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VICTORIA

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SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1969

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*Ordered by the Legislative Assembly to be printed 2nd December, 1969*

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*By Authority:*

A. C. BROOKS, GOVERNMENT PRINTER, MELBOURNE.

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# REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT OF 7TH NOVEMBER, 1969, IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1969.

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, 1969, amounted to \$1,970,000.

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

1967-68.		1968-69.
\$		\$      \$
	Nursing Services—	
315,355	Wards .. .. .	329,898
182,559	Other .. .. .	204,518
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
945,395	Medical, Professional and Ancillary Services .. .. .	1,079,504
799,106	Administration and Ancillary Services .. .. .	872,865
178,051	Scientific and Research Departments .. .. .	169,049
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
<hr style="width: 100px; margin-left: 0; margin-right: 0;"/>		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
2,420,466		2,655,834
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>

The revenue for the past two years was :—

1,840,000	State Government Grant for Maintenance .. .. .	1,970,000
83,864	Commonwealth Pharmaceutical Benefits Grant .. .. .	104,439
55,762	Commonwealth Hospital Benefits Grant .. .. .	55,834
24,374	Commonwealth Home Nursing Subsidy .. .. .	28,046
384,487	Patients' Fees .. .. .	412,205
64,360	Miscellaneous .. .. .	66,244
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
<hr style="width: 100px; margin-left: 0; margin-right: 0;"/>		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
2,452,847		2,636,768
		<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>

The following abridged balance-sheets set out the financial position as at 30th June, 1968, and 1969 :—

30.6.68.							30.6.69.	
\$		ASSETS.					\$	\$
	<b>Maintenance Fund—</b>							
162,290	Cash at Bank	..	..	..	..	..	139,144	
105,312	Sundry Debtors	..	..	..	..	..	108,708	
68,581	Stores on Hand	..	..	..	..	..	72,968	
							<u>320,820</u>	
	<b>Investment of Specific Purpose Funds and Trusts—</b>							
25,417	Cash at Bank	..	..	..	..	..	11,111	
225,281	Other Investments	..	..	..	..	..	241,962	
							<u>253,073</u>	
	<b>Capital Funds—</b>							
147,204	Cash at Bank	..	..	..	..	..	298,248	
3,423,113	Building Improvements	..	..	..	..	..	3,608,156	
1,484,110	Furniture, Plant and Equipment	..	..	..	..	..	1,570,075	
40,459	Motor Cars	..	..	..	..	..	43,648	
							<u>5,520,127</u>	
<u>5,681,767</u>	Total Assets	..	..	..	..	..	..	<u>6,094,020</u>
	<b>LIABILITIES AND FUNDS.</b>							
	<b>Maintenance Fund—</b>							
66,712	Sundry Creditors (net)	..	..	..	..	..	68,302	
82,521	Accrued Expenditure	..	..	..	..	..	83,727	
186,950	Balance of Fund	..	..	..	..	..	168,792	
							<u>320,821</u>	
	<b>Specific Purpose Funds and Trusts—</b>							
208,718	Research Investigation Fund	..	..	..	..	..	205,095	
41,980	Other Funds	..	..	..	..	..	47,977	
							<u>253,072</u>	
5,094,886	Capital Funds	..	..	..	..	..	..	<u>5,520,127</u>
<u>5,681,767</u>	Total Liabilities and Funds	..	..	..	..	..	..	<u>6,094,020</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 Treasurer of Victoria, 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 :—

1967-68.		INCOME.						1968-69.	
\$							\$	\$	
	Contributions—Acts Nos. 6221 /6622—								
44,556	Government	..	..	..	..	..	23,264		
44,556	Mine Owners	..	..	..	..	..	11,114		
5,188	Mine Workers	..	..	..	..	..	2,073		
							<u>36,451</u>		
	Contributions—Act No. 7715—								
..	Government	..	..	..	..	..	..	16,608	
57,641	Interest on Investments	..	..	..	..	..	..	55,687	
<u>151,941</u>								<u>108,746</u>	
	EXPENDITURE.								
149,060	Pensions	..	..	..	..	..	..	165,095	
13,253	Refunds of Contributions	..	..	..	..	..	..	19,710	
6,254	Administration	..	..	..	..	..	..	8,054	
<u>168,567</u>								<u>192,859</u>	
16,626	Deficit for year	..	..	..	..	..	..	<u>84,113</u>	

The provisions of the *State Coal Mines (Winding Up) Act* 1968, No. 7715, repealed, as from 1st January, 1969, all of Part II of the *Coal Mines Act* 1958, No. 6221. Consequent on this repeal, the State Coal Mine ceased to operate. A direct result of the cessation of operations was the non-receipt by the Coal Mine Workers' Pensions Fund of contributions which were formerly a charge on the Mine and its workers. Mine workers over the age of fifty-five years at 1st January, 1969, were given the right to retire, from that date, as if they had reached the normal retiring age of sixty years. The Treasurer, under the amending legislation, is required to make contributions equal to the contributions which would have been received from the Treasurer, the Mine and the worker in respect of each early-retired worker had he continued to work full time to his normal retiring age.

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

30.6.68.								30.6.69.
\$								\$
1,085,157	Accumulated Funds	..	..	..	..	..	..	<u>1,001,044</u>
	Represented by—							
7,537	Current Assets less Liabilities	..	..	..	..	..	..	47,384
620	Fixed Assets	..	..	..	..	..	..	660
1,077,000	Investments at cost..	..	..	..	..	..	..	953,000
<u>1,085,157</u>								<u>1,001,044</u>

During 1968-69, actuarially assessed contributions totalled \$48,600 compared with \$94,300 in the previous year. This reduction, together with the loss of the mine and workers contributions for the period 1st January, 1969 to 30th June, 1969, and the increase in pensions and refunds brought about by the State Coal Mine closure, accounted for the large increase in the year's deficit.

An actuarial investigation of the Fund is in progress at present.

### 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, 1969, was \$3,116,981 from which was deducted \$4,091, the surplus of receipts over expenditure carried forward from the year ended 30th June, 1968, leaving net estimated expenditure of \$3,112,890. This was the amount received during the year from the contributors.

Actual expenditure for the year exceeded the estimate of total expenditure by \$172,758, but miscellaneous receipts partly offset this amount leaving a deficit of \$51,843 to be carried forward to the next year.

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

—	1967-68.	1968-69.
<i>Receipts.</i>	\$	\$
Surplus from previous year .. .. .	15,231	4,091
Statutory contributions .. .. .	2,860,014	3,112,890
Other receipts .. .. .	122,434	120,915
Deficit carried forward to next year .. .. .	..	51,843
	2,997,679	3,289,739
<i>Payments.</i>		
Salaries, wages and maintenance .. .. .	1,800,157	1,984,292
Loan repayments .. .. .	155,581	145,843
Loan interest .. .. .	129,749	155,968
Land, buildings, rolling-stock and equipment .. .. .	233,525	216,031
Motor replacement fund .. .. .	229,460	256,502
Compensation fund .. .. .	30,000	30,000
Other payments .. .. .	415,116	501,103
Surplus carried forward to next year .. .. .	4,091	..
	2,997,679	3,289,739

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

	1967-68.	1968-69.
	\$	\$
Balance, 1st July .. .. .	141,038	113,686
<i>Receipts—</i>		
Loan Proceeds .. .. .	500,000	550,000
Refunds, &c. .. .. .	26,416	26,431
	667,454	690,117
<i>Expenditure—</i>		
Buildings .. .. .	236,509	225,984
Vehicles .. .. .	278,063	332,290
Radio Equipment .. .. .	39,196	48,047
	553,768	606,321
Balance unexpended 30th June .. .. .	113,686	83,796

The analysis hereunder of the Authority's balance-sheets shows the financial position of the Authority at 30th June, 1968 and 1969 :—

30.6.68.		30.6.69.	
\$		\$	\$
	Source of Funds—		
	<i>External—</i>		
2,630,228	Loan Liability .. .. .	3,034,385	
113,686	Less unexpended .. .. .	83,796	
<u>2,516,542</u>			
279,653	*New Headquarters Building Account .. .. .	2,950,589	
<u>2,796,195</u>		<u>232,645</u>	
			3,183,234
	<i>Internal—</i>		
	Excess of assets over liabilities transferred from		
276,271	Country Fire Brigades Board .. .. .	276,271	
1,996,216	Income and Expenditure Account—accumulated balance .. .. .	2,155,247	
2,869,662	Reserves .. .. .	3,160,175	
<u>1,326,130</u>			
1,216,679	Funds .. .. .	1,594,802	
<u>109,451</u>	Less invested on account of Compensation, Superannuation and other Trust purposes .. .. .	<u>1,435,387</u>	
			159,415
5,251,600			<u>5,751,108</u>
<u>8,047,795</u>			<u>8,934,342</u>
	Represented by—		
	<i>Current Assets—</i>		
4,091	Cash .. .. .	..	
45,276	Sundry Debtors .. .. .	40,463	
127,994	Stocks—including uniforms issued .. .. .	142,993	
<u>177,361</u>		<u>183,456</u>	
	<i>Less—</i>		
	<i>Current Liabilities—</i>		
85,391	Sundry Creditors .. .. .	91,312	
..	Bank Overdraft .. .. .	51,843	
<u>91,970</u>		<u>143,155</u>	
			40,301
	<i>Investments—</i>		
109,451	Motor Replacement and Sale of Property Funds.. .. .	..	159,415
<u>7,846,374</u>			
8,047,795	<i>Fixed Assets—</i>		
564,241	Land .. .. .	579,268	
2,475,864	Buildings .. .. .	2,771,129	
4,163,828	Rolling-stock .. .. .	4,683,435	
597,354	Plant and Machinery .. .. .	654,532	
45,087	Other .. .. .	46,262	
<u>7,846,374</u>		<u>8,734,626</u>	
<u>8,047,795</u>			<u>8,934,342</u>

\* Cash balances which are included in the general and specific funds have been set off against this account, resulting in a credit balance at the Bank of \$92,599 at 30th June, 1969.

## 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, 1968.

Following is an abridged statement of the General Revenue Account for the years ended 30th September, 1967, and 1968 :—

1966-67.		1967-68.	
\$		\$	\$
	Income—		
327,163	Rating Precepts—Municipalities .. .. .	417,896	
109,351	Other .. .. .	91,942	
<u>436,514</u>			<u>509,838</u>
	Expenditure—		
54,760	Administration .. .. .	64,284	
54,155	Maintenance of Works .. .. .	65,737	
36,423	Survey, Investigation and Design .. .. .	45,678	
13,992	Depreciation Provision .. .. .	22,321	
49,300	Debt Services .. .. .	109,564	
<u>208,630</u>			<u>307,584</u>
227,884	Excess of Income over Expenditure .. .. .		202,254
4,520	Less Appropriation to Loans Repayment Sinking Fund .. .. .		5,470
<u>223,364</u>	Net Surplus for year .. .. .		<u>196,784</u>

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

30.9.67.		30.9.68.	
\$		\$	\$
	Current Assets—		
..	Cash at Bank .. .. .	318,213	
148,377	Debtors and Prepayments .. .. .	7,632	
3,003	Other .. .. .	4,251	
<u>151,380</u>			<u>330,096</u>
	Fixed Assets—		
249,173	Land and Buildings (at cost) .. .. .	261,683	
87,945	Plant, Vehicles and Equipment (at cost less depreciation) .. .. .	98,927	
13,676	Office Furniture and Machines (at cost less depreciation) .. .. .	14,118	
<u>350,794</u>			<u>374,728</u>
	Capitalized Works Expenditure—		
977,241	River Improvement Works .. .. .	1,334,950	
741,660	Piped or Lined Drainage Channels .. .. .	1,373,487	
1,820,735	Carrum Drainage District .. .. .	1,813,771	
60,873	Other .. .. .	137,031	
<u>3,600,509</u>		<u>4,659,239</u>	
12,682	Less Provision for Depreciation .. .. .	32,074	
<u>3,587,827</u>			<u>4,627,165</u>
32,044	Investments .. .. .		67,938
<u>4,122,045</u>			<u>5,399,927</u>



30.9.67.							30.9.68.		
\$							\$	\$	
	<b>Current Liabilities—</b>								
51,156	Bank Overdraft	..	..	..	..	..	..		
42,152	Other	..	..	..	..	..	47,225		
							47,225	47,225	
	<b>Loans—</b>								
641,447	Government of Victoria	..	..	..	..	..	632,655		
999,451	Other	..	..	..	..	..	1,543,608		
							2,176,263	2,176,263	
1,734,206								2,223,488	
	<b>Excess of Assets over Liabilities—</b>								
200,872	Grants by Government of Victoria	..	..	..	..	..	59,172		
1,484,194	Capital Expenditure borne by the State	..	..	..	..	..	1,834,557		
181,001	Contributions by Property Owners	..	..	..	..	..	557,977		
3,059	Appropriation for Plant Replacement	..	..	..	..	..	3,578		
4,569	Appropriation for Loans Repayment	..	..	..	..	..	10,227		
514,144	General Revenue Account Balance	..	..	..	..	..	710,928		
							3,176,439	3,176,439	
2,387,839								5,399,927	
4,122,045								5,399,927	

## ELECTRICITY COMMISSION.

The net income of the State Electricity Commission for the year ended 30th June, 1969, was \$16,181,493 compared with \$9,058,198 in 1967-68.

Factors which influenced the year's result included—

- (i) an increase of \$17,528,953 from sales of electricity ;
- (ii) an increase of \$1,493,157 in the annual depreciation charge. 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, as in the previous year, by way of additional depreciation of assets in the briquette business ;
- (iv) an increase of \$2,444,131 in net interest charges ;
- (v) a net increase in costs of salaries, wages, and associated charges and, also, increases in costs of materials and other expenses ; and
- (vi) the writing-off of \$1,206,316 on account of intangible property included in the purchase prices for undertakings acquired, compared with \$60,495 written off in 1967-68.

Changes have been effected by the Commission in the presentation of its Revenue Account and Balance Sheet. As the statement of the Revenue Account below is in condensed form, it does not show these changes. Changes in the Balance Sheet affecting comparison with previous years are summarized in my comments on the Balance Sheet.

## REVENUE ACCOUNT.

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

1967-68.		1968-69.
\$		\$      \$
198,332,239	Operating Income .. .. .	216,683,053
134,996,626	Operating Expenditure .. .. .	145,418,855
63,335,613	Excess of Operating Income over Operating Expenditure .. .. .	71,264,198
149,302	Add—Miscellaneous Income .. .. .	155,558
63,484,915		71,419,756
	<i>Deduct—</i>	
45,517,378	Interest .. .. .	47,961,509
1,102,600	Loan Flotation Expenses .. .. .	545,500
826,809	Miscellaneous Expenditure .. .. .	731,254
979,930	Unamortized Loan Flotation Expenses Written Off .. .. .	..
6,000,000	Additional Depreciation of Briquette Factories .. .. .	6,000,000
54,426,717		55,238,263
9,058,198	Balance of Income before Appropriations .. .. .	16,181,493
	<i>Appropriations—</i>	
..	Provision for accruing Long Service Leave and Retiring Allowances .. .. .	6,000,000
	Provision for Statutory Transfers to Consolidated Revenue of Victoria—	
5,700,000	Based on Total Revenue for 1968-69 .. .. .	6,300,000
340,000	Balance of Contribution in 1968-69, not provided out of 1967-68 Income .. .. .	120,000
563,018	Based on Brown Coal Production in 1968-69 .. .. .	561,644
2,455,180	General Reserve .. .. .	6,981,644
9,058,198		3,199,849
		16,181,493

The contribution to Consolidated Revenue in 1968-69 in accordance with the *Public Authorities (Contributions) Act 1966* was \$5,820,000. This was calculated at 3 per cent. of \$194,000,000, 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 1967-68.

The appropriation of \$6,000,000 to a provision for accruing long service leave and retiring allowances was in accordance with a decision of the Commission to make special provision over four years to overtake the arrears in accrual of this liability, estimated by the Commission to be \$32,000,000 at the end of the four-year period.

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 1968-69 compared with the previous year :—

1967-68.		1968-69.
\$		\$            \$
20,251,144	Profit on Electricity Supply .. .. .	27,293,766
260,839	Profit on Brown Coal Sales (Yallourn North Extension) ..	184,365
20,511,983		27,478,131
3,309,313	Loss on Briquetting .. .. .	4,242,790
487,035	Loss on Tramways .. .. .	478,152
3,796,348		4,720,942
16,715,635		22,757,189
	<i>Less—</i>	
677,507	Excess of Miscellaneous Expenditure over Income ..	575,696
979,930	Unamortized Loan Flotation Expenses Written Off ..	..
6,000,000	Special Depreciation of Briquette Factories .. ..	6,000,000
7,657,437		6,575,696
9,058,198	Income in excess of Expenditure for year .. .. .	16,181,493

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

*Electricity Supply.*—(Profit \$27,293,766). Operational statements for the past two years show :—

	1967-68.	1968-69.
	\$	\$
Sales—		
Domestic .. .. .	54,790,057	63,023,866
Commercial and General .. .. .	27,323,730	31,014,391
Industrial.. .. .	52,617,987	55,606,400
Traction .. .. .	3,824,659	3,690,623
Bulk Supplies .. .. .	41,508,500	45,571,587
Public Lighting and Unread Meters .. .. .	4,799,980	3,486,999
	184,864,913	202,393,866
Operating Charges—		
Power Generation .. .. .	82,623,498	84,562,337
Purchased Electricity .. .. .	8,801,752	8,906,103
Transmission and Distribution .. .. .	73,188,519	81,631,660
	164,613,769	175,100,100
Profit .. .. .	20,251,144	27,293,766

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

- (i) Revenue of \$202,393,866 from sales of electricity during the year 1968–69 was an improvement of \$17,528,953 or 9·5 per cent. on sales revenue for the year 1967–68. This increase of 9·5 per cent. in sales expressed in monetary terms compares with an 8·7 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 resulted from the operation for a full year of the tariff increase which became effective on 1st November, 1967.
- (ii) There was an increase of 37,101 consumers in the year.
- (iii) Operating charges in 1968–69 increased by \$10,486,331 or 6·4 per cent. over the amount for the previous financial year.
- (iv) The cost per kWh sold declined from 1·686 cents in 1967–68 to 1·650 cents in 1968–69.
- (v) There was a reduction of 5·7 per cent. in the overall cost per kWh of electricity sent out from power stations (including purchases) from 0·783 cents in 1967–68 to 0·738 cents in 1968–69. Increased output from Hazelwood power station at low cost per kWh (0·519 cents) had a big influence in the overall annual improvement.

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

	1967–68. Millions.	1968–69. Millions.
Total kWh sent out from power stations (including purchases) .. .. .	11,118·882	11,999·312
kWh sold—Victorian consumers .. .. .	9,385·554	9,951·064
—The Electricity Commission of New South Wales and Snowy Mountains Hydro-electric Authority .. .. .	375·231	659·922
—to Works .. .. .	181·747	178·660
Total kWh sold .. .. .	9,942·532	10,789·646

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

	1967–68. kWh.	1968–69. kWh.
Domestic .. .. .	3,474	3,750
Commercial .. .. .	9,833	10,797
Industrial (including farms) .. .. .	46,905	44,422
	c	c
Income per kWh sold .. .. .	1·961	2·020
Cost per kWh sold .. .. .	1·686	1·650

*Brown Coal Production and Distribution.*—Coal won for the year amounted to 22,466,000 tons, a decrease of 54,000 tons on 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.

