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VICTORIA

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SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1970

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*Ordered by the Legislative Assembly to be printed 3rd December, 1970*

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*By Authority:*

C. H. RIXON, GOVERNMENT PRINTER, MELBOURNE.

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# REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT OF 11TH NOVEMBER, 1970, IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1970.

As authorized by paragraph (b) of sub-section (1) of Section 47 of the *Audit Act* 1958, I present to the Legislative Assembly a Report on the accounts of certain of the statutory bodies which the Auditor-General is required by law to audit. Presented, also, are details of the accounts of the State Motor Car Insurance Office which were not available for inclusion in the Report of 11th November, 1970. With respect to the accounts of several of the 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.

This supplementary Report has been prepared partly by my predecessor, Mr. A. J. A. Gardner, and partly by me as certain material required for inclusion in the Report had not been received in the Audit Office prior to Mr. Gardner's assumption of the office of Chairman, Public Service Board, on 16th November, 1970.

## 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, 1970, amounted to \$2,281,740.

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

1968-69.		1969-70.	
\$		\$	\$
	Nursing Services—		
329,898	Wards .. .. .	364,844	
204,518	Other .. .. .	223,846	
		<hr/>	588,690
1,079,504	Medical, Professional and Ancillary Services .. .. .	..	1,344,311
872,865	Administration and Ancillary Services .. .. .	..	995,833
169,049	Scientific and Research Departments .. .. .	..	127,746
<hr/>			<hr/>
2,655,834			3,056,580
<hr/>			<hr/>

The revenue for the past two years was :—

1,970,000	State Government Grant for Maintenance .. .. .	2,281,740
104,439	Commonwealth Pharmaceutical Benefits Grant .. .. .	112,247
55,834	Commonwealth Hospital Benefits Grant .. .. .	51,800
28,046	Commonwealth Home Nursing Subsidy .. .. .	26,090
412,205	Patients' Fees .. .. .	437,545
66,244	Miscellaneous .. .. .	67,348
<hr/>		<hr/>
2,636,768		2,976,770
<hr/>		<hr/>

The following abridged balance-sheets set out the financial position as at 30th June, 1969, and 1970 :—

30.6.69.								30.6.70.	
\$								\$	\$
	<b>ASSETS.</b>								
	<b>Maintenance Fund—</b>								
139,144	Cash at Bank	..	..	..	..	..	..	17,900	
108,708	Sundry Debtors	..	..	..	..	..	..	179,725	
72,968	Stores on Hand	..	..	..	..	..	..	73,767	
								271,392	
	<b>Investment of Specific Purpose Funds and Trusts—</b>								
11,111	Cash at Bank	..	..	..	..	..	..	47,952	
241,962	Other Investments	..	..	..	..	..	..	230,494	
								278,446	
	<b>Capital Funds—</b>								
298,248	Cash at Bank	..	..	..	..	..	..	377,833	
3,608,156	Building Improvements	..	..	..	..	..	..	3,694,084	
1,570,075	Furniture, Plant and Equipment	..	..	..	..	..	..	1,740,993	
43,648	Motor Cars	..	..	..	..	..	..	45,488	
								5,858,398	
6,094,020	Total Assets	..	..	..	..	..	..	..	6,408,236
	<b>LIABILITIES AND FUNDS.</b>								
	<b>Maintenance Fund—</b>								
68,302	Sundry Creditors (net)	..	..	..	..	..	..	58,141	
83,727	Accrued Expenditure	..	..	..	..	..	..	116,904	
168,792	Balance of Fund	..	..	..	..	..	..	96,347	
								271,392	
	<b>Specific Purpose Funds and Trusts—</b>								
205,095	Research Investigation Fund	..	..	..	..	..	..	201,661	
47,977	Other Funds	..	..	..	..	..	..	76,785	
								278,446	
5,520,127	Capital Funds	..	..	..	..	..	..	..	5,858,398
6,094,020	Total Liabilities and Funds	..	..	..	..	..	..	..	6,408,236

## COAL MINE WORKERS PENSIONS TRIBUNAL.

The Tribunal controls the Coal Mine Workers' Pensions Fund into which, up to 31st December, 1968, were paid annual contributions, determined actuarially and collected on a specified basis from mine owners, mine workers and the Treasurer of Victoria. Since 1st January, 1969, the Treasurer of Victoria, in terms of Act No. 7715, has become the sole contributor. The Fund is used to pay pensions to mine workers and the dependants of mine workers. An actuarial investigation of the Fund is in progress.

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

INCOME.	
1968-69.	1969-70.
\$	\$ \$
Contributions—Acts Nos. 6221/6622—	
23,264	24,300
11,114	..
2,073	..
	<u>24,300</u>
Contributions—Act No. 7715—	
16,608	25,625
55,687	50,907
<u>108,746</u>	<u>100,832</u>
EXPENDITURE.	
165,095	159,620
19,710	8,472
8,054	7,233
<u>192,859</u>	<u>175,325</u>
<u>84,113</u>	<u>74,493</u>

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

30.6.69.	30.6.70.
\$	\$
1,001,044	926,551
Represented by—	
47,384	24,886
660	665
953,000	901,000
<u>1,001,044</u>	<u>926,551</u>

## 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. For the year ended 30th June, 1970, contributors provided \$3,676,220, which was the amount required to meet estimated net expenditure for the year, \$3,624,377, and the deficit carried forward from 1968-69, \$51,843.

Actual expenditure for the year exceeded the estimate of total expenditure by \$84,654, but miscellaneous receipts offset this amount leaving a surplus of \$71,692 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 :—

—	1968-69.	1969-70.
<i>Receipts.</i>	\$	\$
Surplus from previous year .. .. .	4,091	..
Statutory contributions .. .. .	3,112,890	3,676,220
Other receipts .. .. .	120,915	156,586
Deficit carried forward to next year .. .. .	51,843	..
	3,289,739	3,832,806
<i>Payments.</i>		
Deficit from previous year .. .. .		51,843
Salaries, wages and maintenance .. .. .	1,984,292	2,300,233
Loan repayments .. .. .	145,843	153,160
Loan interest .. .. .	155,968	183,949
Land, buildings, rolling-stock and equipment .. .. .	216,031	221,441
Motor replacement fund .. .. .	256,502	286,625
Compensation fund .. .. .	30,000	30,000
Other payments .. .. .	501,103	533,863
Surplus carried forward to next year .. .. .	..	71,692
	3,289,739	3,832,806

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

	1968-69.	1969-70.
	\$	\$
Balance, 1st July .. .. .	113,686	83,796
<i>Receipts—</i>		
Loan Proceeds .. .. .	550,000	640,000
Refunds, &c. .. .. .	26,431	12,770
	690,117	736,566
<i>Expenditure—</i>		
Buildings .. .. .	225,984	154,969
Vehicles .. .. .	332,290	349,348
Radio Equipment .. .. .	48,047	45,531
	606,321	549,848
Balance unexpended 30th June .. .. .	83,796	186,718

The analysis hereunder of the Authority's balance-sheets shows the financial position of the Authority at 30th June, 1969 and 1970 :—

30.6.69.		\$	30.6.70.	\$
	Source of Funds—			
	<i>External—</i>			
3,034,385	Loan Liability .. .. .	3,521,225		
83,796	Less unexpended .. .. .	186,719		
<hr/>				
2,950,589			3,334,506	
232,645	*New Headquarters Building Account .. .. .	..	187,394	
<hr/>				
3,183,234				3,521,900
	<i>Internal—</i>			
	Excess of assets over liabilities transferred from			
276,271	Country Fire Brigades Board .. .. .	..	276,271	
2,155,247	Income and Expenditure Account—accumulated balance .. .. .	..	2,505,580	
3,160,175	Reserves .. .. .	..	3,422,850	
<hr/>				
1,594,802	Funds .. .. .	1,944,682		
1,435,387	Less invested on account of Compensation, Superannuation and other Trust purposes .. .. .	1,726,665		
<hr/>				
159,415			218,017	
<hr/>				
5,751,108				6,422,718
<hr/>				
8,934,342				9,944,618
<hr/>				
	Represented by—			
	<i>Current Assets—</i>			
..	Cash .. .. .	..	71,692	
40,463	Sundry Debtors .. .. .	..	76,364	
142,993	Stocks—including uniforms issued .. .. .	..	180,596	
<hr/>				
183,456			328,652	
	<i>Less—</i>			
	<i>Current Liabilities—</i>			
91,312	Sundry Creditors .. .. .	122,016		
51,843	Bank Overdraft .. .. .	..		
<hr/>				
143,155			122,016	
<hr/>				
40,301				206,636
<hr/>				
159,415	<i>Investments—</i>			
	Motor Replacement and Sale of Property Funds.. .. .	..	..	218,017
<hr/>				
	<i>Fixed Assets—</i>			
579,268	Land .. .. .	..	611,565	
2,771,129	Buildings .. .. .	..	2,931,546	
4,683,435	Rolling-stock .. .. .	..	5,217,220	
654,532	Plant and Machinery .. .. .	..	710,904	
46,262	Other .. .. .	..	48,730	
<hr/>				
8,734,626				9,519,965
<hr/>				
8,934,342				9,944,618
<hr/>				

\* 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 \$502,116 at 30th June, 1970.

## 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, 1969.

Following is an abridged statement of the General Revenue Account for the years ended 30th September, 1968, and 1969 :—

1967-68.		1968-69.
\$		\$      \$
	<b>Income—</b>	
417,896	Rating Precepts—Municipalities .. .. .	440,794
91,942	Other .. .. .	126,348
509,838		567,142
	<b>Expenditure—</b>	
64,284	Administration .. .. .	85,318
65,737	Maintenance of Works .. .. .	85,905
45,678	Survey, Investigation and Design .. .. .	52,752
22,321	Depreciation Provision .. .. .	30,057
109,564	Debt Services .. .. .	126,460
307,584		380,492
202,254	Excess of Income over Expenditure .. .. .	186,650
5,470	Less Appropriation to Loans Repayment Sinking Fund .. .. .	7,951
196,784	Net Surplus for year .. .. .	178,699

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

30.9.68.		30.9.69.
\$		\$      \$
	<b>Current Assets—</b>	
318,213	Cash at Bank .. .. .	193,848
7,632	Debtors and Prepayments .. .. .	69,288
4,251	Other .. .. .	6,466
330,096		269,602
	<b>Fixed Assets—</b>	
261,683	Land and Buildings (at cost) .. .. .	238,391
98,927	Plant, Vehicles and Equipment (at cost less depreciation) .. .. .	98,384
14,118	Office Furniture and Machines (at cost less depreciation) .. .. .	12,693
374,728		349,468
	<b>Capitalized Works Expenditure—</b>	
1,334,950	River Improvement Works .. .. .	1,918,313
1,373,487	Piped or Lined Drainage Channels .. .. .	2,283,893
1,813,771	Carrum Drainage District .. .. .	1,813,564
137,031	Other .. .. .	371,656
4,659,239		6,387,426
32,074	Less Provision for Depreciation .. .. .	55,597
4,627,165		6,331,829
67,938	Investments .. .. .	126,858
5,399,927		7,077,757



30.9.68.						30.9.69.		
\$						\$	\$	
	<b>Current Liabilities—</b>							
29,021	Sundry Creditors	..	..	..	..	36,364		
18,204	Contractors' Deposits	..	..	..	..	26,912		
						63,276	63,276	
	<b>Loans—</b>							
632,655	Government of Victoria	..	..	..	..	630,044		
1,543,608	Other	..	..	..	..	2,012,316		
						2,642,360	2,642,360	
2,223,488							2,705,636	
	<b>Excess of Assets over Liabilities—</b>							
59,172	Grants by Government of Victoria	..	..	..	..	126,913		
1,834,557	Capital Expenditure borne by the State	..	..	..	..	1,968,057		
557,977	Contributions by Property Owners	..	..	..	..	1,348,203		
3,578	Appropriation for Plant Replacement	..	..	..	..	20,671		
10,227	Appropriation for Loans Repayment	..	..	..	..	18,650		
710,928	General Revenue Account Balance	..	..	..	..	889,627		
						4,372,121	4,372,121	
3,176,439							7,077,757	
5,399,927							7,077,757	

## ELECTRICITY COMMISSION.

The net income of the State Electricity Commission for the year ended 30th June, 1970, was \$18,139,663 compared with \$16,181,493 in 1968-69.

Factors which had a significant influence on the year's result included—

- (i) an increase from sales of electricity of \$10,085,966 or 5 per cent. on sales revenue for the year 1968-69 ;
- (ii) an increase of \$5,147,816 in the annual depreciation charge. New assets brought into service resulted in an increase in normal depreciation but there was also additional provision attributable to the following :—
  - (a) Reduction in the pre-assessed lives for distribution lines, services and public lighting equipment from 70 years to 35 years ;
  - (b) A complete write off of expenditure amounting to \$2,193,152 on Kiewa No. 2, No. 5 and Pretty Valley developments, construction of which is not likely to proceed ;
  - (c) A commencement of the write off of capitalized expenditure on the reconstruction of the Country Roads Board Bandiana-Mt. Beauty road (\$278,668).

These additions were partly offset by a reduction in the provision for accelerated depreciation of peak load steam power stations from \$3,000,000 in 1968-69 to a final amount of \$1,703,323 in the year under review ;

- (iii) a special provision of \$5,859,786 by way of additional depreciation of assets in the briquetting business ;
- (iv) an increase of \$2,810,400 in net interest charges ; and
- (v) an increase in costs of salaries, wages and associated charges partly offset by a reduction in personnel.

Changes effected by the Commission in the presentation of its Revenue Account and Balance-sheet involved the re-titling of some items and groups of items. As the statement of the Revenue Account below is in condensed form, it does not show these changes. Changes in the Balance-sheet 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 :—

1968-69.		1969-70.
\$		\$
216,683,053	Income .. .. .	225,702,301
145,418,855	Operating Expenditure .. .. .	149,432,185
71,264,198	Excess of Income over Operating Expenditure .. .. .	76,270,116
155,558	Add—Miscellaneous Income .. .. .	123,961
71,419,756		76,394,077
	<i>Deduct—</i>	
47,961,509	Interest .. .. .	50,771,909
545,500	Loan Flotation Expenses .. .. .	871,000
731,254	Miscellaneous Expenditure .. .. .	751,719
6,000,000	Additional Depreciation of Briquette Assets .. .. .	5,859,786
55,238,263		58,254,414
16,181,493	Balance of Income before Appropriations .. .. .	18,139,663
	Appropriations—	
6,000,000	Provision for accruing Long Service Leave and Retiring Allowances .. .. .	8,000,000
	Provision for Statutory Transfers to Consolidated Revenue of Victoria—	
6,300,000	Based on Total Revenue for 1969-70 .. .. .	6,600,000
120,000	Balance of Contribution in 1969-70, not provided out of 1968-69 Income .. .. .	30,000
561,644	Based on Brown Coal Production in 1969-70 .. .. .	569,724
3,199,849	General Reserve .. .. .	7,199,724
16,181,493		2,939,939
		18,139,663

The contribution to Consolidated Revenue in 1969-70 in accordance with the *Public Authorities (Contributions) Act 1966* was \$6,330,000. This was calculated at 3 per cent. of \$211,000,000, 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 1968-69.

The appropriation of \$8,000,000 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.

