1967–68 and, at 30th June, the amount due to the Commission was \$569,007. 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. Operations in this Department during the year were :—

	\$	\$	\$
Receipts—			
From Treasurer of Victoria—			
Loan Fund			435,000
From borrowers—			
Repayments of Principal			171,015
Interest on Advances			42,149
			<hr/>
			213,164
<i>Add</i> Cash at Bank—1st July, 1967			8,287
			<hr/>
	Carried forward		656,451

	\$	\$	\$
Total Receipts brought forward			656,451
Less Payments—			
Settlers—			
Bush Fire Relief	30,176		
Frost Damage—Dried Fruit Growers	2,700		
Hail Damage—Dried Fruits Area	55,180		
Hail and Storm Damage—Orchardists	151,938		
Miscellaneous	18,662		
		258,656	
Latrobe Valley Water and Sewerage Board		175,000	
Grant—Lakes Entrance Fishermen's Co-operative Ltd.		9,600	
Treasurer of Victoria—Instalments of Principal and Interest		213,164	
		<u>656,420</u>	
Cash at Bank—30th June, 1968			<u>31</u>

During the year, the Treasurer approved of an amount of \$536, including \$29 interest, being written off as a bad debt. Amounts written off now total \$54,201.

Drought Relief.—During the year, the Commission was provided with a loan of \$2,850,000 from the Commonwealth Grant—Drought Relief 1967 Trust Account. This amount was used to provide loans and advances to assist farmers during the drought. Receipts and payments during the year were :—

	\$
<i>Receipts—</i>	
Funds provided by Commonwealth	2,850,000
Principal repayments	34,828
Interest	36
Rural Finance and Settlement Fund	74,306
	<u>2,959,170</u>
<i>Payments—</i>	
Loans and advances	2,708,813
Administration costs	74,306
Repaid to Rural Finance and Settlement Fund	36
Cash in hand—	
For expenditure	141,187
Repayments	34,828
	<u>2,959,170</u>

The *Drought Relief Act* 1968, effective from 18th April, 1968, made provision with respect to defraying part of the cost of wheat, oats and barley used to feed cattle and sheep during the drought in Victoria in the years 1967 and 1968.

The Commission has provided financial assistance at prescribed rates to applicants entitled thereto under the Act.

In addition, under the authority of the Act, the Commission purchased from the Australian Wheat Board wheat costing \$466,167 payable with interest at 4½ per cent. per annum. Wheat to this value was sold to farmers, with interest at 3 per cent. per annum, subject to a rebate on the purchase price if conditions laid down in the Act are complied with.

Receipts and payments for the year in respect of assistance under the Drought Relief Act were :—

	\$
<i>Receipts—</i>	
Treasurer of Victoria	655,891
Rural Finance and Settlement Fund	7,825
	<u>663,716</u>
<i>Payments—</i>	
Rebates and subsidies	640,490
Administration costs	23,226
	<u>663,716</u>

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, 1968, a sum of \$131,199,163 has been allocated for soldier settlement. Of this sum, \$116,801,757 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, 1968, was \$51,531,818.

With the exception of \$1,097,480 paid to the Commonwealth as part redemption of its special assistance loans, repayments by settlers and receipts of a capital nature have been credited to Loan Fund. During 1967-68, \$2,045,117 was so credited bringing the total repayments to 30th June, 1968, to \$60,197,975.

Because of the drought conditions experienced during the year the Commission has, in certain instances, approved deferment of the payment of principal and interest and, under Section 103(2) of the Act, has waived payment of penalty interest which would be applicable in such cases. Deferred instalments at 30th June, 1968, totalled \$226,111 including \$86,971 principal and \$139,140 interest.