	1967–68. Tons.	1968–69. Tons.
Morwell .. .. .	10,122,000 (\$1.11)	10,117,000 (\$0.96)
Yallourn .. .. .	11,980,000 (\$0.86)	11,890,000 (\$0.88)
Yallourn North Extension .. .. .	418,000 (\$1.09)	459,000 (\$1.24)
	22,520,000	22,466,000

Distribution of the output was as follows :—

	1967–68. Tons.	1968–69. Tons.
Power Production .. .. .	16,882,000	17,645,000
Briquette Manufacture .. .. .	5,220,000	4,362,000
Sales to Public .. .. .	333,000	366,000
Sales to Gas and Fuel Corporation .. .. .	85,000	93,000
	22,520,000	22,466,000

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

	1967-68.		1968-69.	
	\$	\$	\$	\$
Sales .. .. .	..	734,225	..	770,792
Operating Charges—				
Production .. .. .	..	457,913	..	569,092
Freight and Distribution .. .. .	..	15,473	..	17,335
		<u>473,386</u>		<u>586,427</u>
Profit .. .. .	..	<u>260,839</u>	..	<u>184,365</u>

The increase in income is explained by the increase in sales from 418,221 tons in 1967-68 to 458,707 tons in 1968-69. The increase in expenditure on production from \$457,913 in 1967-68 to \$569,092 in 1968-69 was due mainly to increased expenditure on removal of overburden. In the former year, 34,585 cubic yards were removed compared with 503,738 cubic yards in the latter.

*Briquetting.*—(Loss \$4,242,790). Trading results for the past two years, excluding costs charged on internal transfers to works, are shown in the following statement :—

	1967-68.		1968-69.	
	\$	\$	\$	\$
Sales—				
Domestic .. .. .	..	6,798,497	..	7,261,955
Industrial .. .. .	..	5,668,527	..	5,990,865
		<u>12,467,024</u>		<u>13,252,820</u>
Manufacturing Costs .. .. .	..	9,572,372	..	11,387,597
Distribution and Selling .. .. .	..	6,203,965	..	6,108,013
		<u>15,776,337</u>		<u>17,495,610</u>
Loss		<u>3,309,313</u>		<u>4,242,790</u>

The statement shows that income increased in 1968-69 compared with 1967-68. Quantity sales increased by 85,000 tons and the overall average income per ton was only 4 cents less than last year.

Reference was made in my last Supplementary Report to Commission decisions to make special depreciation provisions at a level sufficient to depreciate fully all assets connected with the briquetting activity before 1970-71. A special provision of \$6,000,000 is shown as a separate item in the Revenue Account for 1968-69 and follows a similar provision in the previous year. 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, 1968, resulted in a lower charge for interest in 1968-69.

*Tramways.*—(Loss \$478,152). Separate figures for the year in respect of operations at Ballarat and at Bendigo show :—

	Ballarat.	Bendigo.	Total.
	\$	\$	\$
Operating Charges .. .. .	388,178	355,549	743,727
Traffic Receipts, &c. .. .. .	162,688	102,887	265,575
Loss .. .. .	<u>225,490</u>	<u>252,662</u>	<u>478,152</u>

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

	1967-68.	1968-69.
	\$	\$
Expenditure—Operation .. .. .	488,965	522,655
Maintenance .. .. .	184,217	172,352
Administration, &c. .. .. .	79,930	48,720
	<hr/>	<hr/>
Income—Traffic Receipts, &c. .. .. .	753,112	743,727
	266,077	265,575
	<hr/>	<hr/>
Loss .. .. .	487,035	478,152
	<hr/>	<hr/>
Number of Passengers carried .. .. .	3,537,177	3,237,291
Number of Tram miles .. .. .	833,503	827,662
Passengers per Tram mile .. .. .	4.24	3.91
Expenses per Passenger .. .. .	21.29c	22.97c
Income per Passenger .. .. .	7.52c	8.20c

Although the number of passengers carried declined in 1968-69, income was maintained almost to the level of 1967-68 following a fare increase as from 26th January, 1969. The loss per passenger carried was 14.77 cents in 1968-69 compared with 13.77 cents in the previous year.

#### Depreciation.

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

	1967-68.	1968-69.
	\$	\$
Normal provision—charged to operations .. .. .	37,961,364	39,452,455
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 .. .. .	6,000,000	6,000,000
Indirect—charged to Fixed Assets .. .. .	1,189,214	1,291,256
	<hr/>	<hr/>
Amortization—Development of Open Cuts—charged to operations	48,150,578	49,743,711
	504,110	506,176
	<hr/>	<hr/>
	48,654,688	50,249,887

The balance-sheet discloses that at 30th June, 1969, the provision for depreciation had increased by \$35,218,813 compared with the figure at 30th June, 1968. This net increase is explained hereunder :—

	\$
Balance—30th June, 1968 .. .. .	293,942,911
Add Provision for year as per statement above .. .. .	49,743,711
	<hr/>
Less Retirements .. .. .	343,686,622
	14,524,898
	<hr/>
Balance—30th June, 1969 .. .. .	329,161,724

#### Interest.

Compared with the previous year, there was a net increase in this item of \$2,423,045.

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

	1967-68.	1968-69.
	\$	\$
On—Capital Liabilities .. .. .	44,685,239	46,755,439
Acquisition Loans from Municipalities .. .. .	99,983	111,233
Advances from Provident Fund .. .. .	1,847,430	2,166,194
Advances for Capital Works .. .. .	2,891,725	2,910,700
Current Liabilities .. .. .	18,463	26,325
	<hr/>	<hr/>
Deduct Interest earned on Investments .. .. .	49,542,840	51,969,891
	3,027,202	3,031,208
	<hr/>	<hr/>
	46,515,638	48,938,683

These totals were allocated in the accounts as under :—

	\$	\$
Revenue Account .. .. .	45,517,378	47,961,509
Fixed Assets—Indirect interest included in charges for services	998,260	977,174
	<hr/>	<hr/>
	46,515,638	48,938,683

## BALANCE SHEET.

Changes have been made by the Commission in the classification of some items in its Balance Sheet for the year ended 30th June, 1969, and comparison with previous years is affected. These changes are—

- (i) Under Current Assets is included the item, Other Deferred Charges, previously included under Deferred Charges. As a result, Deferred Charges, as a separate group of assets, is now omitted.
- (ii) Under the section headed Current Liabilities, contractors' deposits have been transferred from Accounts Payable and Miscellaneous Accruals and combined with consumers' deposits as Consumers' and Contractors' Deposits.
- (iii) A new section called Deferred Liabilities and Provisions has been inserted. This section consists of—
  - (a) Consumers' and Other Advances for Capital Works, previously termed Consumers' and Other Advances for Construction ;
  - (b) Advances from Provident Fund, previously included in Consumers' and Other Advances for Construction ;
  - (c) Acquisition Loans from Municipalities, comprising balances due to municipalities in respect of undertakings acquired, previously included in Accounts Payable and Miscellaneous Accruals, together with the amount of Inscribed Stock and Debentures issued by Acquired Undertakings, formerly classified as an item under Capital Liabilities ; and
  - (d) Provision for Long Service Leave and Retiring Allowances, a new special provision by appropriation from the Revenue Account for the year ended 30th June, 1969.

The Commission's balances at 30th June, 1968 and 1969, are summarized below. Changes in classification explained above have necessitated some re-arrangement of items and amendment of figures in the Balance Sheet as at 30th June, 1968, published in my last Supplementary Report, so that they are comparable with those as at 30th June, 1969.

30.6.68.		30.6.69.
\$		\$            \$
	<b>Fixed Assets—</b>	
1,076,253,486	Assets in Service—at cost .. .. .	1,192,887,800
293,942,911	Deduct Provision for Depreciation .. .. .	329,161,724
782,310,575		863,726,076
93,899,710	Assets not yet in service .. .. .	64,031,958
14,117,622	Development of Open Cuts—balance of cost ..	13,719,891
890,327,907		941,477,925
4,163,033	Long Term Debtors (Real Estate Sales) .. .. .	4,119,978
43,195,099	Investments—at cost .. .. .	48,436,475
	<b>Current Assets—</b>	
1,247,489	Balances at Bank and Cash in Hand .. .. .	819,879
17,483,560	Consumers' and Other Accounts Receivable ..	18,072,179
14,590,366	Unread Meters—Estimated Income .. .. .	15,725,885
14,381,679	Materials and Fuel—at cost .. .. .	12,570,658
473,686	Other Deferred Charges .. .. .	247,046
48,176,780		47,435,647
985,862,819		1,041,470,025
	<b>Less Current Liabilities—</b>	
437,787	Bank Overdraft .. .. .	470,861
15,294,002	Accounts Payable and Accruals (other than Interest)	14,619,329
9,812,908	Interest Accrued .. .. .	10,363,543
941,970	Consumers' and Contractors' Deposits ..	1,047,088
6,263,018	Provision for Transfers to Consolidated Revenue ..	6,861,644
32,749,685		33,362,465
953,113,134		1,008,107,560

The Commission's balances were financed as follows :—

30.6.68.		30.6.69.
\$		\$
223,417,569	State Treasury Loans (net) .. .. .	238,296,324
611,177,960	Commission Loans (net) .. .. .	633,008,917
834,595,529		871,305,241
	Deferred Liabilities and Provisions—	
53,244,853	Consumers' and Other Advances for Capital Works	53,118,707
31,798,843	Advances from Provident Fund .. .. .	36,896,527
1,747,402	Acquisition Loans from Municipalities ..	3,453,097
..	Provision for Long Service Leave and Retiring Allowances .. .. .	6,000,000
86,791,098		99,468,331
	Reserves—	
25,467,484	General .. .. .	29,127,152
6,259,023	Consumers' and Other Contributions for Capital Works .. .. .	8,206,836
31,726,507		37,333,988
953,113,134		1,008,107,560

*Fixed Assets.*—The division of Fixed Assets in the Balance Sheet into assets in service and assets not yet in service, while based mainly on actual cost, includes some allocations based on engineers' estimates relating to assets under construction.

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

	30.6.68.	30.6.69.
	\$	\$
Coal Production .. .. .	67,487,680	72,646,673
Briquette Production and Distribution .. .. .	43,004,492	42,622,556
Power Production—		
Thermal Stations .. .. .	359,188,716	393,039,202
Hydro Stations .. .. .	79,173,627	79,189,931
Transmission System .. .. .	243,321,647	267,966,276
Distribution .. .. .	288,316,488	312,235,478
General Service Assets .. .. .	89,660,546	89,219,642
	1,170,153,196	1,256,919,758
Deduct Provision for Depreciation .. .. .	293,942,911	329,161,724
	876,210,285	927,758,034
Development of Open Cuts—Balance of Cost .. .. .	14,117,622	13,719,891
	890,327,907	941,477,925

Expenditure on Fixed Assets for the year, which is summarized below, under operational heads, amounted to \$103,605,684 compared with \$102,798,611 in 1967–68 :—

	\$	\$
Coal Production System .. .. .	.. .. .	4,766,685
Briquette Production and Distribution .. .. .	.. .. .	184,678
Thermal Power Production—		
Yallourn .. .. .	199,954	
Morwell .. .. .	1,325	
Hazelwood .. .. .	36,322,400	
Yallourn " W " .. .. .	3,693,572	
Other .. .. .	28,200	
	40,245,451	
Hydro Power Production (Kiewa) .. .. .	.. .. .	88,050
Transmission .. .. .	.. .. .	26,800,490
Distribution—		
Metropolitan .. .. .	7,549,949	
Provincial and Country .. .. .	19,225,977	
	26,775,926	
General Service Assets—		
Plant and Equipment .. .. .	1,525,472	
Offices, Stores, &c. .. .. .	945,541	
	2,471,013	
Other .. .. .	.. .. .	2,273,391
		103,605,684



The expenditure of \$103,605,684 was offset by retirements and adjustments in the year amounting to \$16,839,122, making the net increase in assets \$86,766,562.

*Investments.*—During the year, the Commission's investments, excluding deposits held on account of contractors and consumers, increased by \$5,247,301.

Investments held at 30th June, 1968 and 1969, were as follows :—

	30.6.68.	30.6.69.
	\$	\$
General—		
Government and semi-Government Securities .. ..	27,612,669	26,724,123
Short Term—		
Short Term Money Market and "Buy Back" secured by Government Guaranteed Securities, and Commercial Bills	3,935,723	9,250,898
	<u>31,548,392</u>	<u>35,975,021</u>
Sinking Fund—		
Government and semi-Government Securities .. ..	11,584,521	12,405,193
	<u>*43,132,913</u>	<u>*48,380,214</u>

\* Excludes contractors' and consumers' deposits.

*Consumers' and Other Advances for Capital Works.*—The Commission's liability on account of these advances decreased during the year. Details are :—

	Balance 30.6.68	Balance 30.6.69	Variation for Year
	\$	\$	\$
Consumers' Advances for Capital Works (Self Help) ..	51,014,135	50,825,568	— 188,567
Advances for Construction of Offices and Showrooms ..	2,230,718	2,293,139	+ 62,421
	<u>53,244,853</u>	<u>53,118,707</u>	<u>— 126,146</u>

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

	1967-68.		1968-69.	
	\$	\$	\$	\$
Contributions received .. ..	7,317,379		7,035,345	
Interest credits .. ..	2,750,714		2,770,768	
	<u>10,068,093</u>		<u>9,806,113</u>	
Less refunds of instalments and expired deposits, and transfers to consumers' accounts as payments for supplies of electricity .. ..		9,370,506		9,994,680
Net Increase .. ..		697,587		..
Net Decrease .. ..		..		188,567

*Loans.*—The loan liability of \$238,296,324 to the Treasury at 30th June, 1969 was determined after the deduction of \$26,874,991, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1968-69 was \$2,203,263, in respect of which a credit of \$459,819 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. The loan liability to the Treasury does not include \$1,750,000 advanced in June, 1969. This sum was not received by the Commission until July, 1969.

Including settlements of \$832,690 on account of loans authorized in 1967-68, loan moneys raised by the Commission during the year amounted to \$76,405,770. The sources of these moneys were—

	\$
Public Loans .. ..	29,396,590
Private Loans .. ..	45,255,800
Area Loans .. ..	271,380
Retired Staff Loans .. ..	1,482,000
	<u>76,405,770</u>

The net increase in Commission loans in 1968-69 was \$21,830,957. The difference of \$54,574,813 between the total raisings of \$76,405,770, detailed immediately above, and the net increase, represents the total of conversions and redemptions of maturing loans and payments in reduction of current loans.

*Reserves.*—The Balance Sheet discloses that, at 30th June, 1969, Reserves totalled \$37,333,988 compared with \$31,726,507 at 30th June, 1968. Further explanations are given hereunder :—

(i) *General Reserve.*—The increase of \$3,659,668 in the balance of this Reserve is accounted for as follows :—

	\$	\$
Balance at 30th June, 1968 .. .. .	..	25,467,484
<i>Add</i> —Credit on account of contributions to the National Debt Sinking Fund for 1968–69 not payable by the Commission, less certain charges .. ..	459,819	
<i>Appropriation from Revenue Account</i> — Balance of Income for 1968–69 .. ..	3,199,849	
	<hr/>	3,659,668
Balance at 30th June, 1969 .. .. .	..	<hr/> 29,127,152 <hr/>

(ii) *Consumers' and Other Contributions for Capital Works.*—The balances of this Reserve at 30th June, 1968 and 1969, comprise non-repayable contributions made to the Commission towards the cost of Fixed Assets.

#### ELECTRICITY COMMISSION PROVIDENT FUND.

Financial statements of this Fund for the year ended 30th June, 1969, have been audited. The following statement shows operations of the Fund during the year:—

	\$	\$
Balance of Fund at 30th June, 1968 .. .. .	..	60,551,608
<i>Add</i> —Contributions—Commission .. .. .	3,865,295	
Officers .. .. .	2,574,224	
	<hr/>	6,439,519
Investment Income .. .. .	..	3,691,353
		<hr/> 70,682,480
<i>Less</i> —Expenditure—Benefits .. .. .	3,592,307	
Refunds on account of resignation, &c. .. ..	331,301	
	<hr/>	3,923,608
Balance of Fund at 30th June, 1969 .. .. .	..	<hr/> 66,758,872 <hr/>

The Fund was represented by—

	\$	\$
Investments in Commission—Loan Advances .. .. .	36,896,527	
Inscribed Stock .. .. .	25,452,800	
	<hr/>	62,349,327
Other Investments—Company Debentures .. .. .	998,059	
Company Shares .. .. .	1,756,430	
Housing Societies .. .. .	488,338	
	<hr/>	3,242,827
Accrued Income—Contributions .. .. .	168,500	
Interest .. .. .	1,103,005	
	<hr/>	1,271,505
<i>Less</i> —Benefits accrued and unpaid.. .. .	104,787	
	<hr/>	1,166,718
		<hr/> 66,758,872 <hr/>

## 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 :—

1967-68. \$	Income—	1968-69. \$	\$
	Sales—		
30,806,314	Gas .. .. .	33,719,915	
9,584,414	Residual Products and Appliances .. .. .	9,830,277	
40,390,728			43,550,192
	Expenditure—		
..	Natural Gas .. .. .	102,558	
15,889,549	Town Gas .. .. .	16,083,590	
9,561,413	Distribution .. .. .	10,507,635	
9,438,876	Residual Products, Appliances and Selling Expenses .. .. .	10,415,822	
2,249,280	Management .. .. .	2,453,806	
13,853	Audit Fees .. .. .	14,492	
17,548	Directors' Fees .. .. .	16,956	
516,653	Research and Development .. .. .	401,191	
716,159	Superannuation and Retiring Allowances .. .. .	744,281	
474,317	Long Service Leave .. .. .	873,135	
81,855	Other costs .. .. .	106,880	
38,959,503			41,720,346
1,431,225	Profit on Trading .. .. .		1,829,846
960,000	Contribution to Consolidated Revenue—State of Victoria .. .. .	1,005,000	
50,000	Contingency Reserve .. .. .	50,000	1,055,000
421,225	Net Profit for year carried to Profit and Loss Appropriation Account .. .. .		774,846

The quantity of gas sold for the year was 108,072,046 therms returning 31·2 cents per therm compared with, in 1967-68, 95,948,932 therms for a unit return of 32·11 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 \$33,500,000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1967-68 and 3 per cent. thereof, \$1,005,000, was paid to Consolidated Revenue in June, 1969.

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

	\$	\$
Balance brought forward 1st July, 1968 .. .. .	27,395	
Net Profit for year from Profit and Loss Account .. .. .	774,846	
Available for Appropriation .. .. .	..	802,241
Additional Provision for Retiring Allowances .. .. .	100,000	
General Reserve .. .. .	350,000	
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1968 .. .. .	157,639	
Preference Dividend to be paid—		
4 per cent. per annum for half year ended 30th June, 1969 .. .. .	157,639	
		765,278
Balance carried forward 30th June, 1969 .. .. .	..	36,963

The following is a statement of the Corporation's balances at 30th June, 1969, 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.