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 1969-70 compared with the previous year :—

1968-69.		1969-70.	
\$		\$	
27,293,766	Profit on Electricity Supply .. .. .	28,685,152	
184,365	Profit on Brown Coal Sales (Yallourn North Extension) ..	351,232	
<u>27,478,131</u>			29,036,384
4,242,790	Loss on Briquetting .. .. .	3,909,874	
478,152	Loss on Tramways .. .. .	499,303	
<u>4,720,942</u>			4,409,177
<u>22,757,189</u>			<u>24,627,207</u>
	<i>Less—</i>		
575,696	Excess of Miscellaneous Expenditure over Income ..	627,758	
6,000,000	Special Depreciation of Briquette Factories .. ..	5,859,786	
<u>6,575,696</u>			6,487,544
<u>16,181,493</u>	Income in excess of Expenditure for year .. ..		<u>18,139,663</u>

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

*Electricity Supply.*—(Profit \$28,685,152). Operational statements for the past two years show :—

	1968-69.	1969-70.
	\$	\$
<i>Sales—</i>		
Domestic .. .. .	63,023,866	66,704,775
Commercial and General .. .. .	31,014,391	32,976,404
Industrial .. .. .	55,606,400	58,978,152
Bulk Supplies .. .. .	45,571,587	46,529,227
Traction .. .. .	3,690,623	3,705,368
Public Lighting and Increase in Unread Consumption ..	3,486,999	3,585,906
	<u>202,393,866</u>	<u>212,479,832</u>
<i>Operating Charges—</i>		
Power Generation .. .. .	84,562,337	85,512,851
Purchased Electricity .. .. .	8,906,103	10,050,025
Transmission .. .. .	31,436,952	33,451,924
Distribution .. .. .	50,194,708	54,779,880
	<u>175,100,100</u>	<u>183,794,680</u>
Profit .. .. .	<u>27,293,766</u>	<u>28,685,152</u>

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

- (i) Selective tariff reductions were made to Victorian consumers, effective from 1st January, 1970.
- (ii) There was an increase of 33,037 consumers in the year.
- (iii) Operating charges in 1969-70 increased by \$8,694,580 or 5 per cent. over the amount for the previous financial year. The cost per kWh sold rose slightly from 1.650 cents in 1968-69 to 1.651 cents in 1969-70.
- (iv) There was a reduction in the overall cost of kWh sent out from power stations (including purchases) from 0.738 cents in 1968-69 to 0.735 cents in 1969-70.

The following comparative figures show annual sales and income and cost per kWh :—

	1968-69. Millions.	1969-70. Millions.
kWh sold—Victorian consumers .. .. .	9,951·064	10,625·760
—The Electricity Commission of New South Wales and Snowy Mountains Hydro-electric Authority .. .. .	659·922	507·050
Total kWh sold to consumers .. .. .	<u>10,610·986</u>	<u>11,132·810</u>
Income per kWh .. .. .	c 2·020	c 1·992
Cost per kWh .. .. .	1·650	1·651

*Brown Coal Production and Distribution.*—Coal won for the year amounted to 22,789,000 tons, an increase of 323,000 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.

	1968-69. Tons.	1969-70. Tons.
Morwell .. .. .	10,117,000 (\$0.96)	12,287,000 (\$0.78)
Yallourn .. .. .	11,890,000 (\$0.88)	10,105,000 (\$0.99)
Yallourn North Extension .. .. .	459,000 (\$1.24)	397,000 (\$0.77)
	<u>22,466,000</u>	<u>22,789,000</u>

Distribution of the output was as follows :—

	1968-69. Tons.	1969-70. Tons.
Power Production .. .. .	17,645,000	17,923,000
Briquette Manufacture .. .. .	4,362,000	4,469,000
Sales to Public .. .. .	366,000	363,000
Sales to Gas and Fuel Corporation .. .. .	93,000	34,000
	<u>22,466,000</u>	<u>22,789,000</u>

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

	1968-69. \$	1969-70. \$
Sales .. .. .	770,792	673,767
Operating Charges—		
Production .. .. .	569,092	304,643
Freight and Distribution .. .. .	17,335	17,892
	<u>586,427</u>	<u>322,535</u>
Profit .. .. .	<u>184,365</u>	<u>351,232</u>

The decrease in income in 1969-70 compared with 1968-69 is explained by a decrease in sales from 458,707 tons to 396,571 tons. The lower operating charges were mainly the result of there being no expenditure on overburden removal by contract and a reduction of \$88,866 in depreciation charged.

*Briquetting.*—(Loss \$3,909,874). Trading results for the past two years, excluding costs charged on internal transfers to works, are shown in the following statement :—

	1968-69.		1969-70.	
	\$	\$	\$	\$
Sales—				
Domestic .. .. .	7,261,955		6,949,555	
Industrial .. .. .	5,990,865		5,336,953	
		13,252,820		12,286,508
Manufacturing Costs .. .. .	11,387,597		9,740,076	
Distribution and Selling .. .. .	6,108,013		6,456,306	
		17,495,610		16,196,382
Loss		4,242,790		3,909,874

The Commission's plan to make special annual depreciation provisions which, together with normal depreciation, would depreciate fully all assets connected with the briquetting activity by 30th June, 1970, has been fulfilled. The special provision of \$5,859,786 shown as a separate item in the Revenue Account for 1969-70 is the final amount and follows a provision of \$6,000,000 in 1968-69. 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 results in lower charges for interest.

During the year 1969-70, other factors which had a significant influence on the year's result included :—

- (i) A net decrease of 123,000 tons in quantity sales.
- (ii) An increase of 21 cents in the average income per ton.
- (iii) An increase of 26 cents in the overall expenditure per ton sold.

With a view to effecting economies, the Commission is in the process of re-organizing the industry, particularly in the distribution and marketing areas.

*Tramways.*—(Loss \$499,303). Separate figures for the year in respect of operations at Ballarat and at Bendigo show :—

	Ballarat.	Bendigo.	Total.
	\$	\$	\$
Operating Charges .. .. .	406,749	354,748	761,497
Traffic Receipts, &c. .. .. .	158,798	103,396	262,194
Loss .. .. .	247,951	251,352	499,303

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

	1968-69.	1969-70.
	\$	\$
Expenditure—Operation .. .. .	522,655	533,205
Maintenance .. .. .	172,352	179,088
Administration, &c. .. .. .	48,720	49,204
	743,727	761,497
Income—Traffic Receipts, &c. .. .. .	265,575	262,194
Loss .. .. .	478,152	499,303
Number of Passengers carried .. .. .	3,237,291	2,902,064
Number of Tram miles .. .. .	827,662	800,921
Passengers per Tram mile .. .. .	3.91	3.62
Expenses per Passenger .. .. .	22.97c	26.24c
Income per Passenger .. .. .	8.20c	9.03c

There was a further decline in the number of passengers and the loss per passenger carried was 17.21 cents in 1969-70 compared with 14.77 cents in the previous year.

*Depreciation.*

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

	1968-69.	1969-70.
	\$	\$
Normal provision—charged to operations .. .. .	39,452,455	45,892,840
Special provision—(peak load steam power stations) charged to operations .. .. .	3,000,000	1,703,323
Special provision—(briquette assets)—shown as a separate item in Revenue Account .. .. .	6,000,000	5,859,786
Indirect—charged to Fixed Assets .. .. .	1,291,256	1,204,177
	<hr/>	<hr/>
	49,743,711	54,660,126
Amortization—Development of Open Cuts—charged to operations	506,176	510,284
	<hr/>	<hr/>
	50,249,887	55,170,410

The Balance-sheet discloses that at 30th June, 1970, the provision had increased by \$39,070,320 compared with the figure at 30th June, 1969. This net increase is explained hereunder:—

	\$
Balance—30th June, 1969 .. .. .	329,161,724
Add Provision for year as per statement above .. .. .	54,660,126
	<hr/>
	383,821,850
Less Retirements .. .. .	15,589,806
	<hr/>
Balance—30th June, 1970 .. .. .	368,232,044

*Interest.*

The following statement compares the interest charges for the past two years and shows the allocation to Revenue Account and Fixed Assets :—

	1968-69.	1969-70.
	\$	\$
On—Capital Liabilities .. .. .	46,755,439	49,248,146
Acquisition Loans from Municipalities .. .. .	111,233	198,932
Advances from Provident Fund .. .. .	2,166,194	2,733,502
Advances for Capital Works .. .. .	2,910,700	2,890,684
Current Liabilities .. .. .	26,325	38,302
	<hr/>	<hr/>
	51,969,891	55,109,566
Deduct Interest earned on Investments .. .. .	3,031,208	3,391,271
	<hr/>	<hr/>
	48,938,683	51,718,295

These totals were allocated in the accounts as under :—

	\$	\$
Revenue Account .. .. .	47,961,509	50,771,909
Fixed Assets—Indirect interest included in charges for services	977,174	946,386
	<hr/>	<hr/>
	48,938,683	51,718,295

**BALANCE-SHEET.**

The following changes have been made by the Commission in its Balance-sheet for the year ended 30th June, 1970—

- (i) Under the Current Assets section the item previously shown as “ Unread Meters—Estimated Income ” has been re-titled “ Estimated Income from Unread Electricity Consumption ” and the item previously shown as “ Other Deferred Charges ” has been re-titled “ Miscellaneous Deferred Charges ”.
- (ii) The section previously titled “ Deferred Liabilities and Provisions ” has been re-titled “ Deferred Liabilities ”.

Comparison of figures with those at 30th June, 1969, is not affected by the above changes.

The Commission's balances at 30th June, 1969, and 1970, are summarized hereunder—

30.6.69.		30.6.70.
\$		\$                      \$
	<b>Current Assets—</b>	
819,879	Balances at Bank and Cash in Hand .. ..	691,728
18,072,179	Consumers' and Other Accounts Receivable ..	18,897,098
15,725,885	Estimated Income from Unread Electricity Consumption .. .. .	16,782,426
12,570,658	Materials and Fuel—at cost .. .. .	14,465,187
247,046	Miscellaneous Deferred Charges .. .. .	188,285
<u>47,435,647</u>		<u>51,024,724</u>
48,436,475	Investments—at cost .. .. .	60,672,161
<u>4,119,978</u>	Long Term Debtors (Real Estate Sales) .. ..	4,383,900
	<b>Fixed Assets—</b>	
1,192,887,800	Assets in service—at cost .. .. .	1,281,486,681
329,161,724	Deduct Provision for Depreciation .. .. .	368,232,044
		<u>913,254,637</u>
863,726,076	Assets not yet in service—at cost.. .. .	55,409,943
64,031,958	Development of Open Cuts—balance of cost ..	13,368,081
13,719,891		
<u>941,477,925</u>		<u>982,032,661</u>
<u>1,041,470,025</u>		<u>1,098,113,446</u>
	<b>Current Liabilities—</b>	
470,861	Bank Overdraft .. .. .	217,900
14,619,329	Accounts Payable and Miscellaneous Accruals ..	14,405,551
10,363,543	Interest Accrued .. .. .	11,090,891
6,861,644	Provision for Transfers to State Revenue .. ..	7,169,724
1,047,088	Consumers' and Contractors' Deposits .. .. .	1,351,458
<u>33,362,465</u>		<u>34,235,524</u>
	<b>Deferred Liabilities—</b>	
53,118,707	Consumers' and other Advances for Capital Works	51,168,133
36,896,527	Advances from Provident Fund .. .. .	42,296,279
3,453,097	Acquisition Loans from Municipalities .. .. .	3,237,608
6,000,000	Provision for Long Service Leave and Retiring Allowances .. .. .	14,000,000
<u>99,468,331</u>		<u>110,702,020</u>
	<b>Reserves—</b>	
29,127,152	General Reserve .. .. .	32,588,305
8,206,836	Consumers' and Other Contributions for Capital Works .. .. .	9,162,666
<u>37,333,988</u>		<u>41,750,971</u>
	<b>Capital Liabilities—</b>	
633,008,917	Inscribed Stock and Debentures .. .. .	660,326,558
238,296,324	Victorian Government Advances .. .. .	251,098,373
<u>871,305,241</u>		<u>911,424,931</u>
<u>1,041,470,025</u>		<u>1,098,113,446</u>

The following is a re-statement (in abbreviated form) of the balance-sheets as at 30th June, 1969 and 1970, to show funds held by the Commission at the balance dates and their application to capital expenditure and investments—

	30.6.69.	30.6.70.	Increase.
	\$	\$	\$
<i>Funds held—</i>			
External Borrowings (net) .. .. .	927,877,045	965,830,672	37,953,627
Provident Fund Advances .. .. .	36,896,527	42,296,279	5,399,752
Internal Funds .. .. .	360,090,519	410,078,415	49,987,896
	<u>1,324,864,091</u>	<u>1,418,205,366</u>	<u>93,341,275</u>
<i>Application of Funds—</i>			
Gross Assets Expenditure .. .. .	1,270,639,649	1,350,264,705	79,625,056
Long Term Debtors .. .. .	4,119,978	4,383,900	263,922
Net Current Assets .. .. .	14,129,443	16,843,994	2,714,551
Investments .. .. .	35,975,021	46,712,767	10,737,746
	<u>1,324,864,091</u>	<u>1,418,205,366</u>	<u>93,341,275</u>

The above statement discloses that the increases in assets together with the increase in investments during the year required increased finance. The statement hereunder shows the increase from each source of finance between the balance dates, and percentages of the total:—

	\$	% of total increase.
Increase in Internal Funds .. .. .	49,987,896	53.5
Increase in External Borrowings .. .. .	37,953,627	40.7
Increase in Provident Fund Advances .. .. .	5,399,752	5.8
	<u>93,341,275</u>	<u>100.0</u>

#### *Fixed Assets.*

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

	30.6.69.	30.6.70.
	\$	\$
Coal Production .. .. .	72,646,673	75,566,588
Briquette Production and Distribution .. .. .	42,622,556	39,890,431
<i>Power Production—</i>		
Thermal Stations .. .. .	393,039,202	422,396,395
Hydro Stations .. .. .	79,189,931	76,470,021
Transmission System .. .. .	267,966,276	296,013,423
Distribution System .. .. .	312,235,478	332,117,711
General Service Assets.. .. .	89,219,642	94,442,055
	<u>1,256,919,758</u>	<u>1,336,896,624</u>
Deduct Provision for Depreciation .. .. .	329,161,724	368,232,044
	<u>927,758,034</u>	<u>968,664,580</u>
<i>Development of Open Cuts—</i>		
Balance of Cost .. .. .	13,719,891	13,368,081
	<u>941,477,925</u>	<u>982,032,661</u>

#### *Investments.*

During the year, the Commission's investments, excluding deposits held on account of contractors and consumers, increased by \$12,237,153.