Principal assets of the Commission at 30th June, 1968, were :—

	\$	\$
Land and Improvements held by settlers under—		
(a) Purchase Lease	37,136,594	
(b) Interim Lease	61,124	37,197,718
	<hr/>	
Advances to finance single unit farms		8,271,129
Advances to effect improvements and for purchase of stock, &c. ..		53,537
Unpaid balances under Contracts of Sale		316,047

In addition to the assets listed above, there is another item of substantial size in the Commission's books. This item, \$4,550,980, 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 1967-68 shows :—

	\$	\$	\$
<i>Expenditure—</i>			
Interest	2,846,830		
Less Interest Capitalized	278		
	<hr/>	2,846,552	
Less Interest transferred and borne by the State		916,646	
		<hr/>	1,929,906
Administrative Costs		231,214	
Provision for Long Service Leave		4,658	
Provision for Superannuation		35,802	
		<hr/>	2,201,580
<i>Income—</i>			
Interest earned		973,445	
Rents, Fees and Sundries		506	
Contribution by Commonwealth—account Shire Rates		438	
		<hr/>	974,389
Deficit for 1967-68			<hr/> <hr/> 1,227,191

The total accumulated deficit to 30th June, 1968, amounted to \$21,734,980. 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 granted towards the settlement of discharged servicemen by this State to the 30th June, 1968, have been calculated by the Commission to be \$22,791,086.

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 \$26,103,700 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, 1968, was \$21,880,837—a reduction of \$4,222,863, made up as hereunder :—

	To 30.6.67.	1967–68.	Total.
	\$	\$	\$
Settlers' repayments to Loan Fund	2,156,620	359,300	2,515,920
Borne by the State pursuant to Section 41	1,329,014	377,929	1,706,943
	<u>3,485,634</u>	<u>737,229</u>	<u>4,222,863</u>

The payment of certain instalments has been deferred. At 30th June, 1968, these amounted to \$14,006 including interest, \$10,513.

Assets of the Commission at 30th June, 1968, were :—

	\$	\$
Estates purchased and developed not yet disposed of		12,357,253
Unpaid balances under Contracts of Sale		334,351
Land and improvements held under Purchase Lease—Division 4		9,972,457
Advances to Settlers—Division 6		303,363
Land and Improvements under mortgage—Division 4		58,240
Amount due from Rural Finance and Settlement Fund		904
Other assets—		
Buildings and working plant at cost <i>less</i> depreciation	717,487	
Plant, materials and services not yet allocated	88,002	
		<u>805,489</u>
		<u>23,832,057</u>

The Profit and Loss Account for the year ended 30th June, 1968, excluding livestock transactions, shows :—

Expenditure—

	\$	\$
Interest and Loan-raising Expenses		1,124,649
<i>Less</i> Interest Capitalized	503,297	
„ Interest transferred and borne by the State under Section 41	89,898	
		<u>593,195</u>
Administrative Costs		531,454
Provision for Long Service Leave		208,513
Provision for Superannuation		4,201
Shire Rates		32,287
		<u>4,574</u>
		<u>781,029</u>

Income—

Interest earned, agistment, &c.		431,089
Deficit for year		349,940
		<u>781,029</u>

The accumulated deficit to 30th June, 1968, before taking into account profits from livestock trading, amounted to \$2,271,617. 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 \$68,487, thereby increasing the accumulated profit from this activity to \$501,452 at 30th June, 1968.

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*.

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

	\$	\$
<i>Income—</i>		
Balance at 1st July, 1967	1,152,382	
Less—Transfer of surplus to Rural Finance and Settlement Fund ..	152,382	
	<hr/>	1,000,000
Premiums Raised 1967–68	215,618	
Interest on Investments	56,898	
	<hr/>	272,516
Gross Income .. .. .	..	1,272,516
<i>Expenditure—</i>		
Current Claims admitted—1967–68	43,537	
Administration Expenses	20,255	
Statutory contribution to Country Fire Authority	25,527	
	<hr/>	
Total Expenditure .. .. .	..	89,319
Balance at 30th June, 1968 .. .. .	..	<hr/>1,183,197

The transfer of \$152,382 to the Rural Finance and Settlement Fund from the balance brought forward at 1st July, 1967, 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, 1967.

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

	\$
<i>Investments—</i>	
Inscribed stock, &c. held in common pool	1,160,798
Accrued Interest	16,648
Arrears of Premium	32,938
Cash at Bank	5
	<hr/>
	1,210,389
<i>Less—</i>	
Claims admitted but not paid	27,192
Balance at 30th June, 1968	<hr/> 1,183,197

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, certain members of the Police Force.