1968.		1969.
\$		\$      \$
	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
15,881,952	Subscribed Capital (Fully Paid) .. .. .	15,881,952
	Reserves—	
..	General Reserve (see explanatory note No. 2 herein) ..	1,915,425
1,766,316	Land Revaluation Reserve .. .. .	1,766,316
545,590	National Debt Sinking Fund (Treasury allocation of Commonwealth contributions) .. .. .	..
357,336	Contingencies Reserve .. .. .	407,336
100,000	Reserve for Increased Cost of Replacement of Fixed Assets ..	..
160,000	Dividend Equalization Reserve (Preference Shares) ..	..
700,000	Natural Gas Conversion Reserve .. .. .	..
		4,089,077
27,395	Profit and Loss Appropriation Account .. .. .	36,963
19,538,589		20,007,992
	Deferred Liabilities—	
10,049,374	Advances from State of Victoria .. .. .	10,083,832
889,316	Less securities purchased and cancelled by the National Debt Commission .. .. .	974,243
9,160,058		9,109,589
	Debentures and Debenture Stock (Secured)—	
8,864,361	Redeemable within twelve months .. .. .	5,923,151
70,700,069	Redeemable after twelve months .. .. .	87,609,918
79,564,430	\$   Contingent Liabilities—	93,533,069
108,263,077	1,499   Uncalled amount on Shares held in another company	1,499
108,263,077	4,434,288   Commitments under Contracts for Capital Expenditure and Bank Guarantees	3,456,765
	Fixed Assets—	
137,463,006	Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in Progress (at cost) (see explanatory note No. 3 herein) .. .. .	143,751,178
36,004,894	Less Provision for Depreciation and Amortization (see explanatory note No. 4 herein) .. .. .	38,781,397
101,458,112	Carried forward .. .. .	104,969,781

1968.			1969.	
\$			\$	\$
101,458,112	Brought forward	.. ..	.. ..	104,969,781
<b>Current Assets—</b>				
370,759	Cash in Hand and at Banks	.. ..	454,692	
2,930,000	Short-term Deposits	.. ..	3,800,303	
7,346,942	Trade and Other Debtors ( <i>less</i> provision for	.. ..		
4,513,402	Bad and Doubtful Debts and Consumers'	.. ..		
118,717	Deposits)	.. ..	7,557,312	
	Stocks at Cost or Valuation	.. ..	5,468,946	
	Prepayments	.. ..	290,750	
<u>15,279,820</u>			<u>17,572,003</u>	
<b>Less Current Liabilities—</b>				
5,555,256	Trade and Other Creditors	.. ..	6,284,251	
474,995	Bank Overdraft	.. ..	952,444	
7,572	State of Victoria (Balance of advances for	.. ..		
	purchase of preference shares)	.. ..	18,516	
<b>Provisions—</b>				
1,748,992	Long Service Leave	.. ..	2,362,170	
767,631	Retiring Allowances	.. ..	821,848	
75,568	Deferred Repairs	.. ..	257,650	
157,639	Preference Dividend	.. ..	157,639	
<u>8,787,653</u>			<u>10,854,518</u>	
6,492,167	Net Current Assets..	.. ..	.. ..	6,717,485
<b>Investment—</b>				
1,501	Company Shares (at cost)	.. ..	.. ..	1,501
<b>Intangibles—</b>				
311,297	Unamortized Debenture Issue Expenses	.. ..	451,466	
	Natural Gas Change-over Costs (see explanatory			
	note No. 3 herein)—			
..	Unrecovered Cost of Redundant Plant	.. ..	347,207	
..	Appliance Conversion Costs	.. ..	9,074,757	
..	Severance Payments to retrenched personnel,	.. ..		
	and other expenses	.. ..	1,088,453	
			<u>10,510,417</u>	
			<u>10,961,883</u>	
<u>108,263,077</u>				<u>122,650,650</u>

DIRECTORS' EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1969.

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. *General Reserve*.—A General Reserve has been created at 30th June, 1969, by an appropriation of profits and the consolidation of certain Reserves as follows :—

	1969.	1968.
	\$	\$
Dividend Equalization Reserve (Preference Shares) .. ..	160,000	160,000
Reserve for Increased Cost of Replacement of Fixed Assets .. ..	100,000	100,000
Natural Gas Conversion Reserve .. ..	700,000	700,000
National Debt Sinking Fund Reserve .. ..	605,425	545,590
	<u>1,565,425</u>	<u>1,505,590</u>
Appropriation 1969 .. ..	350,000	
General Reserve at 30th June, 1969 .. ..	<u>1,915,425</u>	

3. *Natural Gas Change-Over Costs*.—In converting to natural gas, it is estimated that the unrecovered cost of redundant plant will be \$24,500,000, including the amount of \$347,207, as shown in this account in this year's balance-sheet. All other costs of the change-over, including conversion of appliances, will approximate \$25,000,000.

These amounts will be written-off by annual charges over a period of years, commencing with the first full accounting year following completion of the change-over.

4. *Provision for Depreciation*.—The provision for depreciation includes annual charges to the Profit and Loss Account and transfers of profits or losses on disposal of assets, including land. In this year a special provision of \$541,007 (1968 \$83,698) has been charged to Profit and Loss. The cost of plant in course of normal retirement \$271,072 (1968 \$92,115) is deducted from the provision for depreciation.

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, 1968.	1968-69.	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 .. ..	7,198,894	80,000	7,278,894	
	15,198,894	80,000	15,278,894	
Advances—				
Advance for Capital Works .. ..	10,000,000	..	10,000,000	Loan Fund
Loan Flotation Expenses .. ..	83,833	1,875	85,708	
	10,083,833	1,875	10,085,708	
Preference Share Dividend Guarantee—				
Advanced to the Corporation .. ..	354,694	..	354,694	Consolidated Revenue
Less Repayments .. ..	354,694	..	354,694	
	..	..	..	
<b>Total Investments and Advances by the State ..</b>	<b>25,282,727</b>	<b>81,875</b>	<b>25,364,602</b>	
<b>Cost to the State on account of the above—</b>				
Interest on Loans .. ..	14,109,965	1,017,648	15,127,613	Consolidated Revenue
Sinking Fund Contribution .. ..	946,479	63,139	1,009,618	
	15,056,444	1,080,787	16,137,231	
Less Recoups, &c., from Corporation—				
Interest on Advances .. ..	6,357,144	487,021	6,844,165	
Sinking Fund Contribution .. ..	343,722	25,092	368,814	
Dividends on Preference Shares .. ..	3,992,488	288,474	4,280,962	
	10,693,354	800,587	11,493,941	
<b>Net Cost to the State .. ..</b>	<b>4,363,090</b>	<b>280,200</b>	<b>4,643,290</b>	

The above statement does not take into account the sum of \$1,005,000, already referred to, which was paid into Consolidated Revenue in 1968-69 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, 1969, \$2,895,000.

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, 1969, the State was the registered owner of 3,629,889 shares. The transfer of a further 300 shares was in course and \$18,516 was held by the Corporation for future purchases.

### GEELONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1968, was \$923,700, a decrease of \$344,593 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, Port Development Fund and Long Service Leave Provision absorbed \$397,099, leaving a net surplus of \$526,601.

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

		1967.	1968.
<i>Revenue.</i>		\$	\$
<b>Operating Revenue—</b>			
Harbor Revenue .. .. .		2,464,397	2,427,921
Shipping Services .. .. .		851,101	800,613
Other .. .. .		111,087	131,863
<b>Non-operating Revenue—</b>			
Interest .. .. .		51,422	3,659
Sale of Scrap Materials .. .. .		1,456	1,312
Total Revenue .. .. .		3,479,463	3,365,368
<b><i>Expenditure.</i></b>			
<b>Operating Expenses—</b>			
Administration, &c. .. .. .		323,211	365,653
Shipping Services .. .. .		613,705	670,405
Maintenance .. .. .		212,777	233,092
Depreciation and Amortization .. .. .		602,741	693,012
<b>Non-operating Expenses—</b>			
Superannuation .. .. .		47,499	51,873
Interest .. .. .		399,580	413,375
Miscellaneous .. .. .		11,657	14,258
Total Expenditure .. .. .		2,211,170	2,441,668
Net Revenue .. .. .		1,268,293	923,700
<b>Appropriations—</b>			
Sinking Fund .. .. .		76,665	79,335
Insurance Fund .. .. .		51,000	56,000
Port Development Fund .. .. .		500,000	250,000
Long Service Leave .. .. .		15,753	11,764
Total Appropriations .. .. .		643,418	397,099
Net Surplus .. .. .		624,875	526,601

The following statement summarizes the Trust's financial position as at 31st December, 1967 and 1968 :—

31.12.67.		\$	31.12.68.	\$
7,735,915	Source of Funds— External— Loan Liability .. .. .			7,933,519
5,432,254	Internal— Endowments .. .. .		5,437,254	
11,146,673	Net Revenue Account—Accumulated Surplus .. .. .		11,673,274	
1,237,744	General Reserve .. .. .		1,263,261	
3,530,172	Specific Reserves and Funds .. .. .	4,097,161		
3,420,798	Less Investments .. .. .	3,979,458		
109,374			117,703	
17,926,045				18,491,492
25,661,960				26,425,011
1,060	Represented by— Current Assets— Cash .. .. .		1,060	
348,425	Sundry Debtors and Prepayments .. .. .		221,168	
39,114	Stores (at cost) .. .. .		36,440	
388,599			258,668	
288,267	Less—Current Liabilities— Bank Overdraft .. .. .	42,165		
257,662	Sundry Creditors and Accruals .. .. .	209,654		
88,274	Contractors' Deposits and Retentions .. .. .	55,644		
634,203			307,463	
Dr. 245,604				Dr. 48,795
52,092	Deferred Assets— Various advances, &c. .. .. .			70,936
109,952	Fixed Assets (at Cost less Depreciation)— Land (Purchased and Vested) .. .. .		117,120	
2,010,686	Buildings and Improvements .. .. .		1,932,154	
21,305,287	Harbor Works .. .. .		21,889,011	
2,185,908	Floating Plant .. .. .		2,215,926	
206,814	Other Plant and Vehicles .. .. .		216,598	
36,825	Furniture and Fittings .. .. .		32,061	
25,855,472				26,402,870
25,661,960				26,425,011

*Specific Reserves and Funds.*—Transactions within the respective Reserves and Funds under this heading during 1968 are given hereunder :—

	Port Development Fund.	Sinking Fund.	Insurance Reserve Fund.	Provision for Long Service Leave.
	\$	\$	\$	\$
Balance forward 1st January, 1968 .. .. .	1,559,747	740,357	1,120,694	109,374
Allocation from Revenue .. .. .	250,000	79,335	56,000	24,878
Interest on Investments .. .. .	72,745	40,584	61,973	..
	1,882,492	860,276	1,238,667	134,252
Less—Loss from realization of inscribed stock Debits .. .. .	1,803	..	174	..
	..	..	..	16,549
Balance 31st December, 1968 .. .. .	1,880,689	860,276	1,238,493	117,703
	4,097,161			





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

31.10.67.			31.10.68.
\$			\$      \$      \$
	<b>Current Assets—</b>		
481,622	Sundry Debtors, Accrued Interest and Advances .. .. .		473,426
19,020	Cash .. .. .		94,481
<hr/>			<hr/>
500,642			567,907
10,008,167	Investments .. .. .		11,100,691
	<b>Fixed Assets—at Cost—</b>		
	<b>Construction—</b>		
17,414,782	Country Elevators .. .. .	18,657,435	
3,390,320	Geelong Terminal .. .. .	3,548,762	
1,020,780	Sunshine Sub-Terminal .. .. .	1,020,780	
		<hr/>	23,226,977
	<b>Equipment and Plant—</b>		
4,570,790	Country Elevators .. .. .	4,921,609	
1,588,506	Geelong Terminal .. .. .	1,623,929	
148,626	Sunshine Sub-Terminal .. .. .	148,685	
		<hr/>	6,694,223
4,840	Marmalake No. 1 Emergency Store .. .. .	4,840	
246,773	Motor Vehicles, Office Furniture and Equipment .. .. .	243,778	
528,416	Freehold Land and Buildings .. .. .	534,798	
		<hr/>	783,416
		<hr/>	30,704,616
1,160	National Debt Sinking Fund—Cash in Fund .. .. .		79
<hr/>			<hr/>
39,423,802			42,373,293
	<b>Current Liabilities—</b>		
330,938	Sundry Creditors .. .. .		399,128
	<b>Loans—</b>		
1,705,788	Government of Victoria .. .. .	1,683,290	
23,722,699	Public .. .. .	24,898,542	
		<hr/>	26,581,832
	<b>Reserves and Sinking Funds—</b>		
	<b>Cancelled Securities Reserves—</b>		
443,245	National Debt Sinking Fund .. .. .	471,018	
531,961	Debentures and Inscribed Stock .. .. .	735,918	
757,460	Matured Public Loans .. .. .	779,660	
5,560,030	Depreciation Reserve Fund .. .. .	6,372,534	
4,840	Marmalake No. 1 Emergency Storage Reserve .. .. .	4,840	
500,000	Office Building Reserve .. .. .	500,000	
298,652	Insurance Reserve Fund .. .. .	336,787	
2,207,059	General Reserve Fund .. .. .	2,328,060	
824,671	Debentures and Inscribed Stock Sinking Fund .. .. .	910,500	
675,253	Renewals Reserve Fund .. .. .	858,855	
96,743	Provision for Long Service Leave .. .. .	100,923	
442,158	Superannuation Fund .. .. .	498,615	
		<hr/>	13,897,710
845,252	Reserve Fund Contribution for Renewal of Assets .. .. .		1,012,752
	<b>Suspense Accounts—</b>		
15,940	Border Wheat Agreements and Tenderers' Deposits .. .. .	16,290	
843	Rebagging Wheat .. .. .	4,784	
164	Unclaimed Interest .. .. .	164	
		<hr/>	21,238
460,106	Revenue Account—Net Accumulation .. .. .		460,633
<hr/>			<hr/>
39,423,802			42,373,293

Reserves and Sinking Funds of the Board totalled \$13,897,710 at 31st October, 1968, compared with \$12,342,072 at the close of the previous financial year.

In addition to the appropriation of interest received on investments of the various funds, the Board, in 1967-68, appropriated a further sum of \$320,000 to the Renewals Reserve Fund. Particulars of the operations of this Fund are :—

	\$
Balance 1st November, 1967 .. .. .	675,253
<i>Add</i> —Interest on Investments Appropriated .. .. .	29,063
Special Board Appropriation .. .. .	320,000
	<hr/>
	1,024,316
<i>Deduct</i> —Renewals and Improvements—	\$
Electrification—Country Elevators .. .. .	14,452
Replacement of Belting .. .. .	4,322
Replacement and Extension of Dust Extraction System— Geelong Terminal .. .. .	8,661
Restoration of Foundations and Construction of Conveyer Tunnels—Country Elevators .. .. .	13,483
Provision of Fendering—Geelong Pier .. .. .	94,090
Extensions to Ship Loading Facilities necessitated by Fendering	5,683
Alterations and Extensions to Administrative Building— Geelong Terminal .. .. .	24,770
	<hr/>
	165,461
Balance 31st October, 1968 .. .. .	<hr/> 858,855

## 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, 1969, was \$25,550,000 compared with \$24,250,000 at 30th June, 1968. Of the amount of \$25,550,000, a sum of \$2,050,000 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 .. .. .	..	10,250,000
Other Savings Banks .. .. .	11,910,000	
Trading Banks .. .. .	1,150,000	
	<hr/>	13,060,000
Insurance Companies .. .. .	..	2,240,000
		<hr/>
		25,550,000

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 .. .. .	..	25,550,000
Less—Amount not yet drawn by Trust .. .. .	1,686,174	
Amount repaid to lending institutions .. .. .	2,338,456	
	<hr/>	4,024,630
Total liability of Trust to lending institutions .. .. .		<hr/>
		21,525,370

Loans approved by the Trust to borrowers amounted to \$30,811,889, of which sum \$2,968,920 related to second mortgages. Discharged mortgages, including mortgages on repossessed properties sold under contracts of sale, amounted to \$5,001,660. Advances secured by first mortgage at 30th June, 1969, amounted to \$19,829,090 (net) and, by second mortgage, to \$1,593,433 (net).

Operations for the year resulted in surpluses of \$31,005 on account of first mortgages (Home Finance Fund No. 1) and \$6,762 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, 1968, and 1969. The figures are subject to audit.

30.6.68.		30.6.69.
\$	<i>Assets.</i>	\$
21,295,630	Current ordinary loans secured by first mortgage .. .. .	22,454,937
2,265,348	Less repayments by mortgagors .. .. .	2,625,847
		<hr/>
2,000,450	Current ordinary loans secured by second mortgage .. .. .	2,241,220
485,999	Less repayments by mortgagors .. .. .	647,787
		<hr/>
161,370	Repossessed properties sold under contracts of sale .. .. .	176,320
29,779	Less payments of instalments of principal .. .. .	33,934
		<hr/>
88,515	Arrears—(net) under mortgages and contracts of sale (Fund No. 2) .. .. .	858
108,579	Sundry Debtors (interest accrued at date, etc.) .. .. .	100,632
79,950	Cash at Bank .. .. .	119,193
1,100,493	Cash on Fixed Deposit .. .. .	150,000
20	Cash on Hand .. .. .	20
		<hr/>
22,053,881		21,935,612
		<hr/>
	<i>Liabilities.</i>	
21,709,038	Deposits by lending institutions and accommodation by way of overdraft—repayment guaranteed by Treasurer of Victoria .. .. .	21,525,370
..	Bushfire relief grants—Trust Account .. .. .	16,900
2,498	Prepayments by mortgagors of valuation and inspection fees .. .. .	1,759
11,653	Mortgagors' equities in properties subject to contracts of sale .. .. .	13,416
..	Borrowers' payments in advance (net) under mortgages and contracts of sale (Fund No. 1) .. .. .	12,060
2,352	Sundry Creditor .. .. .	..
..	Provision for Interest Fluctuation (Fund No. 1) .. .. .	200,000
314,159	Home Finance Fund No. 1—Surplus .. .. .	145,164
14,181	Home Finance Fund No. 2—Surplus .. .. .	20,943
		<hr/>
		166,107
		<hr/>
22,053,881		21,935,612

**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.

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

At the date of preparation of this Report, final figures of the Fund were not available to me, as the computer processing of the accounts of members of the Fund was not complete. Consequently, I have not included in the Report a statement of the Fund.

## 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 1967-68 and 1968-69 is furnished below :—

1967-68.		1968-69.	
		REVENUE.	
\$		\$	\$
15,044,021	Rentals .. .. .	15,860,757	
1,628,254	Gross Surplus—House Sales .. .. .	1,871,835	
90,396	Gross Profit—Land Sales for Residential Purposes .. .. .	112,813	
1,825,612	Interest—House Sales (net) .. .. .	1,831,120	
147,741	Sundry .. .. .	313,503	
139,246	Miscellaneous .. .. .	224,251	
<u>18,875,270</u>		<u>20,214,279</u>	
EXPENDITURE.			
6,267,595	Interest—less amounts capitalized and applied to House Sales .. .. .	6,782,300	
1,966,506	Loan Redemption—Commonwealth-State Agreements .. .. .	2,077,789	
3,172	Contribution to National Debt Sinking Fund .. .. .	3,058	
8,000	,,     ,, Debenture Loan Sinking Fund .. .. .	8,000	
1,222,253	Administration—General .. .. .	1,297,846	
704,982	House Sales .. .. .	749,918	
15,291	Land Sales—Residential .. .. .	15,739	
114,799	Cost of rent collection in country areas, &c. .. .. .	124,711	
2,407,228	Rates—less amount capitalized .. .. .	2,556,129	
38,498	Insurable Risks .. .. .	55,276	
345	Loan Conversion Expenses .. .. .	359	
2,553,688	Provision for accruing maintenance .. .. .	2,586,298	
27,248	,,     ,, irrecoverable rents .. .. .	27,359	
272,098	Cost of Communal Services—Flats and Garden Maintenance .. .. .	376,638	
42,330	Operating Costs—Laundries .. .. .	31,868	
469,295	Appropriation to House Purchasers' Death Benefit Fund .. .. .	462,776	
526,994	Transfer to House Sales Unrealized Profit Suspense Account .. .. .	572,793	
761	Transfer to Land (Residential) Unrealized Profit Suspense Account .. .. .	23,979	
120,932	Maintenance and repairs on houses sold .. .. .	243,168	
8,311	Maintenance (Rental) Bad Debts written off .. .. .	9,527	
144,448	Central Heating and Hot Water Services .. .. .	203,119	
32,277	Miscellaneous .. .. .	27,676	
<u>16,947,051</u>		<u>18,236,326</u>	
1,928,219	Operational Profit for the year .. .. .	1,977,953	
992,558	Less appropriation to House Purchasers' Interest Receivable Reserve .. .. .	955,832	
600,000	,,     ,, for Slum Reclamation and Clearance of Areas .. .. .	600,000	
		<u>1,555,832</u>	
<u>335,661</u>	Balance—Transferred to Accumulated Surplus Account .. .. .	<u>422,121</u>	

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

1967-68.		1968-69.	
\$		\$	
38,169	Profit—Rental Operations .. .. .	..	31,812
*136,893	Surplus—Miscellaneous Funds .. .. .	..	*86,433
84,880	Net Profit—Residential Land Sales .. .. .	..	84,637
729,250	Realized Profit—House Sales .. .. .	873,980	
600,000	Less Appropriation for Slum Reclamation and Clearance of Areas .. .. .	600,000	
			273,980
389,192			476,862
	Less—		
53,531	Cost of Statutory Functions—non-revenue producing .. .. .	..	54,741
335,661	Balance—General Revenue Account as at close of year .. .. .	..	422,121

\* Includes notional interest on interest-free loans—1967-68, \$18,325 ; 1968-69, \$13,684.