Investments held at 30th June, 1969 and 1970, were as follows :—

	30.6.69.	30.6.70.
	\$	\$
<i>General—</i>		
Government and semi-Government Securities .. .. .	26,724,123	22,614,676
<i>Short Term—</i>		
Short Term Money Market, "Buy Back" Securities and Commercial Bills .. .. .	9,250,898	23,752,531
Bank Deposits .. .. .	..	295,490
Shares in Australian Char Pty. Ltd. .. .. .	..	50,070
	<u>35,975,021</u>	<u>46,712,767</u>
<i>Sinking Fund—</i>		
Government and semi-Government Securities .. .. .	12,405,193	13,904,600
	<u>48,380,214</u>	<u>60,617,367</u>



*Consumers' and Other Advances for Capital Works.*

The Commission's liability on account of these advances decreased during the year. Details are :—

	Balance. 30.6.69.	Balance. 30.6.70.	Variation For Year.
	\$	\$	\$
Consumers' Advances for Capital Works (Self Help)	50,825,568	48,143,628	— 2,681,940
Advances for Construction of Offices and Showrooms	2,293,139	3,024,505	+ 731,366
	<u>53,118,707</u>	<u>51,168,133</u>	<u>— 1,950,574</u>

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

	1968-69.		1969-70.	
	\$	\$	\$	\$
Contributions received .. .. .	7,035,345		5,689,613	
Interest credits .. .. .	2,770,768		2,776,808	
		9,806,113		8,466,421
Less refunds of instalments and expired deposits, and transfers to consumers' accounts as payment for supplies of electricity .. .. .		9,994,680		11,148,361
Net Decrease .. .. .		188,567		2,681,940

*Loans.*

The loan liability of \$251,098,373 to the Treasury at 30th June, 1970, was determined after the deduction of \$29,235,020, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1969-70 was \$2,360,029, in respect of which a credit of \$521,214 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 \$6,000,000 advanced in June, 1970. This sum was not received by the Commission until July, 1970.

Including settlements of \$164,720 on account of loans authorized in 1968-69, loan moneys raised by the Commission during the year amounted to \$76,007,840. The sources of these moneys were—

	\$
Public Loans .. .. .	35,595,840
Private Loans .. .. .	38,930,900
Area Loans .. .. .	112,500
Retired Staff Loans .. .. .	1,368,600
	<u>76,007,840</u>

The net increase in Commission loans in 1969-70 was \$27,317,641. The difference of \$48,690,199 between the total raisings of \$76,007,840, 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, 1970, Reserves totalled \$41,750,971 compared with \$37,333,988 at 30th June, 1969. Further explanations are given hereunder :—

(i) <i>General Reserve.</i> —The increase of \$3,461,153 in the balance of this Reserve is accounted for as follows :—	\$	\$
Balance at 30th June, 1969 .. .. .		29,127,152
Add—Credit on account of contributions to the National Debt Sinking Fund for 1969-70 not payable by the Commission, less certain charges .. .. .	521,214	
Appropriation from Revenue Account— Balance of Income for 1969-70 .. .. .	2,939,939	
		<u>3,461,153</u>
Balance at 30th June, 1970 .. .. .		<u>32,588,305</u>

(ii) *Consumers' and Other Contributions for Capital Works.*—The balances of this Reserve at 30th June, 1969 and 1970, comprise non-repayable contributions made to the Commission towards the cost of Fixed Assets.

## ELECTRICITY COMMISSION PROVIDENT FUND.

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

	\$	\$
Balance of Fund at 30th June, 1969 .. .. .	..	66,758,872
<i>Add</i> —Contributions—Commission .. .. .	3,977,053	
Officers .. .. .	2,651,018	
	<hr/>	6,628,071
Investment Income .. .. .	..	4,346,683
		<hr/>
		77,733,626
<i>Less</i> —Benefit Payments .. .. .	..	4,046,086
		<hr/>
Balance of Fund at 30th June, 1970 .. .. .	..	73,687,540
		<hr/>

The Fund was represented by—

	\$	\$
<i>Assets</i> —		
Investments in Commission—Loan Advances .. .. .	42,295,033	
Inscribed Stock (at cost) .. .. .	25,197,600	
	<hr/>	67,492,633
Other Investments (at cost)—Company Shares .. .. .	3,031,047	
Company Debentures .. .. .	1,507,546	
Housing Societies .. .. .	432,375	
	<hr/>	4,970,968
Accrued Income—Contributions .. .. .	210,000	
Interest .. .. .	1,319,489	
	<hr/>	1,529,489
Benefits Paid in Advance .. .. .	..	5,390
		<hr/>
		73,998,480
<i>Less</i> —Liabilities—		
Investments Awaiting Settlement .. .. .	193,761	
Benefits Accrued and Unpaid .. .. .	117,179	
	<hr/>	310,940
		<hr/>
		73,687,540
		<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 :—

1968-69. \$	Income—	1969-70. \$	\$
	Sales—		
33,719,915	Gas .. .. .	35,239,909	
9,830,277	Residual Products and Appliances .. .. .	10,180,544	
43,550,192			45,420,453
	Expenditure—		
102,558	Natural Gas .. .. .	2,103,334	
16,083,590	Town Gas .. .. .	12,031,474	
10,507,635	Distribution .. .. .	12,743,539	
10,415,822	Residual Products, Appliances and Selling Expenses .. .. .	11,028,453	
2,453,806	Management .. .. .	3,384,289	
14,492	Audit Fees .. .. .	16,706	
16,956	Directors' Fees .. .. .	16,614	
401,191	Research and Development .. .. .	556,312	
744,281	Superannuation and Retiring Allowances .. .. .	937,065	
873,135	Long Service Leave .. .. .	840,508	
106,880	Other costs .. .. .	78,707	
41,720,346			43,737,001
1,829,846	Profit on Trading .. .. .		1,683,452
1,005,000	<i>Less—</i> Contribution to Consolidated Revenue—State of Victoria	1,095,000	
50,000	Contingency Reserve .. .. .	50,000	
..	Severance Payments to Retrenched Personnel 1969 .. .. .	241,418	
			1,386,418
774,846	Net Profit for year carried to Profit and Loss Appropriation Account .. .. .		297,034

The quantity of gas sold for the year was 129,966,514 therms returning 27·93 cents per therm compared with, in 1968-69, 108,072,046 therms for a unit return of 31·2 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 \$36,500,000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1968-69 and 3 per cent. thereof, \$1,095,000, was paid to Consolidated Revenue in June, 1970.

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

	\$	\$
Balance brought forward 1st July, 1969 .. .. .	36,963	
Net Profit for year from Profit and Loss Account .. .. .	297,034	
Available for Appropriation .. .. .	..	333,997
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1969 .. .. .	157,639	
Preference Dividend to be paid—		
4 per cent. per annum for half year ended 30th June, 1970 .. .. .	157,639	
		315,278
Balance carried forward 30th June, 1970 .. .. .	..	18,719

The following is a statement of the Corporation's balances at 30th June, 1970, 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.

30.6.69.		30.6.70.
\$		\$      \$
	Shareholders' Funds—	
	Subscribed Capital—	
7,881,952	3,940,976 4 per cent. Cumulative Preference Shares of \$2 each (see explanatory note No. 1 herein)	7,881,952
8,000,000	4,000,000 Ordinary Shares of \$2 each subscribed by the State of Victoria .. .. .	8,000,000
<u>15,881,952</u>	Subscribed Capital (Fully Paid) .. .. .	<u>15,881,952</u>
	Reserves—	
1,915,425	General Reserve .. .. .	1,978,397
1,766,316	Land Revaluation Reserve .. .. .	1,766,316
407,336	Contingencies Reserve .. .. .	457,336
		<u>4,202,049</u>
36,963	Profit and Loss Appropriation Account .. .. .	18,719
<u>20,007,992</u>		<u>20,102,720</u>
	Deferred Liabilities—	
10,083,832	Advances from State of Victoria .. .. .	10,085,708
974,243	<i>Less securities purchased and cancelled by the National Debt Commission .. .. .</i>	<u>1,062,307</u>
<u>9,109,589</u>		9,023,401
	Debentures and Debenture Stock (Secured)—	
5,923,151	Redeemable within twelve months .. .. .	2,810,816
87,609,918	Redeemable after twelve months .. .. .	<u>105,067,719</u>
93,533,069	\$    Contingent Liabilities—	\$    107,878,535
<u>122,650,650</u>	1,499    Uncalled amount on Shares held in another com- pany	<u>137,004,656</u>
	3,456,765    Commitments under Contracts for Capital Ex- penditure and Bank Guarantees	<u>454,377</u>
	Fixed Assets—	
143,751,178	Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in Progress (at cost or valuation) (see explanatory note No. 2 herein) .. .. .	131,603,743
38,781,397	<i>Less Provision for Depreciation and Amortization (see explanatory note No. 3 herein) .. .. .</i>	<u>31,340,172</u>
<u>104,969,781</u>	Carried forward .. .. .	<u>100,263,571</u>

30.6.69		30.6.70	
\$		\$	\$
104,969,781	Brought forward .. ..	.. ..	100,263,571
<b>Current Assets—</b>			
454,692	Cash in Hand and at Banks .. ..	285,863	
3,800,303	Short-term Deposits .. ..	..	
7,557,312	Trade and Other Debtors ( <i>less</i> provision for Bad and Doubtful Debts and Consumers' Deposits) .. ..	7,665,401	
5,468,946	Stocks at Cost or Valuation .. ..	5,102,729	
290,750	Prepayments .. ..	307,057	
<u>17,572,003</u>		<u>13,361,050</u>	
<b>Less Current Liabilities—</b>			
6,284,251	Trade and Other Creditors .. ..	5,757,744	
952,444	Bank Overdraft .. ..	1,824,029	
18,516	State of Victoria (Balance of advances for purchase of preference shares) .. ..	2,202	
<b>Provisions—</b>			
2,362,170	Long Service Leave .. ..	2,580,525	
821,848	Retiring Allowances .. ..	706,445	
257,650	Deferred Repairs .. ..	164,850	
157,639	Preference Dividend .. ..	157,639	
<u>10,854,518</u>		<u>11,193,434</u>	
6,717,485	Net Current Assets .. ..	.. ..	2,167,616
<b>Investment—</b>			
1,501	Company Shares (at cost) .. ..	.. ..	28,501
<b>Intangibles—</b>			
451,466	Unamortized Debenture Issue Expenses .. ..	576,578	
	Natural Gas Change-over Costs (see explanatory note No. 2 herein)—		
347,207	Unrecovered Cost of Redundant Plant .. ..	13,380,736	
9,074,757	Appliance Conversion Costs .. ..	19,740,619	
1,088,453	Transition Expenses .. ..	847,035	
		<u>33,968,390</u>	
<u>122,650,650</u>		<u>34,544,968</u>	
			<u>137,004,656</u>

**DIRECTORS' EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1970.**

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. *Natural Gas Change-Over Costs.*—In converting to natural gas, it is estimated that the unrecovered cost of redundant plant will be \$26,500,000, including the amount of \$13,380,736, as shown in this account in this year's balance-sheet. Other costs of the change-over will approximate \$30,300,000, including conversion of appliances but excluding severance payments which now are charged when they are paid.

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.

3. *Provision for Depreciation.*—The provision for depreciation includes annual charges to the Profit and Loss Account and transfers of profits or losses on disposal of assets, including land. The cost of plant in course of normal retirement \$121,954 (1969 \$271,072) 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, 1969.	1969-70.	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 .. ..	7,278,894	40,000	7,318,894	
	15,278,894	40,000	15,318,894	
Advances—				
Advance for Capital Works .. .. .	10,000,000	..	10,000,000	Loan Fund
Loan Flotation Expenses .. .. .	85,708	4,982	90,690	
	10,085,708	4,982	10,090,690	
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>25,364,602</b>	<b>44,982</b>	<b>25,409,584</b>	
<b>Cost to the State on account of the above—</b>				
Interest on Loans .. .. .	15,127,613	1,024,579	16,152,192	Consolidated Revenue
Sinking Fund Contribution .. .. .	1,009,618	63,314	1,072,932	
	16,137,231	1,087,893	17,225,124	
<i>Less Recoups, &amp;c., from Corporation—</i>				
Interest on Advances .. .. .	6,844,165	490,330	7,334,495	
Sinking Fund Contribution .. .. .	368,814	25,092	393,906	
Dividends on Preference Shares .. .. .	4,280,962	291,222	4,572,184	
	11,493,941	806,644	12,300,585	
<b>Net Cost to the State .. .. .</b>	<b>4,643,290</b>	<b>281,249</b>	<b>4,924,539</b>	

The above statement does not take into account the sum of \$1,095,000, already referred to, which was paid into Consolidated Revenue in 1969-70 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, 1970, namely, \$3,990,000.

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, 1970, the State was the registered owner of 3,656,927 shares. The transfer of a further 1,419 shares was in course and \$2,202 was held by the Corporation for future purchases.

## GEELONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1969, was \$908,963, a decrease of \$14,737 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, Port Development Fund and Long Service Leave Provision absorbed \$856,177, leaving a net surplus of \$52,786.

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

						1968.	1969.
						\$	\$
<i>Revenue.</i>							
Operating Revenue—							
Harbor Revenue .. .. .	..	..	..	..	..	2,427,921	2,535,443
Shipping Services .. .. .	..	..	..	..	..	800,613	756,078
Other .. .. .	..	..	..	..	..	131,863	148,679
Non-operating Revenue—							
Interest .. .. .	..	..	..	..	..	3,659	8,175
Sale of Scrap Materials .. .. .	..	..	..	..	..	1,312	2,266
Total Revenue .. .. .	..	..	..	..	..	<u>3,365,368</u>	<u>3,450,641</u>
<i>Expenditure.</i>							
Operating Expenses—							
Administration, &c. .. .. .	..	..	..	..	..	365,653	387,214
Shipping Services .. .. .	..	..	..	..	..	670,405	686,830
Maintenance .. .. .	..	..	..	..	..	233,092	230,013
Depreciation and Amortization .. .. .	..	..	..	..	..	693,012	736,727
Non-operating Expenses—							
Superannuation .. .. .	..	..	..	..	..	51,873	58,902
Interest .. .. .	..	..	..	..	..	413,375	421,847
Miscellaneous .. .. .	..	..	..	..	..	14,258	20,145
Total Expenditure .. .. .	..	..	..	..	..	<u>2,441,668</u>	<u>2,541,678</u>
Net Revenue .. .. .	..	..	..	..	..	<u>923,700</u>	<u>908,963</u>
Appropriations—							
Sinking Fund .. .. .	..	..	..	..	..	79,335	80,936
Insurance Fund .. .. .	..	..	..	..	..	56,000	62,000
Port Development Fund .. .. .	..	..	..	..	..	250,000	700,000
Long Service Leave .. .. .	..	..	..	..	..	11,764	13,241
Total Appropriations .. .. .	..	..	..	..	..	<u>397,099</u>	<u>856,177</u>
Net Surplus .. .. .	..	..	..	..	..	<u>526,601</u>	<u>52,786</u>

The following statement summarizes the Trust's financial position as at 31st December, 1968 and 1969 :—

31.12.68.		\$	31.12.69.	\$	\$
7,933,519	Source of Funds— External— Loan Liability .. .. .				8,093,615
5,437,254	Internal— Endowments .. .. .			5,475,442	
11,673,274	Net Revenue Account—Accumulated Surplus .. .. .			11,726,060	
1,263,261	General Reserve .. .. .			1,309,524	
4,097,161	Specific Reserves and Funds .. .. .		5,170,291		
3,979,458	Less Investments .. .. .		5,037,368		
117,703				132,923	
18,491,492					18,643,949
26,425,011					26,737,564
	Represented by— Current Assets—				
1,060	Cash .. .. .			1,060	
221,168	Sundry Debtors and Prepayments .. .. .			302,313	
36,440	Stores (at cost) .. .. .			37,282	
258,668				340,655	
	Less—Current Liabilities—				
42,165	Bank Overdraft .. .. .		9,788		
209,654	Sundry Creditors and Accruals .. .. .		216,744		
55,644	Contractors' Deposits and Retentions .. .. .		80,140		
307,463				306,672	
48,795					33,983
70,936	Deferred Assets— Various advances, &c. .. .. .				83,104
	Fixed Assets (at Cost less Depreciation)—				
117,120	Land (Purchased and Vested) .. .. .		170,715		
1,932,154	Buildings and Improvements .. .. .		1,961,457		
21,889,011	Harbor Works .. .. .		22,147,246		
2,215,926	Floating Plant .. .. .		2,107,980		
216,598	Other Plant and Vehicles .. .. .		206,740		
32,061	Furniture and Fittings .. .. .		26,339		
26,402,870					26,620,477
26,425,011					26,737,564