Subject to final audit, the receipts and disbursements of the Fund for the current year, compared with those for the two previous years, are summarized below :—

	Year Ended 30th June, 1966.	Year Ended 30th June, 1967.	Year Ended 30th June, 1968.
<i>Receipts.</i>	\$	\$	\$
Contributions—Officers—Current (net)	7,270,051	11,894,708	12,410,108
Deferred .. ..	..	220,258	487,428
Payments from Consolidated Revenue	10,517,166	11,376,001	12,436,202
Interest	5,808,084	6,236,719	6,906,536
Underwriting Commission	12,428	15,500	7,750
Valuation Fees on Property Loans .. ..	..	..	630
Police Pensions Fund—			
Act 7081, Section 9 (3)	657	..	..
Act 7081, Sections 6 and 7 (\$4,718,984 less \$261,856 interest included above)	4,457,128	..	..
Reserve Units Account (net)	155,198	94,361	85,762
Realized Profits and Losses on Sales, &c. of Securities (net)	36,101	..	..
Coal Mine Workers Pensions Tribunal—Trust Moneys .. ..	..	8,425	..
	28,256,813	29,845,972	32,334,416
<i>Disbursements.</i>			
Pensions	13,917,752	14,989,697	16,203,147
Retrenchments .. ..	..	..	9,511
Assurance Premiums (net)	40	1,360	2,348
Lump Sum Payments—			
Limited Contributors (Section 12)	3,264	13,576	2,657
Cash Options (Section 32 (a), (b) and (c))	83,048	2,256,979	2,890,177
Consolidated Revenue—Act 7081, Section 9 (4)	4,651	..	..
Interest on Refunds of Reserve Units Contributions	39	999	874
Pensions Supplementation Fund—Statutory Transfers—Act 7417 .. ..	..	909,062	1,027,528
Realized Profits and Losses on Sales, &c. of Securities (net) .. ..	..	..	13,507
Coal Mine Workers Pensions Tribunal—Trust Moneys .. ..	..	..	8,425
	14,008,794	18,171,673	20,158,174
Surplus of Receipts over Payments	14,248,019	11,674,299	12,176,242
Balance (including Investments), 1st July	98,336,014	112,584,033	124,258,332
Balance, 30th June	112,584,033	124,258,332	136,434,574
Of which there was invested (at cost)	112,424,570*	124,239,606*	136,462,697*
Leaving a Cash Balance of	159,463	18,726	28,123 Dr.

* Face value of Investments { 1965-66, \$112,389,387.
1966-67, \$124,259,293.
1967-68 \$136,476,660.

The Government Statist and Actuary, in his report on the Eighth Quinquennial Investigation of the Superannuation Fund as at 30th June, 1965, referred to the need for the Board to construct Revenue Accounts and Balance-sheets. He indicated that arrangements were in hand for this matter to be in order before the next valuation.

The *Superannuation (Amendment) Act* 1967 reduced the period between actuarial investigations from five to three years, so that the next valuation is due as at 30th June, 1968.

The Board, through various circumstances, has not yet been able to complete the introduction of the accrual accounting basis necessary for the construction of Revenue Accounts and Balance-sheets.

Comments on various items in the statement of receipts and disbursements are given below :—

Contributions—Officers—Current.—The increase of \$515,400 under this head was a net increase. Gross contributions rose by \$604,533 and refunds of contributions by \$89,133.

Factors influencing these increases were :—

- (i) Increased salaries of certain contributors, which raised their pension entitlement with consequent higher contributions.
- (ii) The substitution by the Governor in Council, on the recommendation of the Board, of a new scale of units which increased the unit entitlement (with consequent higher contributions) of contributors whose annual salaries exceeded \$5,590.
- (iii) Amendments relating to the cessation of contributions (introduced by the *Superannuation (Amendment) Act* 1967) which provided for the continuation of contributions until maximum retiring age.

Payments from Consolidated Revenue.—The rise of \$1,060,201 in these payments represented the increase in the Government recoup commensurate with the increase in the aggregate amount of pensions paid in the year.

Interest.—The principal cause of the increase of \$669,817 in interest received by the Fund in 1967–68 was the substantial net investment during the year of \$12,223,091.