*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 :—

	1967-68.		1968-69.	
	\$	\$	\$	\$
Gross rental charges .. .. .	..	16,483,056	..	17,499,067
<i>Deduct—</i>				
Rental rebates allowed .. .. .	..	1,362,874	..	1,505,885
Losses from vacancies .. .. .	..	76,161	..	132,425
		1,439,035		1,638,310
Credit for Rentals—General Revenue Account		15,044,021		15,860,757

The increase of \$1,016,011 in gross rental charges was due to additional units becoming available for tenancy, and also to a general rise, from 3rd November, 1968, in all rentals, with the exception of elderly person units and units occupied by serving members of defence forces.

Rental rebates, where allowed by the Commission, were not calculated strictly in accordance with the provisions of the Housing (Rents and Rebates) Regulations 1965 made under authority of Section 32 of the *Housing Act* 1958. The question of appropriate amendments to the Regulations and other action required to validate existing practices in this regard has been raised with the Commission but the matter has not yet been resolved.

*Sales of Houses.*—For the year, 1,613 units were sold for a total sum of \$15,652,316. Details are :—

	No.	Selling Price.		Surplus.
		Cost.		
		\$	\$	\$
Cash Sales—				
State .. .. .	4	9,621	27,513	17,892
Commonwealth—State Housing Agreement 1945 .. .. .	5	28,301	42,155	13,854
Commonwealth—State Housing Agreement 1956 .. .. .	2	23,190	25,542	2,352
Sales per War Service Homes Commission—				
Commonwealth—State Housing Agreement 1945 .. .. .	11	57,088	92,832	35,744
Commonwealth—State Housing Agreement 1956 .. .. .	1	6,563	8,824	2,261
Terms Sales—				
State .. .. .	14	35,708	94,304	58,596
Commonwealth—State Housing Agreement 1945 .. .. .	411	2,482,478	3,527,253	1,044,775
Commonwealth—State Housing Agreement 1956 .. .. .	974	9,538,078	9,991,649	453,571
Repossessions Resold—				
State .. .. .	1	3,520	8,895	5,375
Commonwealth—State Housing Agreement 1945 .. .. .	17	103,813	144,767	40,954
Commonwealth—State Housing Agreement 1956 .. .. .	155	1,386,260	1,537,271	151,011
Miscellaneous .. .. .	18	105,861	151,311	45,450
	1,613	13,780,481	15,652,316	1,871,835

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 \$127,158 from the sale of 105 repossessed units during the three months prior to 1st October, 1968. As from this date, the profits from the sales of repossessed units have been included in the House Trading Account, whereas previously they had been taken direct to the House Sales Unrealized Profit Suspense Account.

Generally, sales have been made on the basis of estimated costs. The dwellings sold included a number of vacated rental units. In respect of these particular units, expenditure amounting to \$243,168 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 .. .. .	1,871,835	
<i>Less</i> Transfer to House Sales Unrealized Profit Suspense Account	572,793	
	<hr/>	1,299,042
Interest receivable on terms .. .. .	8,183,732	
<i>Less</i> Interest payable on houses sold .. .. .	6,352,612	
	<hr/>	
Interest on House Sales (net) .. .. .	1,831,120	
<i>Less</i> Appropriation to House Purchasers' Death Benefit Fund	462,776	
	<hr/>	1,368,344
Other House Sales revenue (included in Miscellaneous revenue in General Revenue Account) .. .. .		155,790
		<hr/>
		2,823,176
<i>Less</i> Administration—House Sales .. .. .	749,918	
Maintenance and repairs on houses sold .. .. .	243,168	
Miscellaneous .. .. .	278	
	<hr/>	993,364
		<hr/>
		1,829,812
<i>Less</i> Appropriation to Interest Receivable Reserve—House Purchasers .. .. .	955,832	
Appropriation for Slum Reclamation and Clearance of Areas	600,000	
	<hr/>	1,555,832
		<hr/>
Net Credit to General Revenue on account of House Sales ..		273,980
		<hr/>

The Commission, during 1968–69, 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 \$2,100,000.

*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 \$84,637 compared with \$84,880 for 1967–68.



The financial position of the Commission as at 30th June, 1968 and 1969, is summarized hereunder :—

30.6.68.		30.6.69.
\$		\$            \$
	<i>Current Assets—</i>	
1,791,462	Sundry Debtors .. .. .	1,930,871
1,055,197	Cash at Bank and in Transit .. .. .	762,195
<u>2,846,659</u>		<u>2,693,066</u>
6,766,868	<i>Investments</i> .. .. .	11,574,050
	<i>Deferred Assets—</i>	
171,882,794	House Purchase Debtors .. .. .	179,743,504
	<i>Fixed Assets—</i>	
40,177,072	Estates—Cost of land, developmental and incidental expenses	42,038,280
216,777,285	Dwellings and Shops .. .. .	232,131,425
695,814	Holmesglen Housing Factory—Land and Buildings .. .. .	706,899
16,009,372	Properties acquired for Slum Reclamation .. .. .	17,965,314
121,276	Store-rooms, Offices, &c. .. .. .	112,793
660,783	Plant, Vehicles, Office Furniture and Equipment .. .. .	629,388
851,095	Concrete House Project .. .. .	747,339
400	Shares—31 Melrose Street Pty. Ltd. .. .. .	600
<u>275,293,097</u>		<u>294,332,038</u>
419,122	<i>Deposit and Trust Account—Cash at Bank and Securities</i> .. .. .	521,515
	<i>Intangibles—</i>	
79,409	Loan Flotation Expenses—Less amount written off .. .. .	78,717
161,408	Plans and Designs, &c. .. .. .	163,514
395,535	Slum Reclamation—Unrecouped costs .. .. .	395,492
140,589	Electronic Data Processing—Planning Costs .. .. .	105,442
7,023	Overseas Delegation—Expenses .. .. .	..
<u>783,964</u>		<u>743,165</u>
<u>457,992,504</u>	<b>Total</b> .. .. .	<u>489,607,338</u>
	<i>Current Liabilities—</i>	
634,546	Sundry Creditors .. .. .	718,560
	<i>Loans—</i>	
379,043,486	Government advances .. .. .	402,511,942
600,000	Debenture issues .. .. .	600,000
2,846,021	Death Benefit Fund advances .. .. .	3,449,367
<u>382,489,507</u>		<u>406,561,309</u>
	<i>Advances and Subsidies—</i>	
2,484,418	Subsidy from Loan for Slum Reclamation .. .. .	2,484,418
1,725,650	Subsidy from Municipalities .. .. .	1,725,650
84,316	Gift of Flats—City of Prahran .. .. .	84,316
<u>4,294,384</u>		<u>4,294,384</u>
	<i>Reserves and Sinking Funds, &amp;c.—</i>	
100,000	Debenture Loans Redemption .. .. .	100,000
629,119	Cancelled Securities—National Debt Sinking Fund .. .. .	723,868
131,969	Debenture Loan Sinking Fund .. .. .	147,431
19,985,882	Loan Redemption—Commonwealth—State Agreements .. .. .	21,565,164
3,821,979	Accruing Maintenance Provision .. .. .	4,083,059
50,000	Irrecoverable Rents Provision .. .. .	50,000
21,368,539	Unrealized Profit Suspense Account—House Sales .. .. .	22,499,468
352,269	Unrealized Profit Suspense Accounts—Land and Shops .. .. .	319,902
5,985,639	House Purchasers' Death Benefit Fund .. .. .	6,759,140
5,842,112	Realized Profit Reserves .. .. .	6,104,528
8,432,202	Interest Receivable Reserve—House Purchasers .. .. .	9,388,034
1,500,000	Appropriation of House Sales Profits for Slum Reclamation Works .. .. .	2,100,000
79,863	General Reserve .. .. .	79,863
<u>68,279,573</u>		<u>73,920,457</u>
1,875,372	<i>Accumulated Surplus</i> .. .. .	3,591,113
	<i>Deposit and Trust Account—</i>	
419,122	Contractors' deposits and other trust moneys .. .. .	521,515
<u>457,992,504</u>	<b>Total</b> .. .. .	<u>489,607,338</u>

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

*Sundry Debtors*, \$1,930,871. Details are :—

	\$
Rental Arrears .. .. .	487,074
Tenants' Maintenance Arrears .. .. .	134,804
Works and Materials, &c., for other bodies and adjoining owners, &c. ..	244,890
Debtors on account of Shop and Land Sales (net) .. .. .	921,179
Revenue Accruals, Prepayments and Advances, &c. .. .. .	122,319
Commonwealth of Australia—Migrant Housing .. .. .	20,605
	<hr/>
	1,930,871

The amount of \$20,605 was the balance remaining unrecouped from the Commonwealth out of a total expenditure of \$257,899 incurred by the Commission during the year on the construction of 30 brick flats for the Commonwealth, estimated to cost \$296,847, under a migrant transitory flats scheme.

*Investments*.—The book value of investments increased during the year from \$6,766,868 to \$11,574,050. Relevant details as at 30th June, 1969, are :—

	\$
Interest-free advances—to other Public Authorities .. .. .	240,792
Loan to a Public Authority .. .. .	13,340
Loan to a Company on second mortgage .. .. .	400
Investments—Sinking Fund .. .. .	147,431
Investments—Death Benefit Fund .. .. .	6,672,087
Short Term Investment .. .. .	4,500,000
	<hr/>
	11,574,050

*Concrete House Project*.—The amounts, \$851,095, as at 30th June, 1968, and \$747,339, as at 30th June, 1969, are, in effect, the notional liabilities, as at the respective dates, of the Concrete House Project to the Commission. The decrease during the year 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, 1968 .. .. .	..	851,095
<i>Add—</i>		
Increase in Current Assets .. .. .	..	29,238
		<hr/>
		880,333
<i>Deduct—</i>		
Increase in Current Liabilities .. .. .	16,977	
Increase in Reserve for Long Service Leave .. .. .	55,441	
Increase in Reserve for Maintenance of Factory Building .. .. .	2,782	
Decrease in Book value of Equipment, Plant, Tools, &c. .. .. .	57,794	
	<hr/>	
		132,994
Item—"Concrete House Project" as at 30th June, 1969 .. .. .	..	<hr/>
		747,339

The Project was charged notional interest at the rate of  $4\frac{1}{4}$  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 1968–69 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.*, \$600.—The Commission is a shareholder to the extent of 300 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, 1968, the balance of the Accruing Maintenance Provision was \$3,821,979. To this amount there was added in 1968–69 the sum of \$2,586,298 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the account in 1968–69 was \$2,325,218 leaving a balance at credit of the account at the close of the year of \$4,083,059.

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, 1968 .. .. .	..	21,368,539
<i>Add—</i>		
Transfer from General Revenue Account .. .. .	572,793	
Profits on resale of repossessed units .. .. .	127,158	
Increase in profits from adjustment of capital costs of former years' sales .. .. .	461,940	
	<hr/>	1,161,891
		<hr/>
		22,530,430
<i>Less—</i>		
Sundry adjustments arising from cancellation of sales, reduction of sale prices, &c. .. .. .	..	30,962
		<hr/>
Balance at credit 30th June, 1969 .. .. .	..	22,499,468
		<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, 1969, are summarized below :—

	\$	\$
Balance as at 1st July, 1968 .. .. .	..	5,985,639
<i>Add Appropriation for year (Section 109 Act No. 6275) .. .. .</i>	462,478	
Income from Investments .. .. .	346,623	
Premiums .. .. .	15,733	
	<hr/>	824,834
		<hr/>
		6,810,473
<i>Deduct Payments on Account of Deceased Purchasers .. .. .</i>	..	51,333
		<hr/>
Balance as at 30th June, 1969 .. .. .	..	6,759,140
		<hr/>

The sum of the investments of the Fund, \$6,672,087, includes an amount of \$3,449,367 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 \$11,574,050".

In respect of the advance of \$3,449,367, 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, \$5,919,947; Shops, \$184,581*—During the year there was an increase of \$225,368 in the Land Realized Profit Reserve, being the resultant net realized profit from sales of land for other than residential purposes to the Commonwealth of Australia, industries, retailers, municipalities for reserves, church institutions and to the Education Department for school sites. There were two shops sold in the various estates in 1968–69 at a profit of \$11,382.

*Interest Receivable Reserve—House Purchasers, \$9,388,034*.—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 \$8,432,202 at the beginning of the year to \$9,388,034 at the close of the year by transfer from revenue of \$955,832.

*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, \$3,591,113*.—The variations in this account during the year are explained below :—

	\$	\$
1st July, 1968—Balance .. .. .	..	1,875,372
<i>Add—</i>		
Amount written back to Revenue from Loan Redemption Reserve .. .. .	318,915	
Credit Balance—General Revenue Account .. .. .	422,121	
Adjustment of realized profit of former years due to capital cost variations and cancellation of sales contracts .. .. .	974,705	
	<hr/>	1,715,741
30th June, 1969—Balance .. .. .	..	<hr/> 3,591,113 <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 1968-69 amounted to \$369,352 (Water \$172,499, Sewerage \$196,853). Other advances by the State amounting to \$200,648 (Water \$51,364, Sewerage \$149,284) 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, 1969, amounted to \$20,215,257 (Water \$12,597,740, Sewerage \$7,617,517).

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

The accounts of the Board to 30th June, 1969, have been audited. For purposes of comparison, figures for the previous year are given in the abridged statements which follow.

### DISPOSAL AREA REVENUE ACCOUNT.

1967-68.		1968-69.	
\$		\$	\$
	<i>Income—</i>		
4,459	Rental Board Properties .. .. .	4,715	
1,793	Sundry .. .. .	6,266	
21,385	Profit—Cattle Trading Account .. .. .	..	
27,637			10,981
	<i>Expenditure—</i>		
69,018	Farm Operation and Maintenance .. .. .	83,562	
68,303	Interest on Loans and on Overdraft .. .. .	71,426	
18,348	Depreciation Provision .. .. .	11,322	
24,456	Administrative and Sundry Expenses .. .. .	28,187	
3,516	Maintenance Farm Dwellings .. .. .	1,034	
36,380	Loss—Sheep Trading Account .. .. .	81,785	
..	Loss—Cattle Trading Account .. .. .	4,902	
220,021			282,218
192,384	Deficit on Disposal Area Account transferred to General Revenue Account		271,237

### GENERAL REVENUE ACCOUNT.

\$		\$	\$
	<i>Income—</i>		
682,259	Water Charges .. .. .	717,483	
298,402	Disposal Charges .. .. .	309,684	
6,240	Refund Maintenance Outfall Sewer—Tar Removal Costs .. .. .	5,464	
5,478	Rents and Income—Board Properties .. .. .	6,846	
53,211	Other .. .. .	26,673	
1,045,590			1,066,150
	<i>Expenditure—</i>		
442,986	Interest on Loans .. .. .	447,015	
6,863	Interest on Overdraft .. .. .	2,358	
115,790	Depreciation .. .. .	84,588	
142,761	Maintenance and Operation of Works .. .. .	163,095	
63,561	Overhead Services .. .. .	126,300	
45,560	Other Expenses .. .. .	22,406	
817,521			845,762
228,069	Surplus for year .. .. .	..	220,388
192,384	Deficit on Disposal Area Revenue Account .. .. .	..	271,237
*35,685	<i>Net surplus for year</i> .. .. .	..	..
..	<i>Net deficit for year</i> .. .. .	..	†50,849

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

† Surplus on Water Fund \$157,004 ; Deficit on Sewerage Fund \$207,853.

The Board's balances at 30th June, 1968 and 1969, are summarized hereunder :—

30.6.68.		30.6.69.
\$		\$      \$
	<b>Current Assets—</b>	
892	Cash at Bank .. .. .	3,212
49,554	Stores, Tools, &c. .. .. .	23,311
270,320	Livestock, Wool and Ensilage on Hand .. .. .	142,825
56,975	Debtors and Prepayments, &c. .. .. .	136,580
		<hr/>
		305,928
773,934	Investments .. .. .	959,404
	<b>Fixed Assets—</b>	
18,071,382	Works (including Works in Progress) .. .. .	18,504,358
199,816	Plant and Equipment .. .. .	297,110
334,666	Land, Buildings, Residences .. .. .	379,610
94,794	Office and Laboratory Equipment .. .. .	100,834
		<hr/>
18,700,658		19,281,912
1,107,402	Less Depreciation Reserve .. .. .	1,248,777
		<hr/>
17,593,256		18,033,135
	<b>Intangibles—</b>	
523,709	Interest on Works during Construction .. .. .	523,709
395,311	Accumulated Deficit .. .. .	559,914
		<hr/>
19,663,951		20,382,090
	<b>Current Liabilities—</b>	
193,762	Bank Overdraft .. .. .	420,515
7,973	Sundry Creditors .. .. .	7,627
892	Contractors' Deposits and other Trust moneys .. .. .	3,212
6,148	Long Service Leave Provision .. .. .	11,480
		<hr/>
		442,834
	<b>Loan Liability—</b>	
17,264,178	State of Victoria .. .. .	17,236,738
175,000	Rural Finance and Settlement Commission .. .. .	166,250
		<hr/>
		17,402,988
17,647,953		<hr/>
		17,845,822
	<b>Excess of Assets over Liabilities—</b>	
1,191,293	Capital Expenditure borne by the State .. .. .	1,483,631
5,000	Grant by Government of Victoria .. .. .	5,000
54,715	Appropriation for Plant Renewals .. .. .	166,346
762,232	Loans Redeemed Reserve .. .. .	875,987
2,758	Churchill Loans Redeemed Reserve .. .. .	5,304
		<hr/>
		2,536,268
19,663,951		<hr/>
		20,382,090

**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 the Benefit Contracts scheme. 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 28th February, 1969, are compared hereunder with those for the previous year.

INSURANCE ACCOUNT.