*Specific Reserves and Funds.*—Transactions within the respective Reserves and Funds under this heading during 1969 are given hereunder :—

	Port Development Fund.	Sinking Fund.	Insurance Reserve Fund.	Provision for Long Service Leave.
	\$	\$	\$	\$
Balance forward 1st January, 1969 .. .. .	1,880,689	860,276	1,238,493	117,703
Allocation from Revenue .. .. .	700,000	80,936	62,000	32,404
Interest on Investments .. .. .	100,144	46,824	68,330	..
	2,680,833	988,036	1,368,823	150,107
Less—Loss from realization of inscribed stock .. .. .	324	..	..	..
Debits .. .. .	..	..	..	17,184
Balance 31st December, 1969 .. .. .	2,680,509	988,036	1,368,823	132,923
	5,170,291			



## GRAIN ELEVATORS BOARD.

The original agreement between the Grain Elevators Board and the Australian Wheat Board, covering the period 1st November, 1964, to 31st October, 1969, broadly stated that the Grain Elevators Board would be paid, for the use of its storage facilities, a remuneration based on—

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

A clause in the agreement required other bulk handling authorities utilizing Grain Elevators Board facilities to share the cost of the remuneration payable by the Australian Wheat Board. Under the provisions of Act No. 7092, the Grain Elevators Board was authorized to handle bulk barley. The Australian Barley Board has utilized Grain Elevators Board facilities in terms of a supplementary agreement. Although the original agreement purported to cover the period to 31st October, 1969, the Australian Wheat Board, prior to the commencement of the 1968–69 season, advised the Grain Elevators Board that legal advice had been received indicating that the Commonwealth Minister had no power under the Wheat Industry Stabilization Act to approve an arrangement with respect to remuneration that extended beyond 31st October, 1968 and, accordingly, no valid agreement existed in respect of the remuneration payable in the year 1968–69.

However, the Commonwealth Minister subsequently agreed that remuneration in respect of the year 1968–69 would be calculated on a similar basis to that provided in the original agreement subject to :—

- (a) deletion of the provision for payment of Capital Facilities Allowance on vacant land and, in its place, the payment of interest on the money invested in the land ;
- (b) deletion of the existing clause covering the continuation of Capital Facilities Allowance on the balance of the cost of an asset disposed of before being fully depreciated ; and
- (c) for new assets, the payment of Capital Facilities Allowance only from the date of availability for use of those assets.

The overall effect of these amendments was a reduction in the amount which would have been payable by the Australian Wheat Board under the original agreement.

Wheat receivals for the 1968–69 season totalled 94,151,758 bushels while 5,822,017 bushels of barley were handled. The comparable totals for the 1967–68 season were 27,289,000 bushels and 842,456 bushels respectively. Because of the substantially increased grain receivals, recoupable expenditure for operating and maintenance rose from \$1,435,289 in 1967–68 to \$2,108,920 in 1968–69.

The Board's accounting period ends on 31st October in each year. The statement of revenue and expenditure given below shows a net surplus for the 1968–69 accounting period of \$167,049 compared with a surplus of \$277,349 in respect of the previous period. The excess of income over expenditure is directly related to the excess of revenue from the Capital Facilities Allowance over loan and depreciation charges, as net operating and maintenance costs are recovered in full from the respective Boards. The smaller net surplus in 1968–69 was due largely to the amended basis of calculation of the Capital Facilities Allowance and an increase in loan charges.

*Revenue.*

1967-68.		1968-69.
\$		\$      \$      \$
	Australian Wheat Board—	
1,386,472	Recoupable Expenditure for Operating and Maintenance	1,978,269
2,336,848	Capital Facilities Allowance .. .. .	2,291,998
		<u>4,270,267</u>
	Australian Barley Board—	
48,817	Recoupable Expenditure for Operating and Maintenance	130,651
207,363	Capital Facilities Allowance .. .. .	253,030
		<u>383,681</u>
<u>3,979,500</u>	Total Revenue—Grain Handling .. .. .	4,653,948

*Expenditure.*

	Operating and Maintenance—	
372,611	Geelong Terminal .. .. .	504,440
662,531	Country Elevators .. .. .	957,987
41,372	Bulk Wheat Storages .. .. .	167,078
16,900	Sunshine Sub-terminal .. .. .	21,699
		<u>1,651,204</u>
341,875	Administration Expenses .. .. .	457,716
<u>1,435,289</u>		<u>2,108,920</u>
570,710	*Depreciation and Renewals .. .. .	572,991
1,420,377	Interest on Loans .. .. .	1,516,567
6,357	Amortization—Loan Flotation Expenses .. .. .	..
	Sinking Fund Charges—	
5,313	National Debt Sinking Fund .. .. .	5,313
264,105	Debentures and Inscribed Stock Sinking Fund .. .. .	283,108
<u>3,702,151</u>		<u>4,486,899</u>
277,349	Net Surplus .. .. .	167,049
2,877	Add—Net Profit on realization of assets .. .. .	981
<u>280,226</u>		<u>168,030</u>
460,106	Add—Net Accumulation brought forward .. .. .	460,633
121,001	Interest earned on General Reserve Fund Investment .. .. .	124,395
14,789	Interest earned on Insurance Reserve Fund Investment .. .. .	17,468
29,063	Interest earned on Renewals Reserve Fund Investment .. .. .	29,063
277,528	Interest earned on Depreciation Reserve Fund Investment .. .. .	323,802
40,301	Interest—Other Investments .. .. .	57,559
<u>1,223,014</u>		<u>1,180,950</u>
	Less Appropriations—	
277,528	*Depreciation Reserve Fund .. .. .	323,802
121,001	*General Reserve Fund .. .. .	124,395
14,789	*Insurance Reserve Fund .. .. .	17,468
349,063	*Renewals Reserve Fund .. .. .	254,063
<u>762,381</u>		<u>719,728</u>
<u>460,633</u>	Net Accumulation at 31st October .. .. .	<u>461,222</u>

\* Approved by the Honorable the Treasurer

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

31.10.68.		31.10.69.
\$		\$      \$      \$
	<b>Current Assets—</b>	
473,426	Sundry Debtors, Accrued Interest and Advances .. .. .	461,498
94,481	Cash .. .. .	2,523
<u>567,907</u>		<u>464,021</u>
11,100,691	Investments .. .. .	12,085,021
	<b>Fixed Assets—at Cost—</b>	
	<b>Construction—</b>	
18,657,435	Country Elevators .. .. .	18,786,637
3,548,762	Geelong Terminal .. .. .	3,615,488
1,020,780	Sunshine Sub-Terminal .. .. .	1,356,444
		<u>23,758,569</u>
	<b>Equipment and Plant—</b>	
4,921,609	Country Elevators .. .. .	5,430,448
1,623,929	Geelong Terminal .. .. .	1,647,439
148,685	Sunshine Sub-Terminal .. .. .	186,752
		<u>7,264,639</u>
4,840	Marmalake No. 1 Emergency Store .. .. .	4,840
243,778	Motor Vehicles, Office Furniture and Equipment .. .. .	265,447
534,798	Freehold Land and Buildings .. .. .	534,798
		<u>805,085</u>
..	Horizontal Emergency Storages .. .. .	1,712,155
79	National Debt Sinking Fund—Cash in Fund .. .. .	17,579
<u>42,373,293</u>		<u>31,828,293</u> <u>46,107,069</u>
	<b>Current Liabilities—</b>	
399,128	Sundry Creditors .. .. .	746,880
	<b>Loans—</b>	
1,683,290	Government of Victoria .. .. .	1,671,795
24,898,542	Public .. .. .	26,572,548
		<u>28,244,343</u>
	<b>Reserves and Sinking Funds—</b>	
	<b>Cancelled Securities Reserves—</b>	
471,018	National Debt Sinking Fund .. .. .	500,357
735,918	Debentures and Inscribed Stock .. .. .	959,212
779,660	Matured Public Loans .. .. .	779,660
6,372,534	Depreciation Reserve Fund .. .. .	7,236,360
4,840	Marmalake No. 1 Emergency Storage Reserve .. .. .	4,840
500,000	Office Building Reserve .. .. .	500,000
336,787	Insurance Reserve Fund .. .. .	377,796
2,328,060	General Reserve Fund .. .. .	2,452,454
910,500	Debentures and Inscribed Stock Sinking Fund .. .. .	1,018,056
858,855	Renewals Reserve Fund .. .. .	1,006,545
100,923	Provision for Long Service Leave and Retiring Gratuities .. .. .	118,885
498,615	Superannuation Fund .. .. .	556,850
		<u>15,511,015</u>
1,012,752	Reserve Fund Contribution for Renewal of Assets .. .. .	1,119,705
	<b>Suspense Accounts—</b>	
16,290	Border Wheat Agreements and Tenderers' Deposits .. .. .	16,970
4,784	Rebagging Wheat .. .. .	6,770
164	Unclaimed Interest .. .. .	164
		<u>23,904</u>
460,633	Revenue Account—Net Accumulation .. .. .	461,222
<u>42,373,293</u>		<u>46,107,069</u>

To ensure that facilities would be available to store all quota wheat from the 1969–70 season, the Grain Elevators Board, in 1968–69, erected a number of horizontal emergency storages throughout the State. By agreement with the Australian Wheat Board, the total cost of these storages is to be recouped from that body on the basis of monthly reimbursement of expenditure up to an agreed cost and the balance by annual instalments over a period of five years. Meanwhile, the expenditure not yet recouped is being temporarily financed from funds available in the General Reserve.

Reserves and Sinking Funds of the Board totalled \$15,511,015 at 31st October, 1969, compared with \$13,897,710 at the close of the previous year.

In addition to the appropriation of interest received on investments of the various funds, the Board, in 1968–69, appropriated a further sum of \$225,000 to the Renewals Reserve Fund. Particulars of the operations of this Fund are :—

	\$
Balance 1st November, 1968 .. .. .	858,855
<i>Add</i> —Interest on Investments Appropriated .. .. .	29,063
Special Board Appropriation .. .. .	225,000
	1,112,918
<i>Deduct</i> —Renewals and Improvements—	\$
Electrification—Country Elevators .. .. .	11,318
Replacement of Belting .. .. .	944
Replacement and Extension of Dust Extraction System—	
Geelong Terminal .. .. .	10,957
Provision of Mooring Dolphin—Geelong Pier .. .. .	55,464
Provision of Fendering—Geelong Pier .. .. .	1,295
Extensions to Ship Loading Facilities necessitated by Fendering	10,430
Alterations and Extensions to Administrative Building—	
Geelong Terminal .. .. .	15,388
Additional Cost of Weighbridge .. .. .	577
	106,373
Balance 31st October, 1969 .. .. .	1,006,545

During the year, the Board invested \$108,000 of its Depreciation Reserve Fund in a loan to a company for the construction of additional grain storages. The loan is being repaid over a period of ten years with interest at the rate of six per cent. per annum and the additional storages have been leased to the Board for a similar period at a nominal rental.

The Crown Solicitor has advised the Board that there appears to be no specific legal power in the *Grain Elevators Act* 1958 for the making of such a loan.

## 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, 1970, was \$27,050,000 compared with \$25,550,000 at 30th June, 1969. Of the amount of \$27,050,000, a sum of \$2,150,000 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 .. .. .	..	10,500,000
Other Savings Banks .. .. .	12,810,000	
Trading Banks .. .. .	1,150,000	
	<hr/>	13,960,000
Insurance Companies .. .. .	..	2,440,000
Other .. .. .	..	150,000
		<hr/>
		27,050,000

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

	\$	\$
Agreed Loans as above .. .. .	..	27,050,000
Less—Amount not yet drawn by Trust .. .. .	1,203,200	
Amount repaid to lending institutions .. .. .	2,997,539	
	<hr/>	4,200,739
Total liability of Trust to lending institutions .. .. .		<hr/>
		22,849,261

Loans approved by the Trust to borrowers amounted to \$34,624,289, of which sum \$3,487,920 related to second mortgages. Discharged mortgages, including mortgages on repossessed properties sold under contracts of sale, amounted to \$6,214,090. Advances secured by first mortgage at 30th June, 1970, amounted to \$21,045,722 (net) and, by second mortgage, to \$1,666,210 (net).

The net surplus for the year on account of transactions relating to first mortgages (Home Finance Fund No. 1), after taking into account losses on sale of repossessed properties, was \$21,280. The surplus on account of second mortgages (Home Finance Fund No. 2) was \$12,766.

Set out hereunder are particulars of the Trust's assets and liabilities as at 30th June, 1969, and 1970. The figures are subject to audit.

30.6.69.		30.6.70.
\$	<i>Assets.</i>	\$
22,454,937	Current ordinary loans secured by first mortgage .. .. .	24,104,156
2,671,156	Less repayments by mortgagors .. .. .	3,058,434
		<hr/>
		21,045,722
2,241,220	Current ordinary loans secured by second mortgage .. .. .	2,494,695
673,316	Less repayments by mortgagors .. .. .	828,485
		<hr/>
		1,666,210
176,320	Repossessed properties sold under contracts of sale .. .. .	167,920
34,270	Less payments of instalments of principal .. .. .	32,636
		<hr/>
		135,284
155,581	Arrears—(net) under mortgages and contracts of sale .. .. .	133,380
..	Prior ranking securities paid out from Fund No. 2 .. .. .	7,185
5,023	Sundry Debtors .. .. .	4,559
119,193	Cash at Bank .. .. .	77,796
150,000	Cash on Fixed Deposit .. .. .	200,000
20	Cash on Hand .. .. .	40
		<hr/>
21,923,552		23,270,176
	<i>Liabilities.</i>	
21,525,370	Deposits by lending institutions and accommodation by way of overdraft—repayment guaranteed by Treasurer of Victoria .. .. .	22,849,261
16,900	Bushfire relief grants—Trust Account .. .. .	3,000
1,759	Prepayments by mortgagors of valuation and inspection fees .. .. .	4,056
13,416	Mortgagors' equities in properties repossessed and sold .. .. .	12,261
..	Sundry Creditors .. .. .	1,445
200,000	Provision for Interest Fluctuation (Fund No. 1) .. .. .	200,000
145,164	Home Finance Fund No. 1—Surplus .. .. .	166,444
20,943	Home Finance Fund No. 2—Surplus .. .. .	33,709
		<hr/>
		200,153
<hr/>		<hr/>
21,923,552		23,270,176

**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 for 1969-70 were not available to me, as the computer processing of the accounts of members of the Fund was not complete.