Pensions Supplementation Fund.—Statutory Transfers—Act No. 7417.—This disbursement represents the payment during 1967–68 to the Pensions Supplementation Fund, in terms of the *Pensions Supplementation Act* 1966 (referred to later).

Investments.—The provisions of the *Superannuation (Amendment) Act* 1967 widened the Fund's field of investment to include the following types of investment :—

- (i) Loans guaranteed by the Government of Victoria ;
- (ii) Loans to an authority to which the provisions of Division 2 of Part VII of the *Water Act* 1958 apply ;
- (iii) Loans to a corporation declared to be an " authorized dealer " in the short term money market ; and
- (iv) Subject to certain conditions, loans secured by a mortgage of an estate in fee simple, or of a leasehold interest, in land in Victoria.

Net investments during the year amounted to \$12,223,091 and at 30th June, 1968, the investments of the Fund consisted of :—

	Face Value.	Purchase Price.
	\$	\$
<i>Inscribed Stock—</i>		
Commonwealth Government	2,129,000	2,129,000
Geelong Harbor Trust	469,600	469,600
Geelong Waterworks and Sewerage Trust	930,000	930,000
Grain Elevators Board	2,670,000	2,670,000
Melbourne City Council	5,071,000	5,071,000
Melbourne Harbor Trust	6,400,000	6,390,232
Melbourne and Metropolitan Board of Works	31,228,800	31,202,833
Melbourne and Metropolitan Tramways Board	6,333,882	6,333,882
Portland Harbor Trust	480,000	480,000
State Electricity Commission	42,071,800	42,093,572
<i>Debentures, Mortgages and Other Securities—</i>		
Co-operative Housing Societies	595,964	595,964
Country Fire Authority	710,446	710,446
Dandenong Valley Authority	200,000	200,000
Gas and Fuel Corporation	4,743,300	4,743,300
Housing Commission	400,000	400,000
Melbourne Cricket Club	400,000	400,000
Metropolitan Fire Brigades Board	11,254	11,254
Municipalities	15,900,586	15,900,586
Property Mortgages	175,000	175,000
Sewerage Authorities	14,701,616	14,701,616
Victorian Pipelines Commission	500,000	500,000
Water Authorities	354,412	354,412
	136,476,660	136,462,697

PENSIONS SUPPLEMENTATION FUND.

This Fund was established pursuant to the *Pensions Supplementation Act 1966* to meet the cost of supplementing as from 1st April, 1966, the pensions of officers who retired on or before 12th July, 1961, or the widows of such officers or of those officers who died prior to that date.

In terms of the Act, credits to the Fund consist of :—

- (i) transfers of moneys or assets equal in value to the amounts debited to the Fund in respect of the supplementation of pensions of certain pensioners which are to be made from any surplus in the Superannuation Fund revealed at the preceding quinquennial actuarial investigation ;
- (ii) payments representing the amount standing to the credit of the Police Superannuation Fund on each 30th day of June ; and
- (iii) interest earned on investments made out of the Fund.

Subject to final audit, a summary is given below of the year's transactions of the Fund on an accrual basis, together with comparative figures for the period from the inception of the Fund to 30th June, 1967 :—

To 30.6.67.		1967-68.	
\$		\$	\$
	Income—		
	Statutory Transfers—		
1,515,005	Police Superannuation Fund	32,854	
934,849	State Superannuation Fund	1,031,997	
			1,064,851
52,743	Interest on Investments .. .. .	..	78,203
..	Appreciation of Investments on Realization .. .. .	..	2,438
			1,145,492
2,502,597			
	Expenditure—		
1,149,383	Pensions .. .. .	..	1,238,323
1,353,214	Surplus to Accumulated Funds .. .. .	..	..
	Deficit to Accumulated Funds .. .. .	..	92,831

The Accumulated Funds as at 30th June, 1967 and 1968, respectively, were represented by :—

30.6.67.		30.6.68.	
\$		\$	\$
	Assets—		
69,835	Cash at Bank .. .. .	..	6,248
	Accruals—		
91,601	Transfers from—Police Superannuation Fund	32,854	
25,787	State Superannuation Fund	29,183	
			62,037
15,400	Interest on Investments	21,175	83,212
	Investments (at Book Value)—		
561,315	Fixed Deposit	50,667	
620,000	Commonwealth Government Inscribed Stock	678,905	
..	Melbourne City Council Inscribed Stock	482,981	
			1,212,553
1,383,938			1,302,013
	Less Liabilities—		
30,724	Pensions Approved but Unpaid .. .. .	..	41,630
1,353,214			1,260,383

The surplus of \$1,353,214 in respect of transactions from the inception of the Fund to 30th June, 1967, was reached after a statutory transfer of \$1,515,005, representing the credit balance which had accumulated in the Police Superannuation Fund over the years of its operation to 30th June, 1967.