	1967-68.	1968-69.
<i>Receipts.</i>	\$	\$
Balance at Bank, 1st March .. .. .	6,517	1,210
Surrender Values .. .. .	6,590	9,805
Death Claims .. .. .	4,350	4,816
Matured Policies .. .. .	8,054	10,942
Other .. .. .	186	77
	25,697	26,850
<i>Payments.</i>		
Death Claims .. .. .	8,109	3,897
Matured Policies .. .. .	8,856	11,425
Surrender Values .. .. .	7,197	9,805
Other .. .. .	325	77
Balance at Bank at end of year .. .. .	1,210	1,646
	25,697	26,850



## PROVIDENT FUND.

	<i>Receipts.</i>						1967-68.	1968-69.
							\$	\$
Balance at Bank, 1st March .. .. .	..	..	..	..	..	..	39,391	34,067
Contributions .. .. .	..	..	..	..	..	..	608,122	527,382
Interest on Investments .. .. .	..	..	..	..	..	..	140,634	165,918
Overpaid Benefits Recovered .. .. .	..	..	..	..	..	..	2,475	4,157
Investments Redeemed.. .. .	..	..	..	..	..	..	858,723	761,903
							<u>1,649,345</u>	<u>1,493,427</u>
 <i>Payments.</i>								
Death Claims .. .. .	..	..	..	..	..	..	30,676	28,357
Resignations and Retirements .. .. .	..	..	..	..	..	..	372,549	458,756
Additional Interest .. .. .	..	..	..	..	..	..	7,845	8,826
Refunds of Contributions .. .. .	..	..	..	..	..	..	2,268	3,711
Investments .. .. .	..	..	..	..	..	..	1,185,940	958,000
Contribution to Administration .. .. .	..	..	..	..	..	..	16,000	8,000
Balance at Bank at end of year .. .. .	..	..	..	..	..	..	34,067	27,777
							<u>1,649,345</u>	<u>1,493,427</u>

The position of the Fund at 29th February, 1968 and 28th February, 1969, was :—

							1968.	1969.
							\$	\$
Contributors' Credits .. .. .	..	..	..	..	..	..	2,566,693	2,786,754
Unallotted Interest .. .. .	..	..	..	..	..	..	188,549	207,405
Contributions paid in advance, &c. .. .. .	..	..	..	..	..	..	95,827	55,132
Contributions payable to Benefit Contracts Account, &c. .. .. .	..	..	..	..	..	..	128	..
							<u>2,851,197</u>	<u>3,049,291</u>
 Represented by—								
Cash at Bank .. .. .	..	..	..	..	..	..	34,067	27,777
Investments .. .. .	..	..	..	..	..	..	2,764,754	2,960,850
Contributions due, &c. .. .. .	..	..	..	..	..	..	2,610	4,321
Due from Management Account .. .. .	..	..	..	..	..	..	1,054	..
Accrued Interest .. .. .	..	..	..	..	..	..	48,712	56,343
							<u>2,851,197</u>	<u>3,049,291</u>

## BENEFIT CONTRACTS ACCOUNT.

							1967-68.	1968-69.
							\$	\$
<i>Income.</i>								
Contract Premiums .. .. .	..	..	..	..	..	..	2,806,664	2,998,136
Interest on Investments .. .. .	..	..	..	..	..	..	954,606	1,105,565
							<u>3,761,270</u>	<u>4,103,701</u>
 <i>Expenditure.</i>								
Death Benefits .. .. .	..	..	..	..	..	..	346,984	480,411
Withdrawal Benefits .. .. .	..	..	..	..	..	..	518,574	514,949
Retirement Benefits .. .. .	..	..	..	..	..	..	449,718	427,415
Contribution to Administration .. .. .	..	..	..	..	..	..	209,649	246,222
Other .. .. .	..	..	..	..	..	..	2,659	239
							<u>1,527,584</u>	<u>1,669,236</u>
Surplus .. .. .	..	..	..	..	..	..	<u>2,233,686</u>	<u>2,434,465</u>

As at 29th February, 1968, and 28th February, 1969, the funds of the Benefit Contracts Account amounted to \$16,882,825 and \$19,317,290 respectively, and were represented by—

	1968.	1969.
	\$	\$
Investments .. .. .	17,291,675	19,586,795
<i>Less</i> Excess of Current Liabilities over Other Assets .. .. .	408,850	269,505
	<u>16,882,825</u>	<u>19,317,290</u>

#### MANAGEMENT ACCOUNT.

	1967-68.	1968-69.
	\$	\$
<i>Income.</i>		
Interest on Investments .. .. .	5,568	9,411
Contribution to Administration—		
From Benefit Contracts Account .. .. .	209,649	246,222
From Provident Fund .. .. .	8,000	8,000
Rent .. .. .	31,516	11,978
Computer Bureau Fees .. .. .	45,908	63,740
	<u>300,641</u>	<u>339,351</u>
<i>Expenditure.</i>		
Board Members' Fees .. .. .	1,500	1,348
Salaries .. .. .	117,251	141,507
Hire of Computer and other Office Machines .. .. .	79,358	97,616
Other Administration Charges .. .. .	66,861	75,263
Rates, &c. .. .. .	6,081	7,622
Depreciation .. .. .	21,929	22,094
	<u>292,980</u>	<u>345,450</u>
Surplus .. .. .	7,661	..
Deficit .. .. .	..	6,099

As at 29th February, 1968, and 28th February, 1969, accumulated funds of the Management Account were :—

	1968.	1969.
	\$	\$
Accumulated Funds .. .. .	747,230	716,153
Asset Replacement Reserve .. .. .	86,351	100,270
	<u>833,581</u>	<u>816,423</u>
Represented by—		
Current Assets <i>less</i> Liabilities .. .. .	80,592	..
Investments .. .. .	69,646	193,972
Freehold Property .. .. .	613,506	605,982
Furniture, Equipment and Office Machines .. .. .	50,712	45,210
Motor Vehicles .. .. .	8,109	7,528
Prepayments, &c. .. .. .	11,016	2,046
	<u>833,581</u>	<u>854,738</u>
<i>Less</i> Excess of Current Liabilities over Current Assets .. .. .	..	38,315
	<u>833,581</u>	<u>816,423</u>

## MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1969, 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 :—

1967-68.				1968-69.	
\$		\$	\$	\$	
<b>Rates and Charges—</b>					
14,957,357	Water Supply .. .. .	16,006,674			
16,590,015	Sewerage .. .. .	20,920,874			
3,617,214	Drainage and Rivers .. .. .	4,471,288			
<u>35,164,586</u>				41,398,836	
<b>Farm—</b>					
336,745	Gross profit on cattle .. .. .	449,626			
79,003	Gross profit on sheep .. .. .	123,471			
4,720	Rent .. .. .	4,429			
2,563	Sundry Trading Operations .. .. .	4,925			
<u>423,031</u>				582,451	
35,587,617	Gross Revenue .. .. .				41,981,287
<b>Working Expenses—</b>					
4,302,887	Management .. .. .	5,019,402			
7,016,011	Maintenance .. .. .	7,971,091			
19,258,244	Interest (including overseas exchange) .. .. .	21,183,822			
<u>30,577,142</u>					34,174,315
5,010,475	Gross Surplus .. .. .				7,806,972
<b>General Expenditure—</b>					
332,587	Loan Flotation Expenses .. .. .	589,042			
156,054	Staff Gratuities .. .. .	244,969			
336,481	Contributions to Superannuation Fund .. .. .	441,444			
58,628	Depreciation—Furniture and Fittings, &c. .. .. .	53,237			
110,481	Pensions (cost of living allowances in superannuation payments) .. .. .	190,601			
50,000	Provision for Statutory Expenditure .. .. .	..			
<u>1,044,231</u>				1,519,293	
<b>Statutory Expenditure—</b>					
100,826	Fees for valuations .. .. .	96,854			
..	Contributions to Municipalities .. .. .	49,111			
				145,965	
<u>1,145,057</u>	Carried forward .. .. .			1,665,258	7,806,972

1967-68.		1968-69.		
\$		\$	\$	\$
1,145,057	Brought forward	..	1,665,258	7,806,972
Provisions and Transfers to Reserves—				
749,134	Contributions to—Renewals Fund	..	770,864	
1,206,339	Sinking Fund	..	1,315,336	
1,478,983	Loans Redeemed Reserve	..	1,923,624	
1,776,000	General Reserve	..	2,333,900	
5,210,456			6,343,724	
6,355,513	Expenditure, &c. from Gross Surplus	..	..	8,008,982
1,345,038	Net Deficit	..	..	202,010
66,922	Add—Accumulated Surplus brought forward	..	..	..
1,278,116	Transfer from Rates Equalization Reserve	..	..	202,010
..	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 \$2,333,900. This represents the estimated amount which was provided from revenue for water supply, drainage works and sewerage works totalling \$200,000, \$933,900 and \$1,200,000 respectively.

As the above statement shows, operations during 1968-69 resulted in a deficit of \$202,010 which was met by an allocation of an equivalent amount from the Rates Equalization Reserve.

The following summary shows the variations in the valuations of properties rateable to the Board and the annual collectable revenue over the past three years :—

Financial Year.				Revenue from Water Rates and Charges.	Revenue from Metropolitan General Rate and Other Charges.	Revenue from Drainage and Rivers Rate and Other Charges.	Assessment Valuations (Net Annual Values).
				\$	\$	\$	\$
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
1968-69	..	..	..	16,006,674	20,920,874	4,471,288	393,238,848

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 \$).
	1966-67.	1967-68.	1968-69.	
	c	c	c	c
Metropolis generally—				
Water Rate .. .. .	2.5	2.5	2.5	3.75
Metropolitan General Rate .. .. .	4.375	4.7	5.45	6.666
Drainage and Rivers Rate .. .. .	0.625	1	1.2	1.25
Parts of Cities of Dandenong, Springvale and Shires of Berwick, Knox and Cranbourne (from and inclusive of 1958-59)—				
Water Rate .. .. .	3	2.8	2.8	5
Parts of Cities of Chelsea, Springvale and Mordialloc (from and inclusive of 1962-63)—				
Water Rate .. .. .	3.75	3.5	3.5	5

Interest charges continued to be a heavy burden on the Board's revenue, being \$1,925,578 higher than the previous year. However, because of an increase of \$6,234,250 in the revenue received from rates and charges, the percentage of rates and charges absorbed by interest fell to 51.17 as compared with 54.77 in 1967-68.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund \$374,877 ; Sinking Funds \$1,707,918 ; and Superannuation Fund \$273,338. Exchange on interest remitted overseas amounted to \$6,352.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1969, are shown hereunder :—

—	Contributions from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1969.
	\$	\$	\$	\$
Sinking Funds .. .. .	1,339,530	1,707,918	3,047,448	37,205,800
Loans Redeemed Reserve .. .. .	1,923,624	..	1,923,624	9,460,719
Renewals Fund .. .. .	770,864	374,877	1,145,741	20,335,651
Superannuation Fund .. .. .	469,365	273,338	742,703	5,815,783
Insurance Account .. .. .	..	..	..	752,439
	4,503,383	2,356,133	6,859,516	73,570,392

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of \$82,324,589 as at 30th June, 1969. Thus, the sum of the Board's Funds and Reserves as at that date was \$155,894,981. Of this sum, \$66,818,188 was invested, \$9,460,719 was applied to loan redemption and \$79,616,074 was utilized in the Board's undertaking.

*Town Planning, Metropolitan Highways, &c.*—The Metropolitan Improvement Rate remained unchanged at 1.4c per dollar and was assessed on properties with an aggregate net annual value of \$404,996,472 compared with \$392,417,498 in 1967-68.

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

1967-68.		1968-69.
\$		\$      \$
	Revenue—	
6,022,219	Metropolitan Improvement Rate and Sundry Income .. .. .	6,223,448
	Less Expenditure—	
720,882	Management .. .. .	904,275
108,163	Maintenance .. .. .	139,768
52,228	Interest .. .. .	53,850
24,197	Contribution to Sinking Fund .. .. .	24,194
52,863	Proportion of Statutory and General Charges .. .. .	69,561
958,333		1,191,648
5,063,886	Balance—Surplus transferred to Planning and Highways Reserve .. .. .	5,031,800

At 30th June, 1969, 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 .. .. .	231,035
Planning and Highways Reserve .. .. .	58,747,911
	59,778,946

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

Metropolitan Improvement Fund—	\$	\$
Cash at Bank .. .. .	81,616	
Less amount due to Metropolitan General Fund .. .. .	1,265,880	
	—————	o/D1,184,264
Securities—		
Short Term.. .. .	5,550,000	
Commonwealth .. .. .	1,060,000	
	—————	6,610,000
Arrears—Rates and Charges (estimate) .. .. .		155,208
Sundry Debtors—		
Land Sales .. .. .	632	
Rent .. .. .	14,381	
Accrued Interest .. .. .	11,062	
	—————	26,075
Reserved Land—held temporarily under Section 57, Act No. 6849 .. .. .	15,422,979	
Compensation under Section 42, Act No. 6849 .. .. .	950,991	
	—————	16,373,970
Planning, Highways and Foreshore Works—Expenditure .. .. .		37,797,957
		—————
		59,778,946

Included in the total of \$58,747,911 in Planning and Highways Reserve is an amount of \$21,469,753 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 30.6.68.	1968-69.	Total.
	\$	\$	\$
Special Project No. 1—St. Kilda Junction .. .. .	5,987,442	1,265,762	7,253,204
„ „ No. 3—South Eastern Freeway .. .. .	947,161	3,778,277	4,725,438
„ „ No. 4—Tullamarine Freeway.. .. .	5,148,519	4,342,592	9,491,111
	—————	—————	—————
	12,083,122	9,386,631	21,469,753
	—————	—————	—————

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 .. .. .	6,667,963
Three-fourths of payments for contract and direct labour works from 31st August, 1965 .. .. .	4,409,787
Three-fourths of payments for contract and direct labour works from 25th October, 1966 .. .. .	9,703,861
One-half of design, survey and boring costs from 31st August, 1965 .. .. .	188,826
One-half of design, survey and boring costs from 25th October, 1966 .. .. .	499,316
	—————
	21,469,753

*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 :—

1968.		1969.
\$	Current Assets—	\$                    \$
1,216,432	Cash in Hand and at Bank .. .. .	963,607
18,410,000	Securities—Short Term .. .. .	21,600,000
1,178,994	Arrears of Rates and Charges .. .. .	1,523,988
1,536,620	Sundry Debtors .. .. .	814,951
3,492,811	Stores and Materials on Hand .. .. .	3,347,967
550,854	Livestock on Hand .. .. .	374,580
	 Reserved Land—Planning and Highways—	
12,695,842	Acquired Land .. .. .	15,422,979
862,626	Compensation for loss on sales .. .. .	950,991
39,944,179		44,999,063
	 Fixed Assets—	
24,593,156	Planning and Highways Works .. .. .	37,797,957
163,363,070	Water Supply Works .. .. .	177,612,756
200,151,195	Sewerage Works .. .. .	220,707,862
793,818	Sewerage House Connexions .. .. .	793,818
33,148,707	Main Drainage and River Improvement Works .. .. .	35,654,259
13,764,189	Buildings, Water Meters and other items .. .. .	14,565,081
435,814,135		487,131,733
19,342,293	<i>Less</i> Renewals Fund .. .. .	20,335,651
416,471,842		466,796,082
4,310,624	Plant and Tools .. .. .	4,991,626
1,098,874	Motor Vehicles .. .. .	1,374,791
340,205	Furniture and Fittings .. .. .	361,702
422,221,545		473,524,201
	 Investments—	
39,533,000	External—Stock—Commonwealth, &c. .. .. .	40,748,000
4,533,738	Internal—Stock—Melbourne and Metropolitan Board of Works .. .. .	4,476,388
44,066,738		45,224,388
506,232,462	<b>Total Assets</b> .. .. .	563,747,652

1968. \$		1969. \$	\$
	<b>Current Liabilities—</b>		
3,361,143	Loan Interest, Matured Debentures and Inscribed Stock ..	3,793,609	
5,439,159	Sundry Creditors and Deposits .. ..	5,117,106	
<hr/>		<hr/>	
8,800,302			8,910,715
	<b>Deferred Liabilities—</b>		
5,176,255	Superannuation Fund .. .. .	5,815,783	
906,600	Provision for Furlough .. .. .	994,214	
<hr/>		<hr/>	
6,082,855			6,809,997
	<b>Loan Liability—</b>		
1,429,061	Government of Victoria .. .. .	1,418,905	
384,936,831	Other .. .. .	417,858,702	
<hr/>		<hr/>	
386,365,892			419,277,607
<hr/>		<hr/>	
401,249,049	<b>Total Liabilities .. .. .</b>		<b>434,998,319</b>
	<b>Excess of Assets over Liabilities, represented by—</b>		
33,961,361	Sinking Fund .. .. .		36,974,765
7,537,095	Loans Redeemed Reserve .. .. .		9,460,719
15,225,822	General Reserve .. .. .		18,566,721
<hr/>		<hr/>	
56,724,278			65,002,205
441,433	<i>Less Fixed Assets Retired .. .. .</i>		<i>526,199</i>
<hr/>		<hr/>	
56,282,845			64,476,006
196,991	Planning and Highways Sinking Fund .. .. .		231,035
44,397,194	Planning and Highways Reserve .. .. .		58,747,911
867,327	Rates Equalization Reserve .. .. .		667,094
1,377,000	Exchange Reserve .. .. .		366,000
207,210	Deferred Maintenance Reserve .. .. .		207,210
250,000	Provision for Water Charges Adjustment .. .. .		..
838,829	Insurance Account .. .. .		752,439
566,017	Distributable Expense Variance Account .. .. .		545,791
..	Special Reserve .. .. .		2,755,847
<hr/>		<hr/>	
104,983,413			128,749,333

The Board's investments—long and short-term—increased by \$4,347,650. This increase was due to the additions in provisions and reserves already referred to herein.

The increase of \$3,340,899 in the General Reserve was accounted for as follows:—

Estimated value of privately constructed mains taken over by the Board	\$	\$
less reimbursements made by the Board .. .. .		1,447,033
Contributions towards cost of works .. .. .		152,612
Capital works financed from revenue .. .. .		2,333,900
Profit on sale of plant and equipment .. .. .		2,073
Profit on sale of motor vehicles .. .. .		4,969
Capital gain on revaluation of stock .. .. .		28,403
		<hr/>
		3,968,990
<i>Less—Transfer to Special Reserve .. .. .</i>	<i>625,822</i>	
<i>Loss on Sale of Stores .. .. .</i>	<i>2,269</i>	
		<hr/>
		628,091
		<hr/>
		3,340,899

The Board's statutory loan authority for its normal functions is \$500,000,000 against which the actual loan liability at 30th June, 1969, was \$419,277,607.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by \$52,296,014. Major increases were:—

Reservoir and Conduit Construction, &c. .. .. .	\$	8,720,414
Water Supply—extension large mains .. .. .		1,313,711
"    "    reticulation, water meters, &c. .. .. .		4,617,740
Construction and Amplification—sewage disposal, &c.—Farm .. .. .		525,704
Sewerage—extension mains, treatment works, &c. .. .. .		19,079,697
"    Pumping Stations .. .. .		520,690
Main Drains and River Improvements—extensions, &c. .. .. .		2,505,552
Metropolitan Main Highways .. .. .		13,126,348
Plant and Tools .. .. .		681,002
Depots and Quarters .. .. .		260,308

Included in the total of excess of assets over liabilities is a special reserve amounting to \$2,755,847. This reserve has been established by transfers from General and other Reserves, profits on sales of property and interest. The purpose of the reserve is to provide finance for a new Head Office building.



## MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1969, 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>	
		1967-68.	1968-69.
		\$	\$
Traffic Receipts—Tram .. .. .	.. .. .	15,478,629	15,796,441
” ” —Bus .. .. .	.. .. .	3,385,616	3,472,508
Miscellaneous Operating Receipts .. .. .	.. .. .	176,000	176,965
” Non-operating Receipts .. .. .	.. .. .	287,132	239,553
		<hr/>	<hr/>
Total Revenue .. .. .	.. .. .	19,327,377	19,685,467
		<hr/>	<hr/>

		<i>Expenditure.</i>	
Traffic Operation Costs —Tram .. .. .	.. .. .	7,389,731	7,605,224
” ” ” —Bus .. .. .	.. .. .	1,935,436	1,990,162
Maintenance of Permanent Way .. .. .	.. .. .	902,974	934,245
” ” Tramcars .. .. .	.. .. .	2,479,770	2,549,635
” ” Buses .. .. .	.. .. .	851,327	920,730
” ” Electrical Equipment .. .. .	.. .. .	526,183	536,974
” ” Buildings and Grounds .. .. .	.. .. .	244,964	263,666
Traction Energy Costs .. .. .	.. .. .	883,564	873,526
Fuel Oil (Buses) .. .. .	.. .. .	196,869	189,865
Bus Licence Fees and Road Tax .. .. .	.. .. .	22,518	21,315
General Administration and Stores Department Costs .. .. .	.. .. .	1,166,354	1,173,132
Workers Compensation Insurance .. .. .	.. .. .	406,962	464,453
Payroll Tax .. .. .	.. .. .	355,027	366,825
Interest on Capital Debt .. .. .	.. .. .	1,274,023	1,311,014
Depreciation and Amortization Provisions .. .. .	.. .. .	1,000,723	1,018,382
Charges for Accrued Sick Leave.. .. .	.. .. .	92,307	69,956
” ” Long Service Leave .. .. .	.. .. .	292,476	290,323
” ” Retiring Gratuities .. .. .	.. .. .	542,827	486,206
” ” Public Liability Claims .. .. .	.. .. .	231,186	300,440
Non-operating expenses .. .. .	.. .. .	75,973	96,318
		<hr/>	<hr/>
Total Expenditure .. .. .	.. .. .	20,871,194	21,462,391
		<hr/>	<hr/>
Result for year .. .. .	.. .. .	Deficit 1,543,817	Deficit 1,776,924
		<hr/>	<hr/>

The Board's balances as at 30th June, 1968 and 1969, are summarized hereunder :—

30.6.68.			30.6.69.
\$	Current Assets—		\$ \$
233,343	Balances at Bank and Cash in Hand .. .. .	.. .. .	177,154
160,144	Sundry Debtors .. .. .	.. .. .	345,936
941,357	Stores on Hand and Work in Progress .. .. .	.. .. .	736,663
			<hr/>
1,334,844			1,259,753
			<hr/>
	Fixed Assets—		
17,203,847	Permanent Way, Overhead Construction, Transmission Lines..	17,478,022	
10,760,532	Rolling Stock .. .. .	10,714,703	
4,835,417	Land and Buildings .. .. .	4,641,685	
3,316,981	Plant, Furniture, and Fittings, &c. .. .. .	3,365,373	
			<hr/>
36,116,777			36,199,783
18,118,480	Less Provision for Depreciation .. .. .	18,938,620	
			<hr/>
17,998,297			17,261,163
			<hr/>
19,333,141	Carried forward .. .. .	.. .. .	18,520,916
6310/69.—4			

30.6.68.				30.6.69.	
\$		\$	\$	\$	
19,333,141	Brought forward .. .. .	..	..	18,520,916	
2,010,754	Intangible Assets .. .. .	..	..	2,013,131	
1,339,103	Less Provision for Amortization .. .. .	..	..	1,379,317	
671,651				633,814	
2,032,000	Investments .. .. .	..	..	1,592,000	
22,036,792	<b>Total Assets .. .. .</b>	..	..	<b>20,746,730</b>	
<b>Current Liabilities—</b>					
568,514	Sundry Creditors .. .. .	..	..	739,477	
73,157	Contractors' and other Deposits .. .. .	..	..	47,745	
42,790	Less Deposits other than Cash .. .. .	..	..	19,190	
598,881				28,555	
				768,032	
<b>Accrued Liabilities—</b>					
331,112	Interest on Loans .. .. .	..	..	326,945	
854,265	Other .. .. .	..	..	792,690	
1,185,377				1,119,635	
23,840,432	Loans .. .. .	..	..	24,223,885	
25,624,690	<b>Total Liabilities .. .. .</b>	..	..	<b>26,111,552</b>	

The excess of Liabilities over Assets is represented by—

	The Accumulated Deficit brought forward .. .. .	..	..	3,745,471
	Plus—Deficit for year .. .. .	..	..	1,776,924
3,745,471	Accumulated Deficit at 30th June .. .. .	..	..	5,522,395
157,573	Less—Grants from Commonwealth of Australia for Tramlines constructed at its request .. .. .	..	..	157,573
3,587,898				5,364,822

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 in the undertaking, calculated on Balance-sheet figures, 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 :—

		30.6.68.	30.6.69.
		\$	\$
Provision for depreciation and amortization .. .. .		17,825,968	19,070,261
Sinking Fund .. .. .		1,631,615	*1,247,676
<b>Total Provision .. .. .</b>		<b>19,457,583</b>	<b>20,317,937</b>

\* Of the investments of the Board amounting to \$1,592,000, as at 30th June, 1969, investments to the sum of \$1,247,676 were accepted as being held on behalf of the Sinking Fund.

## MELBOURNE HARBOR TRUST.

In the conduct of the audit of the accounts for 1968, 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>						1967.	1968.
							\$	\$
Charges on Ships .. .. .	..	..	..	..	..	..	2,344,241	2,646,387
Charges on Goods .. .. .	..	..	..	..	..	..	5,521,025	7,055,184
Charges for Services—Cranes .. .. .	..	..	..	..	..	..	1,792,997	2,043,208
Charges for Services—Other .. .. .	..	..	..	..	..	..	378,831	470,109
Rents and Licence Fees from Lands .. .. .	..	..	..	..	..	..	965,438	1,154,196
Other Revenue.. .. .	..	..	..	..	..	..	210,675	204,117
<b>Total Revenue .. .. .</b>	..	..	..	..	..	..	<u>11,213,207</u>	<u>13,573,201</u>

*Expenditure and Provisions.*

Payment to Consolidated Revenue .. .. .	..	..	..	..	..	..	1,346,329	1,468,049
Operating Expenses .. .. .	..	..	..	..	..	..	2,642,055	2,837,233
Maintenance .. .. .	..	..	..	..	..	..	1,545,395	1,569,260
Interest on Loans .. .. .	..	..	..	..	..	..	1,705,524	1,780,464
Other Expenses .. .. .	..	..	..	..	..	..	909,234	1,098,014
Provision for Depreciation .. .. .	..	..	..	..	..	..	1,426,626	2,294,769
Provision for Insurance .. .. .	..	..	..	..	..	..	103,321	107,654
<b>Total Expenditure .. .. .</b>	..	..	..	..	..	..	<u>9,678,484</u>	<u>11,155,443</u>
Net Revenue .. .. .	..	..	..	..	..	..	1,534,723	2,417,758
Surplus on Sale of Capital Assets .. .. .	..	..	..	..	..	..	109,037	..
<b>Amount Available for Appropriation .. .. .</b>	..	..	..	..	..	..	<u>1,643,760</u>	<u>2,417,758</u>

*Appropriations.*

Sinking Fund .. .. .	..	..	..	..	..	..	435,000	600,000
General Reserve .. .. .	..	..	..	..	..	..	1,037,000	1,600,000
							<u>1,472,000</u>	<u>2,200,000</u>
Surplus for year .. .. .	..	..	..	..	..	..	171,760	217,758

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

							1967.	1968.
							\$	\$
Depreciation .. .. .	..	..	..	..	..	..	324,899	312,283
Insurance .. .. .	..	..	..	..	..	..	27,218	29,798
Periodical Maintenance .. .. .	..	..	..	..	..	..	10,000	10,000
Superannuation Pensions .. .. .	..	..	..	..	..	..	150,000	150,000
Service Grant Gratuities .. .. .	..	..	..	..	..	..	20,000	20,000
Long Service Leave .. .. .	..	..	..	..	..	..	50,000	50,000
							<u>582,117</u>	<u>572,081</u>

The following statement, based on the balance-sheet, analyses the sources of funds available to the Trust up to 31st December, 1968, and the application thereof, and includes comparative figures at the end of the previous year :—

31.12.67.	<i>Source of Funds.</i>						31.12.68.	
\$							\$	\$
	<b>External—</b>							
34,483,642	Loan Liability	..	..	..	..	..	36,028,823	
1,043,047	Sundry Creditors	..	..	..	..	..	1,240,829	
478,668	Bank Overdraft	..	..	..	..	..	695,760	
49,975	Trust Accounts	..	..	..	..	..	34,048	
							37,999,460	
	<b>Internal—</b>							
10,403,829	Capital Redemption Reserve	..	..	..	..	..	10,418,829	
2,737,000	General Reserve	..	..	..	..	..	4,337,000	
3,331,573	Insurance Reserve	..	..	..	..	..	3,446,978	
1,427,126	Superannuation Accounts	..	..	..	..	..	1,533,826	
17,025,663	Provision for Depreciation	..	..	..	..	..	19,426,030	
29,814	Provision for Periodical Maintenance	..	..	..	..	..	36,001	
680,000	Provision for Pensions and Gratuities	..	..	..	..	..	850,000	
200,000	Provision for Long Service Leave	..	..	..	..	..	250,000	
1,241,720	Sinking Fund	..	..	..	..	..	1,888,676	
8,704,794	Revenue Account Balance	..	..	..	..	..	8,922,552	
							51,109,892	
81,836,851							89,109,352	
	<b>Application of Funds.</b>							
74,997,846	Works of Construction and Plant (at cost)	..	..	..	..	..	82,802,966	
4,021,007	Investments (at cost) and Cash	..	..	..	..	..	906,277	
	<b>Current Assets—</b>							
828,214	Sundry Debtors	..	..	..	..	..	1,063,081	
177,035	Advances for Housing	..	..	..	..	..	165,983	
956,054	Materials in Stock (at cost)	..	..	..	..	..	754,105	
							1,983,169	
..	General Reserve Fund Investments (at cost)	..	..	..	..	..	2,094,216	
806,720	Sinking Fund Investments (at cost)	..	..	..	..	..	1,288,676	
49,975	Cash Held in Trust Accounts	..	..	..	..	..	34,048	
81,836,851							89,109,352	

## METROPOLITAN FIRE BRIGADES BOARD.

The figures herein relating to the financial year 1968-69 are submitted subject to audit.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities. In 1968-69, the funds so provided were—Fire Insurance Companies, \$4,156,200, and Municipalities, \$2,078,100.

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

<i>Revenue.</i>	1967-68.	1968-69.
	\$	\$
Surplus from previous year .. .. .	45,418	420,005
Statutory contributions .. .. .	6,039,900	6,234,300
Other .. .. .	126,755	138,170
	6,212,073	6,792,475
<i>Expenditure.</i>		
Salaries, Wages and Maintenance, &c. .. .. .	5,317,391	6,191,432
Loan Repayments .. .. .	25,237	20,687
Transfer to Funds and Interest on Loans .. .. .	449,440	514,180
	5,792,068	6,726,299
Surplus carried forward to next year .. .. .	420,005	66,176

The financial position of the Board as at 30th June, 1968 and 1969, is summarized hereunder :—

30.6.68.		30.6.69.
\$		\$      \$
	Source of Funds—	
	External—	
596,786	Loan Liability .. .. .	576,099
	Internal—	
4,822,160	Excess of Assets over Liabilities .. .. .	5,078,143
5,870,192	Funds .. .. .	6,279,296
4,741,593	Less invested on account of Superannuation and other Trust purposes .. .. .	5,386,965
1,128,599		892,331
5,950,759		5,970,474
6,547,545		6,546,573
	Represented by—	
	Current Assets—	
211,853	Sundry Debtors and Advances .. .. .	175,306
247,323	Stock on Hand .. .. .	272,387
795	Work in Progress .. .. .	1,343
459,971		449,036
	Less—	
	Current Liabilities—	
15,270	Sundry Creditors .. .. .	3,150
368,963	Cash Balance Overdrawn (net) .. .. .	488,566
384,233		491,716
75,738		Dr. 42,680
1,652,461	Investments .. .. .	1,185,441
	Fixed Assets—	
3,793,340	Land and Buildings .. .. .	4,208,965
404,859	Plant, Machinery and Equipment .. .. .	413,856
621,147	Rolling Stock .. .. .	780,991
		5,403,812
6,547,545		6,546,573

## 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. Operations for the year resulted in a deficit of \$10,610 compared with a deficit for the previous year of \$111,599.

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 \$616,000 and the provisions for sinking fund and accruing long service leave, there was a deficit of \$57,988 on the year's operations. This compares with a deficit of \$16,650 in 1967-68.

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

1967-68.		1968-69.
\$		\$      \$
	<b>Operating Revenue—</b>	
158,760	Wharfage Rates .. .. .	224,211
23,304	Tonnage Rates .. .. .	26,423
6,403	Slipway Charges .. .. .	2,477
101,477	Shipping Services .. .. .	139,236
43,734	Rent .. .. .	46,442
16,801	Handling Charges, &c.—Grain Terminal .. .. .	143,963
350,479		582,752
	<b>Operating Expenditure—</b>	
91,659	Administrative .. .. .	103,304
69,690	Maintenance .. .. .	95,789
77,092	Shipping Services .. .. .	98,117
50,172	Grain Terminal Expenses (including Depreciation) .. .. .	76,890
11,084	Depreciation—Harbor Works, &c. .. .. .	11,810
299,697		385,910
50,782	Operating Surplus .. .. .	196,842
	<b>Non-operating Revenue—</b>	
34,079	Interest .. .. .	30,591
1,489	Licences .. .. .	1,976
404	Other .. .. .	327
35,972		32,894
86,754		229,736
	<b>Non-operating Expenditure—</b>	
806,590	Loan Interest .. .. .	846,097
7	Loan Flotation Expenses, &c. .. .. .	84
273	Loss on disposal of Railway Property .. .. .	..
806,870		846,181
720,116	Excess of Expenditure over Revenue .. .. .	616,445
	<b>Appropriations—</b>	
3,391	Long Service Leave .. .. .	4,385
53,143	Sinking Fund .. .. .	53,158
56,534		57,543
776,650		673,988
760,000	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes .. .. .	616,000
16,650	Deficit for year .. .. .	57,988

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, \$2,221,323, and National Debt Sinking Fund contributions, \$115,242.

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

	\$
Balance 1st July, 1968—Surplus .. .. .	33,360
Less Deficit for year .. .. .	57,988
	<u>24,628</u>
Add Transfer to Loans Redeemed Reserve in respect of Loans redeemed during 1968-69 .. .. .	49,406
	<u>74,034</u>

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

30.6.68.		30.6.69.
\$		\$
227,689	Current Liabilities .. .. .	257,616
	Deferred Liabilities—	
10,000	Treasury Advance .. .. .	10,000
18,498,496	Loan Funds .. .. .	19,283,190
55,836	Provision for Overburden Removal, Cape Grant Quarry ..	37,146
75,572	„ „ Plant Maintenance .. .. .	80,547
28,351	Other .. .. .	30,000
<u>18,668,255</u>		<u>19,440,883</u>
	Funds of the Trust—	
46,348	Endowments .. .. .	42,626
649,985	Sinking Fund .. .. .	731,670
200,804	Loans Redeemed Reserve .. .. .	254,110
<u>897,137</u>		<u>1,028,406</u>
33,360	Accumulated Surplus .. .. .	74,034
..	„ Deficit .. .. .	..
<u>930,497</u>		<u>954,372</u>
<u>19,826,441</u>		<u>20,652,871</u>
	Current Assets—	
33,624	Cash .. .. .	99,440
91,517	Stores .. .. .	97,491
79,169	Other .. .. .	99,095
<u>1,673,295*</u>		<u>296,026</u>
	Investments .. .. .	1,424,823*
	Fixed Assets—	
40,227	Property Vested ( <i>less</i> Written Off) .. .. .	36,505
68,738	Other ( <i>less</i> Depreciation) .. .. .	68,060
16,387,732	Harbor Construction Works and Plant ( <i>less</i> Depreciation) ..	17,171,016
1,452,139	Grain Terminal Construction Works and Plant ( <i>less</i> Depreciation) .. .. .	1,656,441
<u>19,826,441</u>		<u>18,932,022</u>
		<u>20,652,871</u>

\* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1969, comprised advances from the Treasurer, \$3,672,900 (including \$24,900 discount and expenses on loans) and \$15,610,290 raised by the Trust by the issue of Inscribed Stock and Debentures.

Deferred Liabilities do not include interest accrued on advances from the Treasurer. At 30th June, the amount involved was \$2,221,323.

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.

Investments, \$1,424,823, 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.

	30.6.67.		30.6.68.		30.6.69.	
	\$	%	\$	%	\$	%
Inscribed Stock .. ..	5,489,100	27	5,750,200	27	7,005,800	29
Bank Deposit Stock .. ..	700,000	4	700,000	3	1,000,000	4
Municipal Debentures .. ..	1,743,187	9	1,611,286	7	1,799,894	7
Mortgages .. ..	11,307,877	56	12,688,117	59	13,602,350	56
Loan to Co-operative Housing Society	196,704	1	179,204	1	148,204	1
Cash at Bank and in Hand ..	644,906	3	639,089	3	827,086	3
	<u>20,081,774</u>	<u>100</u>	<u>21,567,896</u>	<u>100</u>	<u>24,383,334</u>	<u>100</u>

In addition to funds held in the Common Fund, the Public Trustee has under his control, in respect of the estates under his administration, investments and property of a substantial total value. As the Public Trustee has suspended the central record formerly kept of the total value of all assets under his control, the over-all value of such assets cannot now be readily ascertained.

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 1967–68 and 1968–69 were :—

1967-68.		INTEREST SUSPENSE ACCOUNT.				1968-69.	
\$					\$	\$	
1,369,129	Income from investments .. ..	..	..	..	..	1,504,915	
	Appropriations—						
881,870	Interest allocated to estates .. ..	..	..	..	988,770		
80,000	Provision for interest payable to estates .. ..	..	..	..	97,500		
407,259	Consolidated Revenue .. ..	..	..	..	418,645		
<u>1,369,129</u>						<u>1,504,915</u>	

1967-68.		ESTATES GUARANTEE AND RESERVE ACCOUNT.				1968-69.	
\$					\$	\$	
1,207,974	Balance at 1st July .. ..	..	..	..	..	1,291,993	
84,531	Interest credited on balance .. ..	..	..	..	..	90,012	
<u>1,292,505</u>						<u>1,382,005</u>	
512	Less Legal fees .. ..	..	..	..	..	..	
<u>1,291,993</u>	Balance at 30th June .. ..	..	..	..	..	<u>1,382,005</u>	

In 1968–69, 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 \$46,050 compared with a surplus of \$149,717 in the preceding year. Particulars are :—

1967-68.		1968-69.	1967-68.		1968-69.
\$	<i>Receipts.</i>	\$	\$	<i>Payments.</i>	\$
352,119	Fees and Commission ..	336,545	517,533	Salaries, pay in lieu of long service leave, overtime and payroll tax ..	581,221
407,259	Surplus—Interest Suspense Account ..	418,645	2,278	Publicity ..	2,478
			66,465	Rent ..	66,233
			23,385	Other expenses (net) ..	59,208
			149,717	Surplus for the year ..	46,050
<u>759,378</u>		<u>755,190</u>	<u>759,378</u>		<u>755,190</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 :—

	1966-67.	1967-68.	1968-69.
	\$	\$	\$
Consolidated Revenue—			
Fees and Commission .. ..	334,029	352,119	336,545
Probate Duty .. ..	414,271	767,389	576,085
Surplus from Interest Suspense Account ..	361,773	407,259	418,645
Maintenance—Patients in Mental Hospitals ..	173,393	66,906	43,167
Stationery, Postages recouped .. ..	11,718	15,391	11,030
Sundry Receipts .. ..	1,719	1,461	..
	<u>1,296,903</u>	<u>1,610,525</u>	<u>1,385,472</u>
Transfers to Treasury Trust Fund—			
Unclaimed Moneys—after 6 years .. ..	91,384	118,395	..

A sum of \$121,287, being unclaimed moneys held by the Public Trustee for a period of six years, was not transferred to the Treasury Trust Fund in accordance with the provisions of Section 19 (4) of the *Audit Act* 1958.

In reply to an audit inquiry as to why this amount was not transferred at 30th June, 1969, the Public Trustee referred to staffing and other difficulties in the operation of his Accounts Branch. He also raised doubt as to whether or not Section 19 of the *Audit Act* 1958 applied to unclaimed moneys in the hands of the Public Trustee, notwithstanding the express reference to him in the proviso to Sub-section (4) of that Section.

The situation in the Accounts Branch had already been the subject of audit comment in answer to which the Public Trustee had outlined action taken by him to effect improvement. The legal question has been submitted to the Crown Solicitor for opinion. In the meantime, the amount of \$121,287 has been transferred to the Treasury Trust Fund.

## 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 \$2,698,694. At the close of the year, \$27,025,542 was held by borrowers of which \$22,754,364 was held in respect of primary industries and \$4,271,178 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 1968-69.