A more concise statement of the General Revenue Account for the past two years is given below :—

1968-69.		1969-70.	
\$		\$	\$
31,812	Profit—Rental Operations .. .. .	..	..
*86,433	Surplus—Miscellaneous Funds .. .. .	..	*150,939
84,637	Net Profit—Residential Land Sales .. .. .	..	62,832
873,980	Realized Profit—House Sales .. .. .	703,924	
600,000	Less Appropriation for Slum Reclamation and Clearance of Areas .. .. .	600,000	
			103,924
476,862			317,695
	Less—		
..	Loss—Rental operations .. .. .	483,592	
54,741	Cost of Statutory Functions—non-revenue producing .. .. .	72,308	555,900
422,121	Balance—Profit—General Revenue Account as at close of year .. .. .		..
..	„ Loss „ „ „ „ „ „ .. .. .		238,205

\* Includes notional interest on interest-free loans—1968-69, \$13,684 ; 1969-70, \$30,764.

*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 :—

	1968-69.		1969-70.	
	\$	\$	\$	\$
Gross rental charges .. .. .		17,499,067		18,425,461
Deduct—				
Rental rebates allowed .. .. .	1,505,885		1,596,781	
Losses from vacancies .. .. .	132,425		172,031	
		1,638,310		1,768,812
Credit for Rentals—General Revenue Account		15,860,757		16,656,649

The increase of \$926,394 gross rental charges was due mainly to additional units becoming available for tenancy.

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. Appropriate amendments to the Regulations and other action required to validate existing practices, in this regard, are in course.

*Sales of Houses.*—For the year, 1,928 units were sold for a total sum of \$19,581,968. Details are :—

	No.	Cost.	Selling Price.	Surplus.
		\$	\$	\$
Cash Sales—				
State .. .. .	3	6,701	23,121	16,420
Commonwealth—State Housing Agreement 1945 .. .. .	14	78,042	90,317	12,275
Commonwealth—State Housing Agreement 1956 .. .. .	..	..	..	..
Sales per War Service Homes Commission—				
Commonwealth—State Housing Agreement 1945 .. .. .	19	104,258	167,908	63,650
Commonwealth—State Housing Agreement 1956 .. .. .	1	7,431	8,487	1,056
Terms Sales—				
State .. .. .	19	48,256	146,277	98,021
Commonwealth—State Housing Agreement 1945 .. .. .	404	2,491,811	3,619,573	1,127,762
Commonwealth—State Housing Agreement 1956 .. .. .	1,188	11,997,756	12,741,345	743,589
Repossessions Resold—				
State .. .. .	1	2,369	7,829	5,460
Commonwealth—State Housing Agreement 1945 .. .. .	39	245,484	349,731	104,247
Commonwealth—State Housing Agreement 1956 .. .. .	219	1,970,202	2,238,707	268,505
Miscellaneous .. .. .	21	133,667	188,673	55,006
	1,928	17,085,977	19,581,968	2,495,991



As from the 1st July, 1968, the Commission has been collecting premiums from house purchasers in respect of fire and other insurance cover on houses sold on terms but has been carrying the risk itself, whereas in previous years a blanket cover was taken out with an insurance company. The Commission has not the legal power to carry on business as an insurer and action is in course for appropriate amending legislation.

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 .. .. .	2,495,991	
<i>Less</i> Transfer to House Sales Unrealized Profit Suspense Account	1,357,926	
	<hr/>	1,138,065
Interest receivable on terms .. .. .	8,641,864	
<i>Less</i> Interest payable on houses sold .. .. .	6,790,170	
	<hr/>	
Interest on House Sales (net) .. .. .	1,851,694	
<i>Less</i> Appropriation to House Purchasers' Death Benefit Fund	461,030	
	<hr/>	1,390,664
Other House Sales revenue (included in Miscellaneous revenue in General Revenue Account) .. .. .		169,164
		<hr/>
		2,697,893
<i>Less</i> Administration—House Sales .. .. .	827,113	
Maintenance and repairs on houses sold .. .. .	212,571	
Miscellaneous .. .. .	3,344	
	<hr/>	1,043,028
		<hr/>
		1,654,865
<i>Less</i> Appropriation to Interest Receivable Reserve—House Purchasers .. .. .	950,941	
Appropriation for Slum Reclamation and Clearance of Areas	600,000	
	<hr/>	1,550,941
		<hr/>
Net Credit to General Revenue on account of House Sales ..		103,924
		<hr/>

The Commission, during 1969–70, 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 \$2,700,000.

As a result of this provision, the net credit to General Revenue on account of House Sales, together with certain miscellaneous credits to revenue, was insufficient by \$238,205 to meet the loss on rentals and the other revenue charges for the year.

*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 \$62,832 compared with \$84,637 for 1968–69.

The financial position of the Commission as at 30th June, 1969 and 1970, is summarized hereunder :—

30.6.69.		30.6.70.
\$		\$            \$
	<i>Current Assets—</i>	
1,930,871	Sundry Debtors .. .. .	2,024,631
762,195	Cash at Bank and in Transit .. .. .	1,274,700
<u>2,693,066</u>		<u>3,299,331</u>
11,574,050	<i>Investments</i> .. .. .	10,006,685
	<i>Deferred Assets—</i>	
179,743,504	House Purchase Debtors .. .. .	190,664,950
	<i>Fixed Assets—</i>	
42,038,280	Estates—Cost of land, developmental and incidental expenses	45,558,954
232,131,425	Dwellings and Shops .. .. .	247,940,564
706,899	Holmesglen Housing Factory—Land and Buildings .. .. .	718,474
17,965,314	Properties acquired for Slum Reclamation .. .. .	19,329,824
112,793	Store-rooms, Offices, &c. .. .. .	304,824
629,388	Plant, Vehicles, Office Furniture and Equipment .. .. .	579,113
747,339	Concrete House Project .. .. .	812,830
600	Shares—31 Melrose Street Pty. Ltd. .. .. .	600
<u>294,332,038</u>		<u>315,245,183</u>
521,515	<i>Deposit and Trust Account—Cash at Bank and Securities</i> .. .. .	666,927
	<i>Intangibles—</i>	
78,717	Loan Flotation Expenses—Less amount written off .. .. .	..
163,514	Plans and Designs, &c. .. .. .	178,222
395,492	Slum Reclamation—Unrecouped costs .. .. .	725,475
105,442	Electronic Data Processing—Planning Costs .. .. .	70,295
..	Overseas Delegation—Expenses .. .. .	2,820
<u>743,165</u>		<u>976,812</u>
489,607,338	Total .. .. .	<u>520,859,888</u>
	<i>Current Liabilities—</i>	
718,560	Sundry Creditors .. .. .	1,248,079
	<i>Loans—</i>	
402,511,942	Government advances .. .. .	425,802,670
600,000	Debenture issues .. .. .	600,000
3,449,367	Death Benefit Fund advances .. .. .	3,959,164
<u>406,561,309</u>		<u>430,361,834</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
..	Commonwealth Grant—Dwellings for Aged Pensioners .. .. .	200,000
<u>4,294,384</u>		<u>4,494,384</u>
	<i>Reserves and Sinking Funds, &amp;c.—</i>	
100,000	Debenture Loans Redemption .. .. .	100,000
723,868	Cancelled Securities—National Debt Sinking Fund .. .. .	544,473
147,431	Debenture Loan Sinking Fund .. .. .	163,966
21,565,164	Loan Redemption—Commonwealth—State Agreements .. .. .	23,523,401
4,083,059	Accruing Maintenance Provision .. .. .	3,787,340
50,000	Irrecoverable Rents Provision .. .. .	50,000
22,499,468	Unrealized Profit Suspense Account—House Sales .. .. .	24,405,081
319,902	Unrealized Profit Suspense Accounts—Land and Shops .. .. .	213,904
6,759,140	House Purchasers' Death Benefit Fund .. .. .	7,568,950
6,104,528	Realized Profit Reserves .. .. .	6,719,160
9,388,034	Interest Receivable Reserve—House Purchasers .. .. .	10,484,015
2,100,000	Appropriation of House Sales Profits for Slum Reclamation Works .. .. .	2,700,000
79,863	General Reserve .. .. .	..
..	Provision for Loan Flotation Expenses .. .. .	5,000
<u>73,920,457</u>		<u>80,265,290</u>
3,591,113	<i>Accumulated Surplus</i> .. .. .	3,823,374
	<i>Deposit and Trust Account—</i>	
521,515	Contractors' deposits and other trust moneys .. .. .	666,927
<u>489,607,338</u>	Total .. .. .	<u>520,859,888</u>

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

*Sundry Debtors*, \$2,024,631. Details are :—

	\$
Rental Arrears .. .. .	463,795
Tenants' Maintenance Arrears .. .. .	139,257
Works and Materials, &c., for other bodies and adjoining owners, &c. ..	341,547
Debtors on account of Shop and Land Sales (net) .. .. .	939,979
Revenue Accruals, Prepayments and Advances, &c. .. .. .	112,862
Commonwealth of Australia—Migrant Housing .. .. .	27,191
	<u>2,024,631</u>

The amount of \$27,191 was the balance remaining unrecouped from the Commonwealth out of the expenditure of \$294,391 incurred by the Commission during the year on the construction of flats for the Commonwealth under a migrant transitory flats scheme. The total expenditure to date amounts to \$552,290.

*Investments*.—The book value of investments decreased during the year from \$11,574,050 to \$10,006,685. Relevant details as at 30th June, 1970, are :—

	\$
Interest-free advances—to other Public Authorities .. .. .	1,161,734
Loan to a Public Authority .. .. .	13,539
Investments—Sinking Fund .. .. .	163,966
Investments—Death Benefit Fund .. .. .	7,467,446
Short Term Investment .. .. .	1,200,000
	<u>10,006,685</u>

*Concrete House Project*.—The amounts, \$747,339, as at 30th June, 1969, and \$812,830, as at 30th June, 1970, are, in effect, the notional liabilities, as at the respective dates, of the Concrete House Project to the Commission. The increase 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, 1969 .. .. .	..	747,339
<i>Add—</i>		
Increase in Current Assets .. .. .	133,010	
Increase in Book Value of Equipment, Plant, Tools, &c. ..	10,484	
Decrease in reserve for maintenance of factory building ..	2,782	
	<u>146,276</u>	
		893,615
<i>Deduct—</i>		
Increase in Current Liabilities .. .. .	24,852	
Increase in Reserve for Long Service Leave .. .. .	55,933	
	<u>80,785</u>	
Item—"Concrete House Project" as at 30th June, 1970 .. .. .	..	<u>812,830</u>

The Project was charged notional interest at the rate of 4½ 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 1969–70 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.

*Electronic Data Processing—Planning Costs*, \$70,295.—The installation of an electronic data processing system during the financial year 1964–65 enabled the Commission to transfer the house purchasers' accounts and the tenants' accounts to a new system. The development costs of this system, which were capitalized, amounted to \$216,914.

During 1966–67, a further \$15,466 was capitalized, being the planning costs of extending the computer system to the Concrete House Project and Store at Holmesglen.

Of these amounts, a sum of \$162,085 has been written off leaving a balance of \$70,295 to be written off in future years.

Other assets associated with the installation aggregate \$87,748 and are included in the balance-sheet item “Plant, Vehicles, Office Furniture and Equipment”. This sum includes the cost of the computer, which the Commission had been using on a hire basis since 1964–65 and which was purchased during 1966–67 for \$122,500, the expenditure on furniture, fittings, equipment and the provision of suitable accommodation less depreciation.

*Items Capitalized.*—Expenditure on administration, rates and interest deemed to be applicable to or incurred during construction has been capitalized. The amounts capitalized and the proportions thereof to the totals of the respective items for 1968–69 and 1969–70 are :—

	1968–69.		1969–70.	
	\$	%	\$	%
Rates .. .. .	235,038	8·3	261,105	8·9
Interest .. .. .	812,030	5·8	881,441	5·8
Administration .. .. .	1,085,663	31·5	1,317,935	32·1
	<u>2,132,731</u>		<u>2,460,481</u>	

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

*Loan Liability.*—During the year, an additional \$25,882,500 was made available to the Commission under the terms of the Commonwealth and State Housing Agreement 1956–66. Total loans from all sources at the close of the year amounted to \$484,708,908. At 30th June, 1970, the liability in respect of loans was \$430,361,834. Details are :—

	\$	\$
<i>State Housing.</i>		
From the Government of Victoria—Housing .. .. .	2,323,501	
„ „ „ „ „ Slum Reclamation .. .. .	19,073,975	
„ Debenture issues of the Commission .. .. .	1,040,000	
	<u>22,437,476</u>	
Government Loan transferred to the Commission .. .. .	60,000	22,497,476
<i>Less</i> Securities purchased out of National Debt Sinking Fund and cancelled .. .. .	1,068,768	
Debentures redeemed under Housing Act .. .. .	440,000	
Repayments on Slum Reclamation .. .. .	5,406,715	
	<u>6,915,483</u>	
		<u>15,581,993</u>
<i>Commonwealth–State Housing Agreements.</i>		
Loan Advances received from the Commonwealth of Australia	458,252,268	
<i>Less</i> Repayments .. .. .	47,431,591	
	<u>410,820,677</u>	
<i>House Purchasers’ Death Benefit Fund.</i>		
Loan to Commission .. .. .		*3,959,164
		<u>430,361,834</u>

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

The Commission is required to meet the debt charges on the liability to the Government of Victoria for housing. Debt charges on the amount advanced for slum reclamation are being met from the general revenues of the State.

*Commonwealth Grant—Dwellings for Aged Pensioners.*—During the year 1969–70, \$200,000 was advanced under the Commonwealth States Grants (*Dwellings for Aged Pensioners*) Act 1969 for the provision of self contained dwellings for eligible pensioners. To 30th June, 1970, \$186,677 has been spent on this project.

*Provision for Maintenance.*—As at 30th June, 1969, the balance of the Accruing Maintenance Provision was \$4,083,059. To this amount there was added in 1969–70 the sum of \$2,636,033 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the account in 1969–70 was \$2,931,752 leaving a balance at credit of the account at the close of the year of \$3,787,340.

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, 1969 .. .. .	..	22,499,468
<i>Add—</i>		
Transfer from General Revenue Account .. .. .	1,357,926	
Increase in profits from adjustment of capital costs of former years' sales .. .. .	829,776	
	<hr/>	2,187,702
		<hr/>
		24,687,170
<i>Less—</i>		
Sundry adjustments arising from cancellation of sales, reduction of sale prices, &c. .. .. .	..	282,089
		<hr/>
Balance at credit 30th June, 1970 .. .. .	..	24,405,081
		<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, 1970, are summarized below :—

	\$	\$
Balance as at 1st July, 1969 .. .. .	..	6,759,140
<i>Add</i> Appropriation for year (Section 109 Act No. 6275) .. .. .	460,735	
Income from Investments .. .. .	392,610	
Premiums .. .. .	15,823	
	<hr/>	869,168
		<hr/>
		7,628,308
<i>Deduct</i> Payments on Account of Deceased Purchasers .. .. .	..	59,358
		<hr/>
Balance as at 30th June, 1970 .. .. .	..	7,568,950
		<hr/>

The sum of the investments of the Fund, \$7,467,445, includes an amount of \$3,959,164 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 \$10,006,685".

In respect of the advance of \$3,959,164, 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. Legislation is being sought to validate the Commission's action in connection with the investment of this Fund.

The investigation by an Actuary into the state and sufficiency of the Fund as at the 30th June, 1970, as required by the provisions of Section 109 (3) of the *Housing Act* 1958, is being undertaken.