The deficit, \$92,831, on the transactions of the Fund for the current year was arrived at after taking into account a statutory transfer of \$32,854 from the Police Superannuation Fund, being the credit balance in respect of the transactions of that Fund during the year ended 30th June, 1968.

Consequent upon the repeal and replacement of certain parts of the *Police Offences Act 1958* by the *Summary Offences Act 1966* and other Acts, penalties which, under the former Act were appropriated to the Police Superannuation Fund, are now, in terms of the new legislation, credited to Consolidated Revenue. This has had the effect of reducing the amount available to the Pensions Supplementation Fund by way of statutory transfer from the Police Superannuation Fund.

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.

Subject to final audit, a summary of transactions for 1967-68 compared with the previous year is given hereunder :—

	1966-67.	1967-68.
	\$	\$
<i>Receipts.</i>		
Contributions from Teachers	47,214	45,518
Contributions from Consolidated Revenue	†46,024	†42,000
Interest on Investments	33,556	41,093
Realized Profits or Losses on Sales, &c. (net).. .. .	74	—
Balance (including Investments)—1st July	628,711	739,258
	<hr/>	<hr/>
	755,579	867,869
<i>Disbursements.</i>		
Pensions	4,303	6,215
Contributions Refunded—		
Teachers	5,937	8,606
Consolidated Revenue	5,017	8,596
Interest on Contributions Refunded	1,064	1,976
	<hr/>	<hr/>
	16,321	25,393
Balance 30th June	739,258	842,476
	<hr/>	<hr/>
Of which there was invested	*737,195	*838,695
Leaving a cash balance of	2,063	3,781

† Based on estimate pending determination.

* Face value of Investments 1966-67 \$737,280 ; 1967-68 \$838,780.

VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1968, has been completed.

Transactions in relation to normal operations for 1967-68 resulted in a profit of \$17,292 after providing \$15,200 for long service leave, compared with a loss of \$52,352 in 1966-67.

In addition to its normal operations, the Authority, by arrangement with the Shire of Shepparton, operated the Shepparton abattoirs, as a drought relief measure, during the period from 13th October, 1967, to 5th March, 1968. After taking into account a Government subsidy of \$15,869, the loss on the Shepparton operations for the period was \$17,136 which was met from the Authority's Contingency Reserve.

A summarized statement of trading operations for the two years is as follows:—

1966-67. \$	REVENUE.	1967-68. \$
	Sales—	
2,291,564	Meat, Offal and By-products	2,321,141
64,867	Hides, Skins and Wool	101,315
925,290	Storage, Treatment and General Receipts	1,105,504
1	Interest on Investments	18
..	Government Subsidy—Operation of Shepparton Abattoirs	15,869
..	Transfer from Contingency Reserve—Loss on operation of Shepparton Abattoirs	17,136
3,281,722		3,560,983
52,352	Loss .. .. .	..
3,334,074		3,560,983
	EXPENDITURE.	
1,151,238	Purchases of Livestock and Meat	1,250,452
1,763,198	Working Expenses—Wages, Fuel, Freight, Stores, &c.	1,834,211
157,452	General Expenses—Rent, Rates, Pay-roll Tax, &c.	168,121
54,182	Administration—Head Office, Salaries, &c.	51,606
85,467	Depreciation	89,325
1,407	Stock Decrease	30,831
3,212,944		3,424,546
106,630	Interest—Treasurer of Victoria	103,945
14,500	Provision for Long Service Leave	15,200
..	Profit	17,292
3,334,074		3,560,983

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

	At 30th June—		
	1966.	1967.	1968.
	\$	\$	\$
Current Liabilities	447,231	596,741	474,256
Loan for Fixed Assets	2,562,151	2,553,319	2,646,508
Capital	580,069	580,069	580,069
Reserves	155,115	163,962	152,038
Accumulated Profit	121,050	68,698	85,990
	3,865,616	3,962,789	3,938,861
Current Assets	261,564	268,389	296,755
Fixed Assets less Depreciation	3,604,052	3,694,400	3,642,106
	3,865,616	3,962,789	3,938,861

The State has provided working capital for the Authority and, at 30th June, 1968, 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 limited to \$150,000.