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 \$13,336.

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, 1968 ..	6,806,040	
Repayments of advances, 1st July, 1968, to 30th June, 1969 ..	83,483	
	—————	6,889,523†
		11,673,523
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1969 .. .. .	..	7,285,577
		—————
Unexpended balance 30th June, 1969 .. .. .	..	4,387,946
		—————

\* 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, 1969, 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 :—

1968.	INCOME.							1969.		
\$								\$	\$	
1,526,090	Interest .. .. .							1,611,319		
30,909	Application and Legal Fees .. .. .							18,817		
<hr/>								<hr/>		
1,556,999									1,630,136	
		EXPENDITURE AND PROVISIONS.								
211,197	Administration .. .. .							197,509		
1,103,790	Interest on Loan Indebtedness .. .. .							1,221,784		
64,918	Interest on Redeemed Securities .. .. .							73,021		
4,182	Provision for Long Service Leave .. .. .							3,989		
32,140	Provision for Superannuation .. .. .							28,355		
<hr/>								<hr/>		
1,416,227									1,524,658	
<hr/>								<hr/>		
140,772	Operating Profit for Year .. .. .								105,478	
	<i>Add—</i>									
32,504	Interest on Investments .. .. .								77,392	
11,496	Surplus on Sale of Residences, &c. .. .. .								4,042	
<hr/>								<hr/>		
184,772									186,912	
<hr/>								<hr/>		
	<i>Less—</i>									
61,085	National Debt Sinking Fund—Contribution .. .. .							66,436		
90,930	Discounts and Expenses on Loans .. .. .							7,718		
880	Provision for Doubtful Debts .. .. .							..		
<hr/>								<hr/>		
152,895									74,154	
<hr/>								<hr/>		
31,877	Balance Transferred to General Reserve .. .. .								112,758	
<hr/>								<hr/>		

At 30th June, 1968 and 1969, funds available to the Commission were :—

30.6.68.		30.6.69.
\$		\$ \$
24,451,275	Loan Funds— Loan Liability—Treasurer of Victoria (net) .. .. .	25,527,047
	Other Funds—	
11,355	Advances <i>Farmers Debts Adjustment Act 1943</i> —Treasurer of Victoria .. .. .	8,962
4,683,193*	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
<hr/>		<hr/>
48,488	Trust Account—Amounts in suspense .. .. .	4,711,559
20,393	Sundry Creditors .. .. .	66,343
1,622,960	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	11,304
45,803	Provision for Long Service Leave .. .. .	1,818,525
824,252	Provision for Superannuation .. .. .	55,330
479,810	Provision for Doubtful Debts .. .. .	939,788
117,357	Settlers' Proceeds Held .. .. .	467,039
904	Inter-Fund Adjustment Account .. .. .	..
1,090,000	Loan Equalization Account .. .. .	..
391,841	General Reserve .. .. .	1,090,000
394,893	Profit and Loss Appropriation Account .. .. .	795,660
<hr/>		<hr/>
34,201,928		325,705
<hr/>		<hr/>
		35,808,300

\* Excludes \$100,807 (net) bad debts written off.

The General Reserve (\$795,660) 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, \$382,000 was transferred from the Profit and Loss Appropriation Account to the General Reserve to offset the transfer of \$377,800 from the General Reserve to the Profit and Loss Appropriation Account made in the previous year.

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

30.6.68.		30.6.69.
\$		\$      \$
	Loans and Advances—	
27,243,135	Loans under Part III.— <i>Rural Finance Act</i> 1958 .. ..	27,025,542
398,133	Advances under <i>Farmers Debts Adjustment Act</i> 1935, and Part IV.— <i>Rural Finance Act</i> 1958 .. ..	314,651
11,355	Advances under <i>Farmers Debts Adjustment Act</i> 1943 .. ..	8,962
18,640	Contracts of Sale .. ..	16,320
		<hr/>
682,466	Interest Due and Accrued .. ..	27,365,475
82,096	Amount Due for Administration—Drought Relief .. ..	748,669
		214,904
	Cash at Treasury, &c.—	
4,304,463	Rural Rehabilitation Fund .. ..	4,387,946
271	National Debt Sinking Fund .. ..	63,890
		<hr/>
		4,451,836
	Fixed Assets—	
27,028	Furniture and Office Equipment <i>less</i> Depreciation .. ..	25,109
35,778	Motor Cars <i>less</i> Depreciation .. ..	33,719
68,367	Residences and Offices .. ..	77,947
		<hr/>
		136,775
502	Charges paid in Advance .. ..	542
	Cash—	
85,644	At Bank and in hand .. ..	85,758
..	At call .. ..	1,037,981
		<hr/>
		1,123,739
1,244,050	Investment Pool (at cost) on account of Provisions and General Reserve .. ..	1,766,360
		<hr/>
34,201,928		35,808,300
		<hr/>

Interest due and accrued, \$748,669, shown above, comprised interest due, \$406,634, and interest accrued, \$342,035.

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 1968–69 and, at 30th June, the amount due to the Commission was \$587,662. 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 .. ..		421,673
From borrowers—		
Repayments of Principal .. ..	215,682	
Interest on Advances .. ..	89,648	
	<hr/>	305,330
From Public Works Department—		
Housing other Departments .. ..		101,364
From Rural Finance and Settlement Fund—		
Funds provided temporarily .. ..		21,305
Add Cash at Bank—1st July, 1968 .. ..		31
	<hr/>	
Carried forward .. ..		849,703

	\$	\$	\$
Total Receipts brought forward .. .. .			849,703
Less Payments—			
Settlers—			
Bush Fire Relief .. .. .	224,592		
Drought Relief .. .. .	14,569		
Hail Damage—Dried Fruits Area .. .. .	6,466		
Hail and Storm Damage—Orchardists .. .. .	9,000		
Secondary Industry .. .. .	53,663		
Miscellaneous .. .. .	45,319		
		353,609	
Housing other Departments .. .. .		101,364	
Grant—Lakes Entrance Fishermen's Co-operative Ltd. .. .. .		89,400	
Treasurer of Victoria—Instalments of Principal and Interest .. .. .		305,330	
		<u>849,703</u>	
Cash at Bank—30th June, 1969 .. .. .			Nil

A further cash advance of \$500,000 made available by the Treasurer late in June, 1969, was not received by the Commission until July and could not therefore be allocated to special purposes in the year 1968-69.

During the year, the Treasurer approved of an amount of \$153 being written off as a bad debt. Amounts written off now total \$54,354.

*Drought Relief.*—During the year, the Commission was provided with a loan of \$2,880,000 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>	
Cash at Bank—1st July, 1968 .. .. .	176,015
Funds provided by Commonwealth .. .. .	2,880,000
Treasurer of Victoria .. .. .	2,224
Principal repayments .. .. .	1,341,730
Interest .. .. .	84,287
Rural Finance and Settlement Fund .. .. .	130,098
	<u>4,614,354</u>
<i>Payments—</i>	
Loans and advances .. .. .	3,093,683
Repayments re-advanced .. .. .	231,104
Administration costs .. .. .	56,328
Transport subsidies .. .. .	3,498
Repaid to Rural Finance and Settlement Fund .. .. .	84,287
Cash at Bank—30th June, 1969—	
Repayments .. .. .	1,145,454
	<u>4,614,354</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.

The Commission made a further purchase of wheat from the Australian Wheat Board costing \$87,166, payable with interest at 4½ per cent. per annum, bringing the total cost of wheat purchased under the authority of the Act to \$553,333. The wheat 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 .. .. .	3,328,395
Rural Finance and Settlement Fund .. .. .	64,022
Farmers' Repayments .. .. .	366,221
	<u>3,758,638</u>
<i>Payments—</i>	
Rebates and subsidies .. .. .	3,202,573
Administration costs .. .. .	68,801
Australian Wheat Board .. .. .	487,264
	<u>3,758,638</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, 1969, a sum of \$131,208,426 has been allocated for soldier settlement. Of this sum, \$116,811,020 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 at 30th June, 1969, was \$49,717,363.

With the exception of \$1,228,072 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 1968-69, \$1,925,528 was so credited bringing the total repayments to 30th June, 1969, to \$62,123,503.

Principal assets of the Commission at 30th June, 1969, were :—

	\$	\$
Land and Improvements held by settlers under—		
(a) Purchase Lease .. .. .	35,686,260	
(b) Interim Lease .. .. .	33,340	
	<hr/>	35,719,600
Advances to finance single unit farms .. .. .		7,743,894
Advances to effect improvements and for purchase of stock, &c. ..		31,828
Unpaid balances under Contracts of Sale .. .. .		276,894

In addition to the assets listed above, there is another item of substantial size in the Commission's books. This item, \$4,785,203, 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 1968-69 shows :—

<i>Expenditure—</i>	\$	\$
Interest .. .. .	2,765,801	
Less Interest transferred and borne by the State .. .. .	910,648	
	<hr/>	1,855,153
Administrative Costs .. .. .	244,267	
Provision for Long Service Leave .. .. .	5,020	
Provision for Superannuation .. .. .	35,686	
	<hr/>	2,140,126
<i>Income—</i>		
Interest earned .. .. .	950,905	
Rents, Fees and Sundries .. .. .	416	
Contribution by Commonwealth—account Shire Rates .. .. .	125	
	<hr/>	951,446
Deficit for 1968-69 .. .. .		<hr/> <hr/> 1,188,680

The total accumulated deficit to 30th June, 1969, amounted to \$22,923,660. 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, 1969, have been calculated by the Commission to be \$23,953,068.

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 \$28,040,246 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, 1969, was \$22,427,124—a reduction of \$5,613,122, made up as hereunder :—

	To 30.6.68.	1968-69.	Total.
	\$	\$	\$
Settlers' repayments to Loan Fund .. .. .	2,515,920	610,803	3,126,723
Borne by the State pursuant to Section 41 .. .. .	1,706,943	779,456	2,486,399
	<u>4,222,863</u>	<u>1,390,259</u>	<u>5,613,122</u>

Assets of the Commission at 30th June, 1969, were :—

	\$	\$
Estates purchased and developed not yet disposed of .. .. .	..	9,230,302
Unpaid balances under Contracts of Sale .. .. .	..	312,898
Land and improvements held under Purchase Lease—Division 4 .. .. .	..	13,365,142
Advances to Settlers—Division 6 .. .. .	..	140,771
Land and Improvements under mortgage—Division 4 .. .. .	..	86,161
Capital Expenses not allocated to Estates .. .. .	..	88,436

Other assets—

Buildings and working plant at cost <i>less</i> depreciation .. .. .	673,863	
Plant, materials and services not yet allocated .. .. .	92,080	
	<u>765,943</u>	
		<u>23,989,653</u>

The Profit and Loss Account for the year ended 30th June, 1969, excluding livestock transactions, shows :—

*Expenditure—*

	\$	\$
Interest and Loan-raising Expenses .. .. .	..	1,209,916
<i>Less</i> Interest Capitalized .. .. .	418,812	
„ Interest transferred and borne by the State under Section 41 .. .. .	112,594	
	<u>531,406</u>	
		678,510
Administrative Costs .. .. .	..	223,786
Provision for Long Service Leave .. .. .	..	4,599
Provision for Superannuation .. .. .	..	32,695
Shire Rates .. .. .	..	1,054
		<u>940,644</u>

*Income—*

Interest earned, agistment, &c. .. .. .	..	550,544
Deficit for year .. .. .	..	390,100
		<u>940,644</u>



The accumulated deficit to 30th June, 1969, before taking into account profits from livestock trading, amounted to \$2,661,717. 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 \$94,589, thereby increasing the accumulated profit from this activity to \$596,041 at 30th June, 1969.

#### 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, 1968 .. .. .	1,183,197	
Less—Transfer of surplus to Rural Finance and Settlement Fund ..	183,197	
	<hr/>	
Premiums Raised 1968–69 .. .. .	215,356	1,000,000
Interest on Investments .. .. .	57,163	
	<hr/>	272,519
Gross Income .. .. .	..	<hr/> 1,272,519
<i>Expenditure—</i>		
Current Claims admitted—1968–69 .. .. .	151,642	
Administration Expenses .. .. .	22,674	
Statutory contribution to Country Fire Authority .. .. .	26,580	
	<hr/>	
Total Expenditure .. .. .	..	200,896
Balance at 30th June, 1969 .. .. .	..	<hr/> 1,071,623

The transfer of \$183,197 to the Rural Finance and Settlement Fund from the balance brought forward at 1st July, 1968, 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, 1968.

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

	\$
<i>Investments—</i>	
Inscribed stock, &c. held in common pool .. .. .	1,102,089
Accrued Interest .. .. .	16,143
Arrears of Premium .. .. .	32,548
Cash at Bank .. .. .	40
	<hr/>
	1,150,820
<i>Less—</i>	
Claims admitted but not paid .. .. .	79,197
	<hr/>
Balance at 30th June, 1969 .. .. .	1,071,623
	<hr/>

## STATE SUPERANNUATION BOARD OF VICTORIA.

By legislative direction, the State Superannuation Board of Victoria is responsible for the administration of the Superannuation Fund, the Pensions Supplementation Fund, the Married Women's Superannuation Fund and the Parliamentary Contributory Superannuation 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 service and certain statutory bodies and, in terms of the *Superannuation Act* 1963, certain members of the police force.

The figures included in my Supplementary Report for the year ended 30th June, 1968, were published subject to final audit check. During the concluding stages of the audit for that year, adjustments to these figures were found to be necessary and were referred to Board officers for consideration. To the date of preparation of this Report, such adjustments had not been effected to audit satisfaction.

In respect of the 1968-69 accounts, provisional figures only were made available for audit. A relatively high error rate was found to be present in these accounts and the audit has been temporarily suspended to enable the accounts to be put on a more satisfactory basis. Consequently, I have not included in this Report figures relating to the receipts and disbursements of the Superannuation Fund for 1967-68 or 1968-69.

Preliminary discussions have taken place between officers of my staff and the Secretary of the Board concerning the necessity for the improvement of checks, and the avoidance of delay in presenting for audit the final accounts of the Board. Assumption of responsibility for the administration of additional schemes of superannuation, following legislative enactments of recent years, necessitates a full review of the Board's accounting system and the introduction of revised and effective methods of internal check.

## 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 which equal in value the amounts debited to the Fund in respect of the supplementation of certain pensions and which are to be made from any surplus in the Superannuation Fund revealed at the preceding triennial 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 1967-68 :—

1967-68.					1968-69.	
\$					\$	\$
	Income—					
	Statutory Transfers—					
32,854	Police Superannuation Fund	..	..	..	..	
1,037,014	State Superannuation Fund	..	..	..	1,054,029	
					<hr/>	1,054,029
78,203	Interest on Investments	..	..	..	..	56,464
2,346	Appreciation of Investments	..	..	..	..	2,536
..	Profits on Sales, &c., of Securities (net)	..	..	..	..	1,828
<hr/>						<hr/>
1,150,417						1,114,857
	Expenditure—					
1,237,609	Pensions	..	..	..	..	1,263,606
<hr/>						<hr/>
87,192	Deficit Transferred to Accumulated Funds..	..	..	..	..	148,749
<hr/>						<hr/>

The Accumulated Funds as at 30th June, 1968 and 1969, respectively, were represented by :—

30.6.68.		30.6.69.
\$		\$      \$
	Assets—	
6,248	Cash at Bank .. .. .	15,731
	Accruals—	
32,854	Transfers from—Police Superannuation Fund .. .. .	..
34,201	State Superannuation Fund .. .. .	31,107
		<hr/> 31,107
21,175	Interest on Investments .. .. .	19,297
		<hr/>
		50,404
..	Sundry Debtors—Police Superannuation Fund .. .. .	32,854
	Investments (at Book Value)—	
50,667	Fixed Deposit .. .. .	..
678,912	Commonwealth Government Inscribed Stock .. .. .	570,000
482,881	Melbourne City Council Inscribed Stock .. .. .	485,417
		<hr/> 1,055,417
<hr/> 1,306,938		<hr/> 1,154,406
	Less Liabilities—	
40,916	Pensions Approved but Unpaid .. .. .	37,133
<hr/> 1,266,022		<hr/> 1,117,273

On page 37 of my Report on the Treasurer's finance statement for the year ended 30th June, 1969, under the heading of Police Superannuation Fund, I stated that, because the income of this Fund was not sufficient to meet the liability for current pensions, the requirement of the Pensions Supplementation Act, as set out in (ii) above was not met during 1968-69 and the balance of the Police Superannuation Fund at 30th June, 1968, \$32,854, was retained in that Fund. Pending Treasury action for the submission of amending legislation, the Board has carried forward the amount of \$32,854 under the heading of Sundry Debtors. In the 1968-69 accounts, the balance of the Police Superannuation Fund at 30th June, 1969, was not treated as an accrued item because, had this amount of \$32,854 been transferred in 1968-69, no funds would have been available as at 30th June, 1969, for transfer to the Pensions Supplementation Fund in 1969-70.

The loss of income to the Pensions Supplementation Fund from statutory transfers from the Police Superannuation Fund compelled the Board to realize certain investments to meet the liability for pensions and contributed to the increase in the deficit from \$87,192 in 1967-68 to \$148,749 for the period under review.

#### MARRIED WOMEN'S SUPERANNUATION FUND.

The *Married Women's Superannuation Fund Act 1968*, which came into operation on 1st February, 1969, provides for the establishment, on a contributory basis, of the Married Women's Superannuation Fund. The purpose of this Fund is to provide retiring benefits to married women who are on the permanent staff of the public service and who, because of their married status, are not eligible to become contributors to the Superannuation Fund established under the *Superannuation Act 1958*.

The *Married Women's Superannuation Fund Act 1968* repealed the provisions of the *Teaching Service Act 1958* relating to the establishment of the Married Women Teachers' Pension Fund and provided for the transfer of the assets of that Fund to the Married Women's Superannuation Fund. Married women permanently employed in the teaching service who were contributing to the former scheme, became, in terms of the new Act, contributors to the Married Women's Superannuation Fund and the value of the interest that each such contributor had acquired in the former scheme is to be credited to special accounts established within the new Fund. Pensions payable under the provisions of the *Teaching Service Act 1958* immediately prior to the commencement of the *Married Women's Superannuation Fund Act 1968* will be paid out of the new Fund.

Female officers who were not contributors to the Married Women Teachers' Pension Fund may elect to participate in the new scheme.

All contributors, through the medium of deductions from salary, are required to contribute to the Fund a sum equal to 5 per cent. of their respective salaries. Contributions are credited to ordinary accounts in the Fund and are supplemented by payments out of Consolidated Revenue when benefits become due. Benefits on retirement consist of lump sum payments or annuities.

Subject to final audit, a summary of transactions for the period 1st February, 1969, to 30th June, 1969, is given hereunder :—

<i>Receipts.</i>									
									\$
Transfer from Married Women Teachers' Pension Fund	..	..	..	..	..	..	..	..	902,087
Contributions from Officers	..	..	..	..	..	..	..	..	23,200
Contributions from Consolidated Revenue—Act 7776, Sec. 5 (2)	..	..	..	..	..	..	..	..	27,365
Interest on Investments	..	..	..	..	..	..	..	..	3,612
									956,264
<i>Disbursements.</i>									
Pensions—Act 6391	..	..	..	..	..	..	..	..	3,643
Lump Sum Payments	..	..	..	..	..	..	..	..	6,176
Contributions Refunded (inclusive of interest)	..	..	..	..	..	..	..	..	2,495
Balance 30th June, 1969	..	..	..	..	..	..	..	..	* 943,950
									956,264
*Represented by—									
Investments (Face Value \$938,780)	..	..	..	..	..	..	..	..	938,695
Cash	..	..	..	..	..	..	..	..	5,255
									943,950

#### PARLIAMENTARY CONTRIBUTORY SUPERANNUATION FUND.

The *Parliamentary Salaries and Superannuation Act 1968*, which came into operation on 1st December, 1968, provided for the establishment in the Treasury of the Parliamentary Contributory Superannuation Fund. In compliance with the Act, amounts standing to the credit of the Parliamentary Contributory Retirement Fund established under the *Constitution Act Amendment Act 1958* and the Parliamentary Superannuation Fund established under the *Parliamentary Contributory Superannuation Act 1962* were paid into the new Fund.