*Realized Profit Reserves, \$6,719,160.*—This balance comprises profit on land, \$6,527,761, and on shops, \$191,399. During the year there was an increase of \$607,814 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 no shops sold in the various estates in 1969–70. However, the Shops Realization Reserve increased by \$6,818 being the net realized profit on previous years' terms sales.

*Interest Receivable Reserve—House Purchasers, \$10,484,015.*—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.

Details of movements in this reserve for the year are as follows :—

	\$	\$
Balance at credit 1st July, 1969 .. .. .	..	9,388,034
<i>Add—</i>		
Appropriation House Sales Trading Account .. ..	950,941	
Interest received—Rental Revenue Account .. ..	145,040	1,095,981
	<hr/>	<hr/>
Balance at credit 30th June, 1970 .. .. .	..	10,484,015

*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, \$3,823,374.*—The variations in this account during the year are explained below :—

	\$	\$
1st July, 1969—Balance .. .. .	..	3,591,113
<i>Add—</i>		
Amount written back to Revenue from Loan Redemption Reserve .. .. .	389,043	
Adjustment of realized profit of former years due to capital cost variations and cancellation of sales contracts, etc.	273,364	
	<hr/>	<hr/>
		662,407
		<hr/>
<i>Less—Debit Balance General Revenue Account .. ..</i>	..	430,146
		<hr/>
30th June, 1970—Balance .. .. .	..	3,823,374

## 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. Treasury records show that the total advances to the Board from the Loan Fund to 30th June, 1970, amounted to \$20,401,194.

In recent years, the Board has found itself in an increasingly difficult cash position, which has been caused mainly by deficits associated with its farm operations at Dutson Downs. The provisions of the *Latrobe Valley (Amendment) Act 1969* have given the Board temporary relief from its statutory obligation to make payments to the Treasury in reduction of its capital debt.

For purposes of comparison, figures for the previous year are given in the abridged statements which follow.

### DISPOSAL AREA REVENUE ACCOUNT.

1968-69.		1969-70.	
\$		\$	\$
	<i>Income—</i>		
4,715	Rental Board Properties .. .. .	4,415	
6,266	Sundry .. .. .	6,574	
..	Profit—Cattle Trading Account .. .. .	24,544	
..	Profit—Sheep Trading Account .. .. .	32,905	
10,981			68,438
	<i>Expenditure—</i>		
83,562	Farm Operation and Maintenance .. .. .	84,027	
71,426	Interest on Loans and on Overdraft .. .. .	73,675	
11,322	Depreciation Provision .. .. .	11,355	
28,187	Administrative and Sundry Expenses .. .. .	15,556	
1,034	Maintenance Farm Dwellings .. .. .	632	
81,785	Loss—Sheep Trading Account .. .. .	..	
4,902	Loss—Cattle Trading Account .. .. .	..	
282,218			185,245
271,237	Deficit on Disposal Area Account transferred to General Revenue Account		116,807

### GENERAL REVENUE ACCOUNT.

\$		\$	\$
	<i>Income—</i>		
717,483	Water Charges .. .. .	812,630	
309,684	Disposal Charges .. .. .	495,183*	
5,464	Refund Maintenance Outfall Sewer—Tar Removal Costs .. .. .	7,431	
33,519	Other .. .. .	26,301	
1,066,150			1,341,545
	<i>Expenditure—</i>		
447,015	Interest on Loans .. .. .	415,175	
2,358	Interest on Overdraft .. .. .	..	
84,588	Depreciation .. .. .	54,249	
163,095	Maintenance and Operation of Works .. .. .	192,464	
126,300	Overhead Services .. .. .	205,136	
22,406	Other Expenses .. .. .	65,307	
845,762			932,331
220,388	Surplus for year .. .. .		409,214
271,237	Deficit on Disposal Area Revenue Account .. .. .		116,807
50,849	<i>Net deficit for year</i> .. .. .		..
..	<i>Net surplus for year</i> .. .. .		292,407

\*Includes Charges in respect of 1968-69 \$76,380.

The Board's balances at 30th June, 1969 and 1970, are summarized hereunder :—

30.6.69.		30.6.70.
\$		\$      \$
	<b>Current Assets—</b>	
3,652	Cash at Bank .. .. .	2,220
23,311	Stores, Tools, &c. .. .. .	16,201
142,825	Livestock, Wool and Ensilage on Hand .. .. .	135,119
136,140	Debtors and Prepayments, &c. .. .. .	168,038
		<hr/>
959,404	Investments .. .. .	321,578
		1,209,679
	<b>Fixed Assets—</b>	
18,504,358	Works (including Works in Progress) .. .. .	18,577,377
297,110	Plant and Equipment .. .. .	295,716
379,610	Land, Buildings, Residences .. .. .	482,771
100,834	Office and Laboratory Equipment .. .. .	96,363
		<hr/>
19,281,912		19,452,227
1,248,777	Less Depreciation Reserve .. .. .	1,307,802
		<hr/>
18,033,135		18,144,425
	<b>Intangibles—</b>	
523,709	Interest on Works during Construction .. .. .	523,709
559,914	Accumulated Deficit .. .. .	267,507
		<hr/>
20,382,090		791,216
		<hr/>
		20,466,898
	<b>Current Liabilities—</b>	
420,515	Bank Overdraft .. .. .	283,940
7,627	Sundry Creditors .. .. .	2,735
3,212	Contractors' Deposits .. .. .	1,780
11,480	Long Service Leave Provision .. .. .	21,037
		<hr/>
		309,492
	<b>Loan Liability—</b>	
17,236,738	State of Victoria .. .. .	17,432,532
166,250	Rural Finance and Settlement Commission .. .. .	148,750
		<hr/>
17,845,822		17,581,282
		<hr/>
		17,890,774
	<b>Excess of Assets over Liabilities—</b>	
1,483,631	Capital Expenditure borne by the State .. .. .	1,351,984
5,000	Grant by Government of Victoria .. .. .	5,000
166,346	Appropriation for Plant Renewals, &c. .. .. .	337,849
875,987	Loans Redeemed Reserve .. .. .	875,987
5,304	Churchill Loans Redeemed Reserve.. .. .	5,304
		<hr/>
20,382,090		2,576,124
		<hr/>
		20,466,898



## 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, 1970, are compared hereunder with those for the previous year.

### INSURANCE ACCOUNT.

		1968-69.	1969-70.
<i>Receipts.</i>		\$	\$
Balance at Bank, 1st March .. .. .		1,210	1,646
Surrender Values .. .. .		9,805	9,016
Death Claims .. .. .		4,816	934
Matured Policies .. .. .		10,942	9,386
Other .. .. .		77	4
		26,850	20,986
<i>Payments.</i>			
Death Claims .. .. .		3,897	1,854
Matured Policies .. .. .		11,425	8,526
Surrender Values .. .. .		9,805	9,015
Other .. .. .		77	..
Balance at Bank at end of year .. .. .		1,646	1,591
		26,850	20,986

## PROVIDENT FUND.

							1968-69.	1969-70.
							\$	\$
<i>Receipts.</i>								
Balance at Bank, 1st March	..	..	..	..	..	34,067	27,777	
Contributions	..	..	..	..	..	527,382	613,725	
Interest on Investments	..	..	..	..	..	165,918	181,951	
Investments Redeemed	..	..	..	..	..	761,903	817,004	
							<u>1,489,270</u>	<u>1,640,457</u>
<i>Payments.</i>								
Death Claims	..	..	..	..	..	28,357	36,708	
Resignations and Retirements	..	..	..	..	..	454,599	453,825	
Additional Interest	..	..	..	..	..	8,826	10,194	
Refunds of Contributions	..	..	..	..	..	3,711	8,008	
Investments	..	..	..	..	..	958,000	1,061,500	
Contribution to Administration	..	..	..	..	..	8,000	8,000	
Balance at Bank at end of year	..	..	..	..	..	27,777	62,222	
							<u>1,489,270</u>	<u>1,640,457</u>

The position of the Fund at 28th February, 1969 and 1970, was :—

							1969.	1970.
							\$	\$
Contributors' Credits	..	..	..	..	..	2,786,754	3,084,916	
Unallotted Interest	..	..	..	..	..	207,405	226,104	
Contributions paid in advance, &c.	..	..	..	..	..	55,132	24,361	
							<u>3,049,291</u>	<u>3,335,381</u>
Represented by—								
Cash at Bank	..	..	..	..	..	27,777	62,222	
Investments	..	..	..	..	..	2,960,850	3,205,346	
Contributions due, &c.	..	..	..	..	..	4,321	5,082	
Accrued Interest	..	..	..	..	..	56,343	62,731	
							<u>3,049,291</u>	<u>3,335,381</u>

## BENEFIT CONTRACTS ACCOUNT.

							1968-69.	1969-70.
							\$	\$
<i>Income.</i>								
Contract Premiums	..	..	..	..	..	2,998,136	3,361,737	
Interest on Investments	..	..	..	..	..	1,105,565	1,253,658	
							<u>4,103,701</u>	<u>4,615,395</u>
<i>Expenditure.</i>								
Death Benefits	..	..	..	..	..	480,411	403,721	
Withdrawal Benefits	..	..	..	..	..	514,949	818,930	
Retirement Benefits	..	..	..	..	..	427,415	591,693	
Contribution to Administration	..	..	..	..	..	246,222	275,195	
Other	..	..	..	..	..	239	1,114	
							<u>1,669,236</u>	<u>2,090,653</u>
Surplus	..	..	..	..	..	<u>2,434,465</u>	<u>2,524,742</u>	

As at 28th February, 1969 and 1970, the funds of the Benefit Contracts Account amounted to \$19,317,290 and \$21,842,032 respectively, and were represented by—

	1969.	1970.
	\$	\$
Investments .. .. .	19,586,795	21,808,501
Less Excess of Current Liabilities over Other Assets .. ..	269,505	..
Plus Excess of Other Assets over Current Liabilities .. ..	..	33,531
	<u>19,317,290</u>	<u>21,842,032</u>

#### MANAGEMENT ACCOUNT.

	1968-69.	1969-70.
	\$	\$
<i>Income.</i>		
Interest on Investments .. .. .	9,411	9,309
Contribution to Administration—		
From Benefit Contracts Account .. .. .	246,222	275,195
From Provident Fund .. .. .	8,000	8,000
Rent .. .. .	11,978	16,595
Computer Bureau Fees .. .. .	63,740	93,969
	<u>339,351</u>	<u>403,068</u>

<i>Expenditure.</i>		
Board Members' Fees .. .. .	1,348	1,307
Salaries .. .. .	141,507	154,344
Hire of Computer and other Office Machines .. .. .	97,616	157,791
Other Administration Charges .. .. .	75,263	90,469
Rates, &c. .. .. .	7,622	6,392
Depreciation .. .. .	22,094	20,990
	<u>345,450</u>	<u>431,293</u>
Deficit .. .. .	<u>6,099</u>	<u>28,225</u>

As at 28th February, 1969 and 1970, accumulated funds of the Management Account were :—

	1969.	1970.
	\$	\$
Accumulated Funds .. .. .	716,153	664,154
Asset Replacement Reserve .. .. .	100,270	118,081
	<u>816,423</u>	<u>782,235</u>

#### Represented by—

Investments .. .. .	193,972	128,464
Freehold Property .. .. .	605,982	600,025
Furniture, Equipment and Office Machines .. .. .	45,210	44,976
Motor Vehicles .. .. .	7,528	12,992
Prepayments, &c. .. .. .	2,046	4,666
	<u>854,738</u>	<u>791,123</u>
Less Excess of Current Liabilities over Current Assets .. ..	38,315	8,888
	<u>816,423</u>	<u>782,235</u>

## 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.

Four Boards, namely the Chicory, Egg and Egg Pulp, Onion and Tobacco Leaf Marketing Boards are operating under the Act and a fifth, the Maize Marketing Board, is in the final stages of winding-up. 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, 1970, have not yet been audited. The operation of this and the previous pool and the financial position of the Board as at 31st March, 1970, are embodied in the following summary of the Board's affairs.

The Board's assets were :—

	\$	\$
Sundry Debtors .. .. .	480	
Stock of Stencils and Seed .. .. .	293	
Plant (less depreciation) .. .. .	791	
Cash at Bank .. .. .	11,414	
	11,414	12,978

Against these assets the pool balances and liabilities were :—

	Pools.			
	1968.	1969.		
	\$	\$		
Proceeds of Sales .. .. .	6,594	28,426		
Deduct Expenses .. .. .	636	1,361		
	5,958	27,065		
Less paid to Growers .. .. .	5,958	25,109		
	..	1,956	1,956	
Sundry Creditors .. .. .	..	..	369	2,325
			369	2,325
As at 31st March, 1970, there was an excess of assets over liabilities of . . .			10,653	10,653

### *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 \$2,938,241 (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 1969–70 pool period. The substantial increase in Commonwealth assistance, compared with the previous pool period, resulted mainly from a large increase in exports of eggs and egg products.

In respect of the 1968–69 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 1968–69 from \$206,203 to \$228,528. The approval of the Governor in Council has been sought to transfer an amount of \$88,122 out of this sum to Reserve Fund.

Following the Opinion of the Solicitor-General of 1st July, 1969, that the Board has the power to carry forward surplus or undistributed moneys from a pool period to a succeeding pool period, the Board brought forward an amount of \$140,406 from the 1968-69 Pool Account to the 1969-70 Pool Account. In addition, the Board decided to transfer a sum of \$68,930, held in Reserve Fund, to the 1969-70 Pool Account.

The operations of the pools during the last two accounting periods were :—

1968-69.		1969-70.
\$		\$      \$
20,497,999	Advances to Producers (Current production) .. ..	22,785,658
75,669	Purchases of Eggs and Pulp from other sources .. ..	..
20,573,668		22,785,658
1,651,103	<i>Less</i> Producers' Contributions on Account of Local Marketing Charges .. ..	1,938,910
*18,922,565	Net Advances to Producers .. ..	*20,846,748
	Disposal of Eggs—	
16,098,684	Sold in Shell on Local Market .. ..	15,885,594
153,050	Sold in Shell on Overseas Market .. ..	61,071
2,748,231	Converted to Egg Products and Sold .. ..	†3,733,550
18,999,965		19,680,215
Dec. 27,377	Increase or Decrease in Stock on Hand .. ..	<i>Inc.</i> 152,875
18,972,588	Total Value of Disposals .. ..	19,833,090
2,005,181	<i>Add</i> —Distribution from Poultry Industry Trust Fund (Net)..	2,938,241
20,977,769		22,771,331
1,849,001	<i>Less</i> —Grading, Selling, Manufacturing and Administrative Costs	1,916,977
19,128,768	Net Proceeds of Pool .. ..	20,854,354
	<i>Add</i> —Transfers of Funds—	
		\$
..	From 1968-69 Pool Account .. ..	140,406
..	From Reserve Fund .. ..	68,930
		209,336
206,203	Balance in Excess of Advances to Producers .. ..	21,063,690
		216,942

\* Does not take account of amounts payable by producers in respect of the hen levy imposed by the Commonwealth.  
† Subject to adjustment on final realization of export sales from Australian Egg Board.

The following is a statement of the Board's balances at 4th July, 1970. Comparative figures at the end of the preceding pool period are also given.