At the close of the year, the Authority's loan liability to the State on account of fixed assets was \$2,646,508.

VICTORIAN PIPELINES COMMISSION.

The annual audit of the accounts of the Commission to 30th June, 1968, has been completed.

Expenditure during the year was mainly on account of the construction of the natural gas pipeline from Dutson to Dandenong and was financed from the proceeds of loans raised by the Commission. All expenditure to 30th June, 1968, has been capitalized.

The following is a statement of the Commission's balances as at 30th June, 1968 :—

	\$	\$
Current Liabilities—		
Bank Overdraft	45,149	
Tender and Security Deposits	26,608	
Sundry Creditors and Accruals	3,172,666	
	<hr/>	3,244,423
Fixed Liabilities—		
Loans		7,000,000
		<hr/>
		10,244,423
		<hr/>
Current Assets—		
Cash at Bank and on Hand	26,711	
Short Term Investments	230,000	
Stocks	250,683	
Sundry Debtors and Accruals	50,932	
	<hr/>	558,326
Fixed Assets—		
Freehold Land	72,688	
Capital Works in Progress	8,910,960	
Other	90,529	
	<hr/>	9,074,177
Intangibles—		
Preliminary Expenses		611,920
		<hr/>
		10,244,423
		<hr/>

The following explanatory note has been appended to the balance-sheet by the Commissioners and is to be read in conjunction therewith :—

Contingent liabilities represented by commitments for capital expenditure under contracts for the manufacture, testing, &c., of approximately 110 miles of 30-inch diameter welded steel pipe and construction of the pipeline approximated \$5,760,768.

Certain of the pipes manufactured overseas were found, on delivery, to be not in accordance with specification requirements, resulting in additional cost in the construction of the pipeline. The amount involved cannot be determined until claims from the construction contractor have been assessed. The extent of the liability of the pipe manufacturer for the additional cost, in terms of the relevant contract conditions, is currently the subject of consideration.

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 audit by the Auditor-General 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, 1968, have not yet been audited. The operation of this and the two previous pools and the financial position of the Board as at 31st March, 1968, are embodied in the following summary of the Board's affairs.

The Board's assets were :—

	\$	\$
Sundry Debtors	373	
Income accrued due	255	
Stock of stencils and seed on hand	153	
Plant (cost less depreciation)	128	
Cash at Bank	11,392	
	<hr/>	12,301

Against these assets the pool balances and liabilities were :—

	Pools.			
	1965.	1966.	1967.	
	\$	\$	\$	
Proceeds of Sales	16,862	20,881	17,695	
Deduct expenses	1,178	1,929	1,030	
	<hr/>	<hr/>	<hr/>	
	15,684	18,952	16,665	
<i>Less</i> Paid to growers	15,684	18,952	15,522	
	<hr/>	<hr/>	<hr/>	
Pool Balance .. .. .	..	..	1,143	1,143
	<hr/>	<hr/>	<hr/>	
Sundry Creditors .. .. .	..	..	618	618
			<hr/>	1,761
			<hr/>	10,540

As at 31st March, 1968, there was an excess of assets over liabilities of .. 10,540

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 \$1,205,785 in respect of the pool period under review.

In respect of the 1966-67 Pool Account, certain adjustments have been made by the Board to the accounts shown in my previous Report. These adjustments had the effect of increasing the Undistributed Pool Balance for 1966-67 from \$161,180 to \$196,175. The principal adjustment was the transfer to the Pool Account of an amount of \$24,144 previously set aside for repayment to the Poultry Industry Trust Fund but later found to be not required. Of the sum of \$196,175, an amount of \$84,906 was made available as a final distribution to producers and the balance, \$111,269, with the approval of the Governor in Council by Order dated 22nd October, 1968, was transferred to Reserve Fund.