On 22nd April, 1969, the *Parliamentary Salaries and Superannuation (Administration) Act 1969* transferred responsibility for the administration of the Parliamentary Contributory Superannuation Fund from the Treasury to the State Superannuation Board of Victoria. The audit of the accounts of this Fund is undertaken by the Auditor-General at the request of the Treasurer.

The purpose of the Fund is to provide pensions, retiring allowances and other superannuation benefits to former members of Parliament, their widows and legal personal representatives. Members are required to contribute by way of deduction from salary, and, to the extent certified by the actuary appointed by the trustees, Consolidated Revenue is applied to enable the Fund to meet its liabilities.

Subject to final audit, transactions for the period 22nd April, 1969, to 30th June, 1969, were :—

<i>Receipts.</i>									
									\$
Transfer from Treasury	..	..	..	..	..	..	..	..	433,020
Contributions from Members	..	..	..	..	..	..	..	..	16,766
Contributions from Consolidated Revenue	..	..	..	..	..	..	..	..	43,600
Interest on Investments	..	..	..	..	..	..	..	..	3,365
									496,751
<i>Disbursements.</i>									
Pensions	..	..	..	..	..	..	..	..	32,272
Repayment of loan to Treasury (including interest)	..	..	..	..	..	..	..	..	32,338
Loss on redemption of investments (net)	..	..	..	..	..	..	..	..	3,673
Balance 30th June, 1969	..	..	..	..	..	..	..	..	* 428,468
									496,751
*Represented by—									
Investments	..	..	..	..	..	..	..	..	425,000
Cash	..	..	..	..	..	..	..	..	3,468
									428,468

**VICTORIAN INLAND MEAT AUTHORITY.**

The audit of the accounts of the Authority for the year ended 30th June, 1969, is in course, and the figures given below are subject to the completion thereof.

After making provision for long service leave, \$16,489, and for bad debts, \$5,200, transactions for 1968-69 resulted in a loss of \$215,177, compared with a profit of \$17,292 in 1967-68. A large expansion of trading activities in the Authority's wholesale and export department is reflected in the substantial increases shown in several items in 1968-69 compared with 1967-68.

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

1967-68.	REVENUE.						1968-69.
\$							\$
	Sales—						
2,321,141	Meat, Offal and By-products	..	..	..	..	..	6,877,851
101,315	Hides, Skins and Wool	..	..	..	..	..	963,478
1,105,504	Storage, Treatment and General Receipts	..	..	..	..	..	1,254,063
18	Interest on Investments	..	..	..	..	..	25
..	Stock Increase	..	..	..	..	..	421,919
15,869	Government Subsidy—Operation of Shepparton Abattoirs	..	..	..	..	..	..
17,136	Transfer from Contingency Reserve—Loss on operation of Shepparton Abattoirs	..	..	..	..	..	..
3,560,983							9,517,336
..	Loss	..	..	..	..	..	215,177
3,560,983							9,732,513
EXPENDITURE.							
1,250,452	Purchases of Livestock and Meat	..	..	..	..	..	6,339,345
1,834,211	Working Expenses—Wages, Fuel, Freight, Stores, &c.	..	..	..	..	..	2,776,987
168,121	General Expenses—Rent, Rates, Pay-roll Tax, &c.	..	..	..	..	..	298,051
51,606	Administration—Head Office, Salaries, &c.	..	..	..	..	..	89,660
89,325	Depreciation	..	..	..	..	..	95,042
30,831	Stock Decrease	..	..	..	..	..	..
3,424,546							9,599,085
103,945	Interest—Treasurer of Victoria	..	..	..	..	..	111,739
15,200	Provision for Long Service Leave	..	..	..	..	..	16,489
..	Provision for Bad Debts	..	..	..	..	..	5,200
17,292	Profit	..	..	..	..	..	..
3,560,983							9,732,513

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

	At 30th June—		
	1967.	1968.	1969.
	\$	\$	\$
Current Liabilities .. .. .	596,741	474,256	1,375,132
Loan for Fixed Assets .. .. .	2,553,319	2,646,508	2,639,351
Capital .. .. .	580,069	580,069	580,069
Reserves .. .. .	163,962	152,038	160,680
Accumulated Profit .. .. .	68,698	85,990	..
	3,962,789	3,938,861	4,755,232
Current Assets .. .. .	268,389	296,755	909,792
Fixed Assets less Depreciation .. .. .	3,694,400	3,642,106	3,716,252
Accumulated Loss .. .. .	..	..	129,188
	3,962,789	3,938,861	4,755,232

The State has provided working capital for the Authority and, at 30th June, 1969, 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, the limit of which was raised during the year from \$150,000 to \$300,000. At 30th June, 1969, the bank overdraft stood at \$682,429 which was \$82,429 in excess of the limit of \$600,000 approved by the Treasurer pursuant to the provisions of Section 19 of the *Victorian Inland Meat Authority Act 1958*.

At the close of the year, the Authority's loan liability to the State on account of fixed assets was \$2,639,351.

## VICTORIAN PIPELINES COMMISSION.

The annual audit of the accounts of the Commission to 30th June, 1969, has been completed.

Expenditure during the year was mainly on account of the construction of the natural gas pipeline from Dutson to Dandenong and ancillary works and was financed from the proceeds of loans raised by the Commission.

The Commission began commercial operations on 11th April, 1969, all expenditure prior to that date being capitalized.

The Commission's Profit and Loss Account for the period, 11th April to 30th June, 1969, shows :—

Income—	\$	\$
Transmission Tariffs .. .. .	..	43,500
Other .. .. .	..	62
		<hr/>
		43,562
 Expenditure—		
Operating Expenses .. .. .	..	129,324
Management Expenses—		
Administration .. .. .	..	46,398
Interest .. .. .	..	209,971
		<hr/>
		256,369
		<hr/>
		385,693
 Loss for the period .. .. .	..	<hr/>
		342,131

The following is a statement of the Commission's balances as at 30th June, 1968 and 1969 :—

30.6.68		30.6.69
\$		\$
	Current Liabilities—	
45,149	Bank Overdraft .. .. .	29,365
26,608	Tender and Security Deposits .. .. .	36,287
3,172,666	Sundry Creditors and Accruals .. .. .	2,416,378
		<hr/>
		2,482,030
	Deferred Liabilities—	
..	Provision for Long Service Leave .. .. .	12,208
	Fixed Liabilities—	
7,000,000	Loans .. .. .	17,750,000
		<hr/>
10,244,423		20,244,238
	Current Assets—	
26,711	Cash at Bank and on Hand .. .. .	36,468
230,000	Short Term Investments .. .. .	950,000
250,683	Stocks .. .. .	136,440
..	Deposits .. .. .	5,390
50,932	Sundry Debtors and Accruals .. .. .	50,141
		<hr/>
		1,178,439
	Fixed Assets (At Cost less Depreciation)—	
150	Plant .. .. .	11,024
26,012	Furniture and Fittings .. .. .	15,721
4,145	Office Machines .. .. .	9,010
7,208	Motor Vehicles .. .. .	19,676
8,910,960	Pipeline and Ancillary Works .. .. .	15,682,919
53,014	Easements .. .. .	151,621
72,688	Freehold Land and Improvements .. .. .	138,800
..	Other .. .. .	7,020
		<hr/>
		16,035,791
	Intangible Assets—	
611,920	Preliminary Expenses .. .. .	2,687,877
..	Loss on Operations .. .. .	342,131
		<hr/>
		3,030,008
		<hr/>
10,244,423		20,244,238

The following explanatory notes have been appended to the balance-sheet by the Commissioners and are to be read in conjunction therewith :—

1. Contingent liabilities, represented by commitments under contracts for capital expenditure, approximated \$177,619.

2. Certain of the pipes manufactured overseas for the Dutson-Dandenong pipeline were found on delivery, to be not in accordance with specification requirements, resulting in additional cost in the construction of the pipeline. Negotiations with the contractor for a settlement of the contract for the construction of the pipeline have proved unsuccessful and the matter is to be submitted to arbitration in accordance with the relevant condition of contract. The determination of the extent of the liability of the pipe manufacturer for the additional cost awaits settlement of this matter.

## 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, 1969, have been audited. The operation of this and the previous pool and the financial position of the Board as at 31st March, 1969, are embodied in the following summary of the Board's affairs.

The Board's assets were :—

	\$	\$
Sundry Debtors .. .. .	182	
Income accrued due .. .. .	276	
Stock of stencils and seed on hand .. .. .	95	
Cash at Bank .. .. .	10,672	
	11,225	11,225

Against these assets the pool balances and liabilities were :—

	Pools.			
	1967.	1968.		
	\$	\$		
Proceeds of Sales .. .. .	17,695	6,594		
Deduct expenses .. .. .	1,030	636		
	16,665	5,958		
Less paid to growers .. .. .	16,665	5,784		
Pool balance .. .. .	..	174	174	
Sundry Creditors .. .. .			307	481
As at 31st March, 1969, there was an excess of assets over liabilities of ..			10,744	10,744

### *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 factories in Melbourne and Bendigo.

Pursuant to the provisions of the *Poultry Levy (Collection Arrangement) Act* 1965, the Board is responsible for the collection of a hen levy on behalf of the Commonwealth. An amount of \$2,005,181 (subject to final adjustment) was made available by the Commonwealth to the State, under the provisions of the Commonwealth's *Poultry Industry Assistance Act* 1965, for the assistance of the poultry industry in respect of the pool period under review. The substantial increase in Commonwealth assistance, compared with the previous pool period, resulted mainly from an increase in exports of eggs and egg products together with higher reimbursement rates on surplus production.

In respect of the 1967-68 Pool Account, certain necessary adjustments have been made by the Board to the accounts shown in my previous Supplementary Report. These adjustments had the effect of increasing the Undistributed Pool Balance for 1967-68 from \$245,971 to \$261,700. Of this sum, an amount of \$94,975 was made available as a final distribution to producers and the balance, \$166,725, with the approval of the Governor in Council by Order dated 28th October, 1969, was transferred to Reserve Fund. Liability did not eventuate in respect of a sum of \$58,466 shown as a contingent liability to the Poultry Industry Trust Fund.

During the year, the Board raised with me the question of the power of the Board to carry forward surplus moneys from one pool period to another and furnished me with a copy of a relevant opinion, together with explanatory comment, from its legal advisers.

The Board had not previously carried forward surplus moneys in this way and, indeed, such a procedure appeared to be in conflict with a generally accepted principle believed to underly the collective marketing of primary products. I therefore deemed it necessary to seek clarification of the Board's powers under the *Marketing of Primary Products Act 1958* in this matter and, through the Crown Solicitor, obtained the opinion of the Solicitor-General.

Broadly, the Solicitor-General's opinion confirmed the view of the Board's legal advisers that, in addition to its power, within the provisions of Section 20 (1) (i) of the Act, relating to the transfer of moneys to a reserve fund, the Board has the power to carry forward surplus or undistributed moneys from one pool period to a succeeding pool period.

In compliance with Section 47 of the *Audit Act 1958*, a copy of the case submitted by me to the Solicitor-General and a copy of the opinion of the Solicitor-General are attached as Appendix "F" to my Report relating to the Treasurer's finance statement for the year ended 30th June, 1969.

The operations of the pools during the accounting periods for 1967-68 and 1968-69 were :—

1967-68.		1968-69.	
\$		\$	\$
16,565,995	Advances to Producers (Current production) .. .. .	20,497,999	
37,380	Purchases of Eggs and Pulp from other sources .. .. .	75,669	
16,603,375		20,573,668	
1,525,816	Less Producers' Contributions on Account of Local Marketing Charges .. .. .	1,651,103	
*15,077,559	Net Advances to Producers .. .. .	..	*18,922,565
	Disposal of Eggs—		
13,487,179	Sold in Shell on Local Market .. .. .	16,098,684	
58,510	Sold in Shell on Overseas Market .. .. .	153,050	
2,146,254	Converted to Egg Products and Sold .. .. .	2,748,231	
15,691,943		18,999,965	
24,518	Decrease in Stock on hand .. .. .	27,377	
15,667,425	Total Value of Disposals .. .. .	18,972,588	
1,205,785	Add—Distribution from Poultry Industry Trust Fund (Net)	2,005,181	
16,873,210		20,977,769	
1,549,680	Less—Grading, Selling, Manufacturing and Administrative Costs	1,849,001	
15,323,530	Net Proceeds of Pool .. .. .	..	19,128,768
245,971	Excess of Proceeds over Advances to Producers .. .. .	..	206,203

\* 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 5th July, 1969. Comparative figures at the end of the preceding pool period are also given.

The Board's funds were—

29.6.68.		5.7.69.	
\$		\$	
564,907	Reserve Fund .. .. .	695,750	
468,131	Surplus Distribution 1947-48 (ex Commonwealth) .. .. .	468,131	
	Undistributed Pool Balances—		
245,971	1967-68.. .. .	206,203	
..	1968-69.. .. .	..	
1,279,009		1,370,084	



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

29.6.68. \$		5.7.69. \$	\$
	<i>Current Assets—</i>		
833	Cash on Hand and at Bank .. .. .	..	803
8,348	Claim on Poultry Industry Trust Fund .. .. .	..	..
<hr/>			
9,181			
	<i>Stocks on Hand—</i>		
469,510	Eggs and Egg Products at valuation .. .. .	442,133	
89,719	Packing materials at cost or valuation .. .. .	73,491	
15,512	Supplies at cost or valuation .. .. .	19,163	
<hr/>		<hr/>	534,787
574,741			
814,056	Debtors—(including \$8,428 due under Contract of Sale, Warragul property) .. .. .	878,755	
15,000	Less Provision for Doubtful Debts .. .. .	15,000	
<hr/>		<hr/>	863,755
799,056			
<hr/>			1,399,345
1,382,978			
		\$	
	<i>Less Current Liabilities—</i>		
209,509	Creditors .. .. .	296,379	
646,491	Reserve Bank of Australia .. .. .	607,945	
95,653	Department of Primary Industry (Hen Levy) .. .. .	115,467	
–38,573	Less Commonwealth Hen Levy Account—		
	Cash at Bank .. .. .	44,259	
		<hr/>	71,208
..	Refund due to Poultry Industry Trust Fund .. .. .	31,700	
	Provision for Employees Long Service Leave, Annual Leave and Sick Pay .. .. .	63,738	
52,927		<hr/>	
966,007			1,070,970
<hr/>			<hr/>
416,971	Working Capital .. .. .	..	328,375
<hr/>			
	<i>Fixed Assets—(at cost less depreciation)</i>		
156,048	Freehold Properties .. .. .	227,317	
278,496	Leasehold Properties .. .. .	268,369	
354,244	Plant and Equipment .. .. .	468,341	
29,154	Motor Vehicles .. .. .	37,339	
44,096	Office Machinery and Equipment .. .. .	40,343	
<hr/>		<hr/>	
862,038			1,041,709
<hr/>			<hr/>
1,279,009			1,370,084
<hr/>			<hr/>

As in the previous four 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 \$442,133 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 5th July, 1969, by approximately \$99,000. 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 15th March, 1969, is as follows :—

Total number of bushels marketed .. .. .	1,105
	\$
Gross proceeds of sales .. .. .	4,143
Applied from Reserve Account .. .. .	4,408
	8,551
Freight, commission, &c. .. .. .	335
Administration expenses .. .. .	4,272
Amount paid to growers .. .. .	3,944
	8,551

*Onion Marketing Board.*

Final accounts in respect of the pool period that ended on 15th November, 1968, have been audited. Details of the operations in this and the previous pool are :—

	Pool.	
	1967.	1968.
	tons.	tons.
Total Onions acquired .. .. .	17,518	7,803
	\$	\$
Proceeds from sales .. .. .	921,355	974,236
Administration and marketing expenses .. .. .	89,973	63,195
Payments to growers .. .. .	810,866	914,217

The average return per ton to the growers was \$46.29 in 1967 and \$117.16 in 1968.

*Tobacco Leaf Marketing Board.*

The *Marketing of Primary Products Act 1958* (Section 11A (1)) provides that where, on the expiration of the period of office of members of any board, there are circumstances which, in the opinion of the Minister, prevent him from proceeding with the appointment of members of the board for the ensuing period, the Governor in Council may appoint a suitable person as manager of the board. Under the authority of this legislation, a manager is performing the functions of the Tobacco Leaf Marketing Board.

A summary of the financial operations for the accounting periods ended 31st March, 1968, and 31st March, 1969, is set out hereunder. The figures are subject to audit.

1967-68.		1968-69.
\$		\$
11,488,597	Gross proceeds from sales of tobacco leaf .. .. .	8,555,681
..	Processing costs recovered from manufacturers .. .. .	22,519
11,488,597		8,578,200
	<i>Applied to :—</i>	
238,759	Brokers' Commission .. .. .	181,104
52,307	Freight .. .. .	39,005
10,300	Rehandling Charges .. .. .	6,161
53,390	Commonwealth Tax Levy .. .. .	40,142
68,706	Insurance .. .. .	49,440
799,775	Growers' Liens, Orders, &c. .. .. .	336,278
175,211	Marketing Board Charge .. .. .	128,478
55,097	Other Expenses .. .. .	48,869
10,035,052	Net Proceeds to Growers .. .. .	7,748,723
11,488,597		8,578,200

The Board's charge of \$128,478 against the sales proceeds, together with other receipts (\$7,898), was expended as shown hereunder. The comparable figures for 1967-68 are also shown.

1967-68.		1968-69.
\$		\$
25,042	Salaries .. .. .	27,104
6,970	Appraisers' Fees and Allowances .. .. .	6,630
9,244	Travelling Expenses .. .. .	8,788
4,800	Contribution to Tobacco Growers' Council .. .. .	1,200
8,628	Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal .. .. .	7,383
15,380	Other Administrative Expenses .. .. .	12,442
13,493	General Expenses .. .. .	7,225
96,196	Surplus .. .. .	65,604
<u>179,753</u>		<u>136,376</u>

The Board's balances are summarized hereunder :—

31.3.68.		31.3.69.
\$		\$
	<i>Assets—</i>	
..	Cash at Bank .. .. .	1,396
160,000	Term Deposits .. .. .	150,000
40	Petty Cash .. .. .	40
179,122	Advances to Growers, &c. .. .. .	2,061
64,428	Sundry Debtors .. .. .	10,651
5,730	Office Furniture and Equipment .. .. .	4,362
8,697	Motor Vehicles .. .. .	5,389
<u>418,017</u>		<u>173,899</u>
	<i>Liabilities—</i>	
165,611	Overdraft at Bank (net) .. .. .	..
5,143	Sundry Creditors .. .. .	7,055
72,869	Miscellaneous .. .. .	21,363
	Growers' Funds brought forward .. .. .	174,394
	Less—Distribution to Growers .. .. .	94,517
		<u>79,877</u>
	Add—Surplus for year .. .. .	65,604
174,394	Growers' Fund at 31st March .. .. .	145,481
<u>418,017</u>		<u>173,899</u>

In 1969, a scheme was formulated by the Australian Tobacco Board, the various State Tobacco Leaf Marketing Boards and tobacco manufacturers to facilitate the financing required for the annual purchase of Australian tobacco leaf by the manufacturers.

This scheme, which is known as the Tobacco Industry Leaf Finance Agency, is not subject to my audit, except insofar as an examination of its accounts may be necessary in the carrying out of my statutory duty to audit the Victorian Tobacco Leaf Marketing Board. The accounts of the Agency are audited by a chartered accountant.

#### 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, 28th November, 1969.