The Board's funds were—

5.7.69.		4.7.70.
\$		\$
695,750	Reserve Fund .. ..	691,504
468,131	Surplus Distribution 1947-48 ( <i>ex</i> Commonwealth) .. ..	468,131
	Undistributed Pool Balances—	
206,203	1968-69 .. ..	..
..	1969-70 .. ..	216,942
1,370,084		1,376,577

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

5.7.69.		4.7.70.
\$		\$      \$
	Current Assets—	
803	Cash on Hand and at Bank .. .. .	803
..	Claim on Poultry Industry Trust Fund .. .. .	80,468
	Stocks on Hand—	
442,133	Eggs and Egg Products at valuation .. .. .	595,008
73,491	Packing materials at cost .. .. .	81,527
19,163	Supplies at cost or valuation .. .. .	21,369
<hr/>		<hr/>
534,787		697,904
	Debtors—	
629,245	Trade .. .. .	551,394
*241,082	Australian Egg Board .. .. .	*792,333
8,428	Amount due under Contracts of Sale .. .. .	11,884
<hr/>		<hr/>
878,755		1,355,611
15,000	Less Provision for Doubtful Debts .. .. .	15,000
<hr/>		<hr/>
863,755		1,340,611
<hr/>		<hr/>
1,399,345		2,119,786
		\$
	Less Current Liabilities—	
296,379	Creditors .. .. .	260,407
607,945	Reserve Bank of Australia .. .. .	1,175,222
115,467	Department of Primary Industry (Hen Levy) .. .. .	339,398
44,259	Less Commonwealth Hen Levy Account—	
	Cash at Bank .. .. .	<hr/>
		339,398
31,700	Refund due to Poultry Industry Trust Fund .. .. .	..
63,738	Provision for Employees Long Service Leave, Annual Leave and Sick Pay .. .. .	71,557
<hr/>		<hr/>
1,070,970		1,846,584
<hr/>		<hr/>
328,375	Working Capital .. .. .	273,202
	Fixed Assets—(at cost less depreciation)	
227,317	Freehold Properties .. .. .	225,415
268,369	Leasehold Properties .. .. .	332,840
468,341	Plant and Equipment .. .. .	460,378
37,339	Motor Vehicles .. .. .	43,901
40,343	Office Machinery and Equipment .. .. .	40,841
<hr/>		<hr/>
1,041,709		1,103,375
<hr/>		<hr/>
1,370,084		1,376,577
<hr/>		<hr/>

\* Subject to adjustment on final realization of export sales.

As in previous pool periods, the results of the year's operations have been affected by the valuation of stocks of eggs and egg products. The asset "Eggs and Egg Products" shown in the Balance-sheet at \$595,008 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 4th July, 1970, by approximately \$101,000. This reduction has the effect of providing a reserve not disclosed in the accounts.

*Maize Marketing Board.*

By proclamation of the Governor in Council dated 24th February, 1970, maize was declared to be no longer a commodity for purposes of the Marketing of Primary Products Act and, on the same date, a liquidator was appointed to wind up the affairs of the Board.

Final distribution to the growers has now been made and the dissolution of the Board is in course.

A summary of the financial operations of the Board for the final accounting period is as follows :—

Total number of bushels marketed .. .. .	7,827
	\$
Gross proceeds of sales .. .. .	14,383
Applied from Reserve Account .. .. .	1,350
	15,733
Freight, commission, &c. .. .. .	2,078
Administration expenses .. .. .	3,256
Amount paid to growers .. .. .	10,399
	15,733

*Onion Marketing Board.*

Final accounts in respect of the pool period that ended on 15th November, 1969, have been audited. Details of the operations in this and the previous pool are :—

	Pool.	
	1968.	1969.
	tons.	tons.
Total Onions acquired .. .. .	7,803	13,425
	\$	\$
Proceeds from sales .. .. .	974,236	465,724
Administration and marketing expenses .. .. .	63,195	71,260
Payments to growers .. .. .	914,217	373,973

The average return per ton to the growers was \$117.16 in 1968 and \$27.85 in 1969.

*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, 1969, and 31st March, 1970, is set out hereunder. The figures relating to 1969-70 are subject to audit.

1968-69.		1969-70.
\$		\$
8,555,681	Gross proceeds from sales of tobacco leaf .. .. .	13,735,887
22,519	Processing costs recovered from manufacturers .. .. .	..
8,578,200		13,735,887
	<i>Applied to :—</i>	
181,104	Brokers' Commission .. .. .	237,250
39,005	Freight .. .. .	56,032
6,161	Rehandling Charges .. .. .	19,688
40,142	Commonwealth Tax Levy .. .. .	59,970
49,440	Insurance .. .. .	76,182
336,278	Growers' Liens, Orders, &c. .. .. .	847,632
128,478	Marketing Board Charge .. .. .	206,034
48,869	Other Expenses .. .. .	2,429
..	Net Proceeds Held .. .. .	8,367
7,748,723	Net Proceeds to Growers .. .. .	12,222,303
8,578,200		13,735,887

The Board's charge of \$206,034 against the sales proceeds, together with other receipts (\$10,964), was expended as shown hereunder. The comparable figures for 1968-69 are also shown.

1968-69.	1969-70.
\$	\$
27,104 Salaries .. .. .	30,327
6,630 Appraisers' Fees and Allowances .. .. .	9,563
8,788 Travelling Expenses .. .. .	10,926
1,200 Contribution to Tobacco Growers' Council .. .. .	2,040
7,383 Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal .. .. .	8,862
12,442 Other Administrative Expenses .. .. .	24,029
7,225 General Expenses .. .. .	10,312
.. Water Storage Investigation .. .. .	10,000
65,604 Surplus .. .. .	110,939
136,376	216,998

31.3.69.

The Board's balances are summarized hereunder :—

31.3.70.

\$	\$
<i>Assets—</i>	
1,436 Cash at Bank and on Hand .. .. .	3,253
150,000 Term Deposits .. .. .	170,000
2,061 Advances to Growers, &c. .. .. .	2,469
.. Advance Insurance Premium Payment .. .. .	10,000
10,651 Sundry Debtors .. .. .	10
4,362 Office Furniture and Equipment .. .. .	10,794
5,389 Motor Vehicles and Experimental Equipment .. .. .	7,127
173,899	203,653
 <i>Liabilities—</i>	
7,055 Sundry Creditors .. .. .	5,945
21,363 Miscellaneous .. .. .	42,492
Growers' Funds brought forward .. .. .	145,481
Less—Distribution to Growers .. .. .	101,204
	44,277
Add—Surplus for year .. .. .	110,939
145,481 Growers' Funds at 31st March .. .. .	155,216
173,899	203,653

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.



## MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1970, 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 :—

1968-69.					1969-70.		
\$					\$	\$	\$
<b>Rates and Charges—</b>							
16,006,674	Water Supply	..	..	..	..	20,265,986	
20,920,874	Sewerage	..	..	..	..	23,881,109	
4,471,288	Drainage and Rivers	..	..	..	..	4,572,623	
<u>41,398,836</u>						<u>48,719,718</u>	
<b>Farm—</b>							
449,626	Gross profit on cattle	..	..	..	..	330,362	
123,471	Gross profit on sheep	..	..	..	..	41,135	
4,429	Rent	..	..	..	..	3,754	
4,925	Sundry Trading Operations	..	..	..	..	1,505	
<u>582,451</u>						<u>376,756</u>	
<u>41,981,287</u>	Gross Revenue	..	..	..	..	..	<u>49,096,474</u>
<b>Working Expenses—</b>							
5,019,402	Management	..	..	..	..	5,793,886	
7,971,091	Maintenance	..	..	..	..	9,041,030	
21,183,822	Interest (including overseas exchange)	..	..	..	..	23,667,563	
<u>34,174,315</u>						<u>38,502,479</u>	
<u>7,806,972</u>	Gross Surplus	..	..	..	..	..	<u>10,593,995</u>
<b>General Expenditure—</b>							
589,042	Loan Flotation Expenses	..	..	..	..	470,730	
244,969	Staff Gratuities	..	..	..	..	208,811	
441,444	Contributions to Superannuation Fund	..	..	..	..	1,210,123	
53,237	Depreciation—Furniture and Fittings, &c.	..	..	..	..	57,266	
190,601	Pensions (cost of living allowances in superannuation payments)	..	..	..	..	294,716	
..	Provision for Statutory Expenditure	..	..	..	..	25,156	
<u>1,519,293</u>						<u>2,266,802</u>	
<b>Statutory Expenditure—</b>							
96,854	Fees for valuations	..	..	..	..	129,678	
49,111	Contributions to Municipalities	..	..	..	..	49,111	
						<u>178,789</u>	
<u>1,665,258</u>	Carried forward	..	..	..	..	..	<u>2,445,591</u> <u>10,593,995</u>

1968-69.		1969-70.	
\$		\$	\$
1,665,258	Brought forward .. .. .	2,445,591	10,593,995
Provisions and Transfers to Reserves—			
770,864	Contributions to—Renewals Fund .. ..	904,148	
1,315,336	Sinking Fund .. ..	1,380,009	
1,923,624	Loans Redeemed Reserve ..	2,062,996	
..	Special Reserve	500,000	
2,333,900	General Reserve .. ..	3,600,000	
6,343,724		8,447,153	
8,008,982	Expenditure, &c. from Gross Surplus .. ..		10,892,744
202,010	Net Deficit .. .. .		298,749
202,010	Add—Transfer from Rates Equalization Reserve ..		298,749
..	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 \$500,000 to the Special Reserve and \$3,600,000 to the General Reserve. This latter sum represents the estimated amount which was provided from revenue for water supply, drainage works and sewerage works totalling \$910,000, \$990,000 and \$1,700,000 respectively.

As the above statement shows, operations during 1969-70 resulted in a deficit of \$298,749 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).
	\$	\$	\$	\$
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
1969-70 .. .. .	20,265,986	23,881,109	4,572,623	498,682,847

The aggregate of net annual values on which the rates were assessed in 1969-70 rose sharply as a result of revaluation of properties in all districts.

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 \$).
	1967-68.	1968-69.	1969-70.	
	c	c	c	c
Metropolis generally—				
Water Rate .. .. .	2.5	2.5	2.5	3.75
Metropolitan General Rate .. .. .	4.7	5.45	4.9	6.666
Drainage and Rivers Rate .. .. .	1	1.2	1.0	1.25
Parts of Cities of Dandenong, Springvale and Shires of Berwick, Knox and Cranbourne (from and inclusive of 1958-59)—				
Water Rate .. .. .	2.8	2.8	2.7	5
Parts of Cities of Chelsea, Springvale and Mordialloc (from and inclusive of 1962-63)—				
Water Rate .. .. .	3.5	3.5	3.5	5

Interest charges continued to be a heavy burden on the Board's revenue, being \$2,483,741 higher than the previous year. However, because of an increase of \$7,320,882 in the revenue received from rates and charges, the percentage of rates and charges absorbed by interest fell to 48.58 as compared with 51.17 in 1968-69.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund \$406,649 ; Sinking Funds \$1,860,290 ; and Superannuation Fund \$301,967. Exchange on interest remitted overseas amounted to \$6,211.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1970, are shown hereunder :—

—	Contributions from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1970.
	\$	\$	\$	\$
Sinking Funds .. .. .	1,404,203	1,860,290	3,264,493	40,485,018
Loans Redeemed Reserve .. .. .	2,062,996	..	2,062,996	11,523,715
Renewals Fund .. .. .	904,148	406,649	1,310,797	21,249,223
Superannuation Fund .. .. .	1,242,683	301,967	1,544,650	7,001,525
Insurance Account .. .. .	..	..	..	726,588
	5,614,030	2,568,906	8,182,936	80,986,069

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of \$103,842,861 as at 30th June, 1970. Thus, the sum of the Board's Funds and Reserves as at that date was \$184,828,930. Of this sum, \$52,357,938 was invested, \$11,523,715 was applied to loan redemption and \$120,947,277 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 \$498,718,005 compared with \$404,996,472 in 1968-69.

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

1968-69.		1969-70.
\$		\$      \$
	Revenue—	
6,223,448	Metropolitan Improvement Rate and Sundry Income .. .. .	7,570,293
	Less Expenditure—	
904,275	Management .. .. .	1,212,515
139,768	Maintenance .. .. .	216,891
53,850	Interest .. .. .	55,552
24,194	Contribution to Sinking Fund .. .. .	24,194
69,561	Proportion of Statutory and General Charges .. .. .	83,226
1,191,648		1,592,378
5,031,800	Balance—Surplus transferred to Planning and Highways Reserve .. .. .	5,977,915

At 30th June, 1970, 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 .. .. .	266,781
Planning and Highways Reserve .. .. .	73,866,859
	74,933,640

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

Metropolitan Improvement Fund—		\$	\$
Cash at Bank .. .. .	.. .. .	348,775	
Less amount due to Metropolitan General Fund .. .. .	.. .. .	665,317	
		—————	o/D 316,542
Securities—			
Short Term.. .. .	.. .. .	2,900,000	
Commonwealth .. .. .	.. .. .	1,100,000	
		—————	4,000,000
Arrears—Rates and Charges (estimate) .. .. .	.. .. .	..	203,166
Sundry Debtors—			
Land Sales .. .. .	.. .. .	293,543	
Rent .. .. .	.. .. .	15,489	
Accrued Interest .. .. .	.. .. .	17,291	
		—————	326,323
Reserved Land—held temporarily under Section 57, Act No. 6849 ..	.. .. .	19,034,919	
Compensation under Section 42, Act No. 6849 .. .. .	.. .. .	1,070,829	
		—————	20,105,748
Planning, Highways and Foreshore Works—Expenditure .. .. .	.. .. .	..	50,614,945
		—————	74,933,640
		—————	—————

Included in the total of \$73,866,859 in Planning and Highways Reserve is an amount of \$30,610,526 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 30.6.69.	1969-70.	Total.
	\$	\$	\$
Special Project No. 1—St. Kilda Junction .. .. .	7,253,204	81,787	7,334,991
„ „ No. 3—South Eastern Freeway .. .. .	4,725,438	5,466,485	10,191,923
„ „ No. 4—Tullamarine Freeway.. .. .	9,491,111	3,191,147	12,682,258
„ „ No. 23—St. Kilda Road Underpass .. .. .	..	401,354	401,354
	—————	—————	—————
	21,469,753	9,140,773	30,610,526
	—————	—————	—————

Approval of the Governor in Council was granted for Special Project No. 1 on 31st August, 1965, No. 3 and No. 4 on 25th October, 1966 and No. 23 on 6th May, 1969.