Figures relating to the 1967-68 pool period are submitted subject to completion of the audit and, at the time of preparation of this Report, certification of the final accounts awaits clarification by the Board of the value of Trade Debtors.

The operations of the pools during the accounting periods for 1966-67 and 1967-68 were :—

1966-67.		1967-68.	
\$		\$	\$
16,468,814	Advances to Producers (Current production) .. ..	..	16,565,995
296,591	Purchases of Eggs and Pulp from other sources .. ..	..	37,380
<hr/>			<hr/>
16,765,405			16,603,375
<hr/>			<hr/>
1,362,002	Less Producers' Contributions on Account of Local Marketing Charges .. ..	..	1,525,816
<hr/>			<hr/>
*15,403,403	Net Advances to Producers .. ..	..	*15,077,559
<hr/>			<hr/>
	Disposal of Eggs—		
14,437,772	Sold in Shell on Local Market .. ..	..	13,487,179
25,635	Sold in Shell on Overseas Market .. ..	..	58,510
1,782,250	Converted to Egg Products and Sold .. ..	..	2,146,254
<hr/>			<hr/>
16,245,657			15,691,943
Inc. 224,858	Increase or Decrease in Stock on hand .. ..	.. Dec.	24,518
<hr/>			<hr/>
16,470,515	Total Value of Disposals .. ..	..	15,667,425
<hr/>			<hr/>
	Less Expenses—		
1,572,103	Grading, Selling, Manufacturing and Administrative Costs	1,549,680	
666,171	Less—Poultry Industry Trust Fund Distribution (Net)	1,205,785	
<hr/>		<hr/>	
905,932			343,895
<hr/>			<hr/>
15,564,583	Net Proceeds of Pool .. ..	..	15,323,530
<hr/>			<hr/>
161,180	Excess of Proceeds over Advances to Producers .. ..	..	245,971
<hr/>			<hr/>

* 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 29th June, 1968. Comparative figures at the end of the preceding pool period are also given.

The Board's funds were—

1.7.67.		29.6.68.	
\$		\$	
454,991	Reserve Fund .. ..	..	564,907
468,131	Surplus Distribution 1947-48 (ex Commonwealth) .. ..	..	468,131
	Undistributed Pool Balances—		
161,180	1966-67.. ..	..	..
..	1967-68.. ..	..	†245,971
<hr/>			<hr/>
1,084,302			1,279,009
<hr/>			<hr/>

† Subject to a final distribution to producers and other allocations, and to a contingent liability of \$58,466 to the Poultry Industry Trust Fund on account of a possible refund to the Council of Egg Marketing Authorities of Australia respecting the conversion of first quality eggs into local pulp.

The Board's funds were represented by net assets as detailed hereunder :—

1.7.67. \$		29.6.68. \$	\$
	<i>Current Assets—</i>		
703	Cash on Hand and at Bank		833
101,290	Claim on Poultry Industry Trust Fund		8,348
<hr/> 101,993			
	<i>Stocks on Hand—</i>		
494,028	Eggs and Egg Products at valuation	469,510	
110,429	Packing materials at cost or valuation	89,719	
11,718	Supplies at cost or valuation	15,512	
<hr/> 616,175			<hr/> 574,741
	<i>Debtors—(including \$9,431 due under Contract of Sale, Warragul property)</i>	814,056	
10,495	<i>Less Provision for Doubtful Debts</i>	15,000	
<hr/> 469,605			<hr/> 799,056
<hr/> 1,187,773			<hr/> 1,382,978
		\$	
	<i>Less Current Liabilities—</i>		
244,539	Creditors	209,509	
555,817	Reserve Bank of Australia	646,491	
53,022	Department of Primary Industry (Hen Levy)	95,653	
–53,022	<i>Less Commonwealth Hen Levy Account—</i>		
	Cash at Bank	38,573	
			<hr/> 57,080
47,901	Provision for Employees Long Service Leave, Annual Leave and Sick Pay	52,927	
24,144	Provision for Repayment to Poultry Industry Trust Fund .. .. .	..
<hr/> 872,401			<hr/> 966,007
315,372	Working Capital		416,971
	<i>Fixed Assets—(at cost less depreciation)</i>		
120,836	Freehold Properties	156,048	
282,734	Leasehold Properties	278,496	
300,336	Plant and Equipment	354,244	
27,076	Motor Vehicles	29,154	
37,948	Office Machinery and Equipment	44,096	
<hr/> 768,930			<hr/> 862,038
<hr/> 1,084,302			<hr/> 1,279,009

As in the previous three 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 \$469,510 has been valued at current local market prices after providing for storage and other applicable charges and after deducting an additional 20 per cent. from the valuation of the stocks of egg products. The arbitrary reduction of 20 per cent. has resulted in the understatement of the value of stocks on hand, compared with current local market prices, as at 29th June, 1968, by approximately \$107,000. This reduction had the effect of providing a reserve not disclosed in the accounts.

Maize Marketing Board.

A summary of the financial operations of the Board for the accounting period ended 29th February, 1968, is as follows :—

Total number of bushels marketed	12,510
	\$ \$
Gross proceeds of sales	22,103
Applied from Reserve Account	1,000
	23,103
Freight, commission, &c.	2,917
Administration expenses	3,714
Amount paid to growers	16,428
Taken to Reserve	44
	23,103

Onion Marketing Board.

Final accounts in respect of the pool period that ended on 15th November, 1967, have been audited. Details of the operations in this and the previous pool are :—

	Pool.	
	1966.	1967.
	tons.	tons.
Total Onions acquired	13,552	17,518
	\$	\$
Proceeds from sales	1,315,860	921,355
Administration and marketing expenses	61,156	89,973
Payments to growers	1,219,991	810,866

The average return per ton to the growers was \$90.02 in 1966 and \$46.29 in 1967.

Tobacco Leaf Marketing Board.

In 1966, the Supreme Court granted an injunction restraining the appointment of the persons who had been elected as elective members of the 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. The members have not yet been appointed, and the manager continues to perform the functions of the Board.

A summary of the financial operations for the accounting periods ending 31st March, 1967, and 31st March, 1968, is set out hereunder. The figures for the latter period are subject to audit.

1966-67.		1967-68.
\$		\$
12,547,281	Gross proceeds from sales of tobacco leaf	11,488,597
	<i>Applied to :—</i>	
282,733	Brokers' Commission	238,759
52,431	Freight	52,307
13,385	Rehandling Charges	10,300
53,935	Commonwealth Tax Levy	53,390
123,400	Insurance	68,706
726,691	Growers' Liens, Orders, &c.	799,775
94,230	Marketing Board Charge	175,211
2,458	Other Expenses	55,097
11,198,018	Net Proceeds to Growers	10,035,052
12,547,281		11,488,597

The Board's charge of \$175,211 against the sales proceeds, together with the Crop Insurance Premium (\$68,706) and other receipts (\$4,542), was expended as shown hereunder. The comparable figures for 1966-67 are also shown.

1966-67.		1967-68.
\$		\$
13,512	Salaries	25,042
5,499	Appraisers' Fees and Allowances	6,970
7,204	Travelling Expenses	9,244
124,738	Insurance Premiums <i>re</i> Crops, &c.	70,533
4,800	Contribution to Tobacco Growers' Council	4,800
4,710	Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal	8,628
21,037	Other Administrative Expenses	13,553
1,730	General Expenses	13,493
37,486	Surplus	96,196
220,716		248,459

The Board's balances are summarized hereunder :—

31.3.67.		31.3.68.
\$		\$
	<i>Assets—</i>	
70,000	Term Deposits	160,000
20	Petty Cash	40
137,195	Advances to Growers, &c.	179,122
174,750	Sundry Debtors	64,428
4,689	Office Furniture and Equipment	5,730
2,230	Motor Vehicles	8,697
388,884		418,017
	<i>Liabilities—</i>	
163,922	Overdraft at Bank (net)	165,611
146,764	Sundry Creditors	5,143
..	Miscellaneous	72,869
78,198	Growers' Funds	174,394
388,884		418,017

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, 27th November, 1968.