The contributions were arrived at on the following basis :—

				75 % of payments for property acquisition.	75 % of Contract and direct labour costs.	50 % of design, survey and boring costs.	Total.
				\$	\$	\$	\$
St. Kilda Junction .. .. .	..	..	..	2,389,393	4,753,301	192,297	7,334,991
South Eastern Freeway .. .. .	..	..	..	1,250,658	8,605,465	335,800	10,191,923
Tullamarine Freeway .. .. .	..	..	..	3,091,563	9,336,856	253,839	12,682,258
St. Kilda Road Underpass .. .. .	..	..	..	..	345,732	55,622	401,354
				—————	—————	—————	—————
				6,731,614	23,041,354	837,558	30,610,526

*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 :—

1969.		1970.
\$	Current Assets—	\$      \$
963,607	Cash in Hand and at Bank .. .. .	1,379,767
21,600,000	Securities—Short Term .. .. .	7,300,000
1,523,988	Arrears of Rates and Charges .. .. .	2,655,227
814,951	Sundry Debtors .. .. .	2,374,347
3,347,967	Stores and Materials on Hand .. .. .	3,628,140
374,580	Livestock on Hand .. .. .	383,769
	 Reserved Land—Planning and Highways—	
15,422,979	Acquired Land .. .. .	19,034,919
950,991	Compensation for loss on sales .. .. .	1,070,829
44,999,063		37,826,998
	 Fixed Assets—	
37,797,957	Planning and Highways Works .. .. .	50,614,945
177,612,756	Water Supply Works .. .. .	198,817,354
220,707,862	Sewerage Works .. .. .	251,215,321
793,818	Sewerage House Connexions .. .. .	793,818
35,654,259	Main Drainage and River Improvement Works .. .. .	37,594,249
14,565,081	Buildings, Water Meters and other items .. .. .	17,536,731
487,131,733		556,572,418
20,335,651	Less Renewals Fund .. .. .	21,249,223
466,796,082		535,323,195
4,991,626	Plant and Tools .. .. .	5,088,380
1,374,791	Motor Vehicles .. .. .	1,636,459
361,702	Furniture and Fittings .. .. .	457,354
473,524,201		542,505,388
	 Investments—	
40,748,000	External—Stock—Commonwealth, &c. .. .. .	40,898,300
4,476,388	Internal—Stock—Melbourne and Metropolitan Board of Works .. .. .	4,165,838
45,224,388		45,064,138
563,747,652	Total Assets .. .. .	625,396,524

1969.		1970.	
\$		\$	\$
3,793,609	Current Liabilities—	4,038,610	
5,117,106	Loan Interest, Matured Debentures and Inscribed Stock ..	7,940,536	
	Sundry Creditors and Deposits .. ..		
<u>8,910,715</u>			11,979,146
	Deferred Liabilities—		
5,815,783	Superannuation Fund .. .. .	7,001,525	
994,214	Provision for Furlough .. .. .	1,063,351	
<u>6,809,997</u>			8,064,876
	Loan Liability—		
1,418,905	Government of Victoria .. .. .	4,908,324	
417,858,702	Other .. .. .	444,929,347	
<u>419,277,607</u>			449,837,671
<u>434,998,319</u>	Total Liabilities .. .. .		<u>469,881,693</u>
	Excess of Assets over Liabilities, represented by—		
36,974,765	Sinking Fund .. .. .		40,218,237
9,460,719	Loans Redeemed Reserve .. .. .		11,523,715
18,566,721	General Reserve .. .. .		24,132,094
<u>65,002,205</u>			<u>75,874,046</u>
526,199	Less Fixed Assets Retired .. .. .		562,126
<u>64,476,006</u>			<u>75,311,920</u>
231,035	Planning and Highways Sinking Fund .. .. .		266,781
58,747,911	Planning and Highways Reserve .. .. .		73,866,859
667,094	Rates Equalization Reserve .. .. .		368,345
366,000	Exchange Reserve .. .. .		366,000
207,210	Deferred Maintenance Reserve .. .. .		207,210
752,439	Insurance Account .. .. .		726,588
545,791	Distributable Expense Variance Account .. .. .		460,894
2,755,847	Special Reserve .. .. .		3,940,234
<u>128,749,333</u>			<u>155,514,831</u>

The Board's investments—long and short-term—decreased by \$14,460,250. This decrease was due to the partial financing of works by the Board from its internal resources.

The increase of \$5,565,373 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 .. .. .		1,193,722
Contributions towards cost of works .. .. .		631,364
Capital works financed from revenue .. .. .		3,600,000
Profit on sale of motor vehicles .. .. .		21,436
Capital gain on revaluation of stock .. .. .		164,673
		<u>5,611,195</u>
Less—		
Loss on Sale of Stores .. .. .	44,028	
Loss on Sale of Plant and Equipment .. .. .	1,794	
		<u>45,822</u>
		<u>5,565,373</u>

The Board's statutory loan authority for its normal functions is \$500,000,000 against which the actual loan liability at 30th June, 1970, was \$449,837,671.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by \$69,894,759. Major increases were :—

Reservoir and Conduit Construction, &c. .. .. .	\$
Water Supply—extension large mains .. .. .	13,976,539
"    "    reticulation, water meters, &c. .. .. .	2,806,268
Construction and Amplification—sewage disposal, &c.—Farm .. .. .	4,536,577
Sewerage—extension mains, treatment works, &c. .. .. .	428,507
"    Pumping Stations .. .. .	27,511,436
Main Drains and River Improvements—extensions, &c. .. .. .	1,942,641
Metropolitan Main Highways .. .. .	1,939,991
Depots and Quarters .. .. .	12,471,492
	<u>1,946,443</u>

Included in the total of excess of assets over liabilities is a special reserve amounting to \$3,940,234. 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.



30.6.69.		30.6.70.	
\$		\$	\$
18,520,916	Brought forward .. .. .	..	18,804,635
2,013,131	Intangible Assets .. .. .	2,014,181	
1,379,317	Less Provision for Amortization .. .. .	1,419,579	
633,814			594,602
1,592,000	Investments .. .. .		1,592,000
20,746,730	Total Assets .. .. .	..	20,991,237
Current Liabilities—			
..	Bank Overdraft .. .. .	557,460	
768,032	Other .. .. .	692,572	
			1,250,032
Accrued Liabilities—			
326,945	Interest on Loans .. .. .	311,854	
792,690	Other .. .. .	831,118	
1,119,635			1,142,972
24,223,885	Loans .. .. .	..	24,873,516
26,111,552	Total Liabilities .. .. .	..	27,266,520
The excess of Liabilities over Assets is represented by—			
	The Accumulated Deficit brought forward .. .. .	..	5,522,395
	Plus—Deficit for year .. .. .	..	1,824,676
5,522,395	Accumulated Deficit at 30th June .. .. .	..	7,347,071
157,573	Less—Grants from Commonwealth of Australia for Tramlines constructed at its request .. .. .	157,573	
..	Net Contributions towards Major Tramways Works constructed at the request of other Authorities .. .. .	914,215	
			1,071,788
5,364,822			6,275,283

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 :—

	30.6.69.	30.6.70.
	\$	\$
Provision for depreciation and amortization .. .. .	19,070,261	19,306,692
Sinking Fund .. .. .	1,247,676	*1,361,253
Total Provision .. .. .	20,317,937	20,667,945

\* Of the investments of the Board amounting to \$1,592,000, as at 30th June, 1970, investments to the sum of \$1,361,253 were accepted as being held on behalf of the Sinking Fund.



## MELBOURNE HARBOR TRUST.

In the conduct of the audit of the accounts for 1969, 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 :—

							1968.	1969.
							\$	\$
<i>Revenue.</i>								
Charges on Ships	..	..	..	..	..	..	2,646,387	2,492,565
Charges on Goods	..	..	..	..	..	..	7,055,184	7,635,053
Charges for Services—Cranes	..	..	..	..	..	..	2,043,208	1,936,661
Charges for Services—Other	..	..	..	..	..	..	470,109	442,289
Rents and Licence Fees from Lands	..	..	..	..	..	..	1,154,196	1,665,423
Other Revenue..	..	..	..	..	..	..	204,117	149,207
<b>Total Revenue</b>	..	..	..	..	..	..	<u>13,573,201</u>	<u>14,321,198</u>

*Expenditure and Provisions.*

Payment to Consolidated Revenue	..	..	..	..	..	..	1,468,049	1,505,570
Operating Expenses	..	..	..	..	..	..	2,837,233	3,074,490
Maintenance	..	..	..	..	..	..	1,569,260	1,732,466
Interest on Loans	..	..	..	..	..	..	1,780,464	1,926,961
Other Expenses	..	..	..	..	..	..	1,098,014	1,590,556
Provision for Depreciation	..	..	..	..	..	..	2,294,769	2,535,930
Provision for Insurance	..	..	..	..	..	..	107,654	113,474
<b>Total Expenditure</b>	..	..	..	..	..	..	<u>11,155,443</u>	<u>12,479,447</u>
<b>Net Revenue before Appropriation</b>	..	..	..	..	..	..	<u>2,417,758</u>	<u>1,841,751</u>

*Appropriations.*

Sinking Fund	..	..	..	..	..	..	600,000	200,000
General Reserve	..	..	..	..	..	..	1,600,000	1,400,000
							<u>2,200,000</u>	<u>1,600,000</u>
<b>Surplus for year</b>	..	..	..	..	..	..	<u>217,758</u>	<u>241,751</u>

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

							1968.	1969.
							\$	\$
Depreciation	..	..	..	..	..	..	312,283	298,368
Insurance	..	..	..	..	..	..	29,798	33,807
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>572,081</u>	<u>562,175</u>

The following statement, based on the balance-sheet, analyses the sources of funds available to the Trust up to 31st December, 1969, and the application thereof, and includes comparative figures at the end of the previous year :—

31.12.68.	<i>Source of Funds.</i>						31.12.69.	
\$							\$	\$
	<b>External—</b>							
36,028,823	Loan Liability	..	..	..	..	..	37,888,973	
1,240,829	Sundry Creditors	..	..	..	..	..	1,349,557	
695,760	Bank Overdraft	..	..	..	..	..	492,499	
34,048	Trust Accounts	..	..	..	..	..	38,491	
							39,769,520	
	<b>Internal—</b>							
10,418,829	Capital Redemption Reserve	..	..	..	..	..	10,792,292	
4,337,000	General Reserve	..	..	..	..	..	5,737,000	
3,446,978	Insurance Reserve	..	..	..	..	..	3,528,834	
1,533,826	Superannuation Accounts	..	..	..	..	..	1,672,672	
19,426,030	Provision for Depreciation	..	..	..	..	..	22,174,281	
36,001	Provision for Periodical Maintenance	..	..	..	..	..	41,886	
850,000	Provision for Pensions and Gratuities	..	..	..	..	..	1,003,530	
250,000	Provision for Long Service Leave	..	..	..	..	..	300,000	
1,888,676	Sinking Fund	..	..	..	..	..	1,799,576	
8,922,552	Revenue Account Balance	..	..	..	..	..	9,164,303	
							56,214,374	
89,109,352							95,983,894	
	<i>Application of Funds.</i>							
82,802,966	Works of Construction and Plant (at cost)	..	..	..	..	..	90,981,784	
906,277	Investments (at cost) and Cash	..	..	..	..	..	1,310,271	
	<b>Current Assets—</b>							
1,063,081	Sundry Debtors	..	..	..	..	..	884,234	
165,983	Advances for Housing	..	..	..	..	..	187,434	
754,105	Materials in Stock (at cost)	..	..	..	..	..	717,888	
							1,789,556	
2,094,216	General Reserve Fund Investments (at cost) and Cash	..	..	..	..	..	264,216	
1,288,676	Sinking Fund Investments (at cost) and Cash	..	..	..	..	..	1,599,576	
34,048	Cash Held in Trust Accounts	..	..	..	..	..	38,491	
89,109,352							95,983,894	

## METROPOLITAN FIRE BRIGADES BOARD.

Under Section 48 of the *Metropolitan Fire Brigades Act 1958*, the Auditor-General is required to audit the accounts of all moneys received and disbursed by the Board. Pursuant to these provisions, this audit is conducted annually by an officer acting under the Auditor-General's direction.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities.

The following statement, in which the figures relating to the financial year 1969-70 are subject to audit, shows receipts and disbursements for the past two years :—

	1968-69.		1969-70.	
	\$	\$	\$	\$
<i>Receipts</i>				
Statutory Contributions—				
Fire Insurance Companies .. .. .	4,156,200		4,803,200	
Municipalities .. .. .	2,064,987		2,401,600	
	6,221,187		7,204,800	
Patrol Services Testing and Inspecting Appliances .. .. .		631,451		676,552
Sale of Materials, Property and Plant .. .. .		128,018		94,940
Rents .. .. .		54,351		60,515
Interest on Investments .. .. .		109,391		104,507
Investments Matured .. .. .		419,400		108,740
Short Term Investments (net) .. .. .		380,000		95,000
Miscellaneous .. .. .		3,278		7,610
Balance carried forward to next year .. .. .	o/D	394,174	o/D	191,392
		8,341,250		8,544,056

### *Disbursements.*

Balance brought forward from previous year .. .. .	o/D	275,388	o/D	394,174
Salaries, Wages and Maintenance etc. .. .. .		6,708,249		7,339,397
Superannuation Contributions and Staff Insurance Subsidies .. .. .		303,473		407,557
Purchases of Property, Plant and Equipment .. .. .		669,701		349,489
Interest on Loans .. .. .		32,752		31,662
Loan Repayments .. .. .		20,687		21,777
Investments Purchased .. .. .		331,000		..
		8,341,250		8,544,056

The accounts are periodically audited by a firm of Chartered Accountants appointed by the Board as prescribed by Regulation 60 under the Act. These Auditors furnish the Board with certificates as to the various Balance Sheets and related statements annually. The financial position of the Board as shown in these statements as at 30th June, 1969 and 1970, is set out in abridged form hereunder :—

30.6.69.		\$		30.6.70.
\$	Source of Funds—	\$	\$	\$
576,099	External—			
	Loan Liability .. .. .			554,322
5,078,143	Internal—			
	Excess of Assets over Liabilities .. .. .		5,278,645	
6,279,296	Funds .. .. .	7,190,863		
5,384,073	Less invested on account of Superannuation and other Trust purposes .. .. .	6,208,241		
895,223			982,622	
5,973,366				6,261,267
6,549,465				6,815,589

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

30.6.69					30.6.70		
\$					\$	\$	\$
	<b>Current Assets—</b>						
83,806	Sundry Debtors	..	..	..	62,705		
272,387	Stock on Hand	..	..	..	282,611		
1,343	Work in Progress	..	..	..	1,990		
<u>357,536</u>					<u>347,306</u>		
	<i>Less—</i>						
	<b>Current Liabilities—</b>						
3,150	Sundry Creditors	..	..	..	11,094		
394,174	Cash Balance Overdrawn (net)	..	..	..	191,392		
<u>397,324</u>					<u>202,486</u>		
39,788	Investments	..	..	..	..	144,820	
1,185,441	Fixed Assets—					981,901	
4,208,965	Land and Buildings	..	..	..	4,360,235		
413,856	Plant, Machinery and Equipment	..	..	..	446,576		
780,991	Rolling Stock	..	..	..	882,057		
					<u>5,688,868</u>		
<u>6,549,465</u>						<u>6,815,589</u>	

## PORTLAND HARBOR TRUST.

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

The Commissioners' statutory charter provides authority, also, for the erection and operation of a grain terminal at Portland. Operations of the terminal for the year resulted in a surplus of \$94,776 compared with a deficit for the previous year of \$10,610.

The statement of revenue and expenditure and the abridged balance-sheet hereunder summarize the financial results of the whole of the operations of the Trust. After taking into consideration a State contribution of \$649,800 and the provisions for sinking fund and accruing long service leave, there was a surplus of \$65,558 on the year's operations. This compares with a deficit of \$57,988 in 1968-69.

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

1968-69.		1969-70.
\$		\$      \$
	<b>Operating Revenue—</b>	
224,211	Wharfage Rates .. .. .	246,018
26,423	Tonnage Rates .. .. .	36,669
2,477	Slipway Charges .. .. .	3,038
139,236	Shipping Services .. .. .	192,311
46,442	Rent .. .. .	51,706
143,963	Handling Charges, &c.—Grain Terminal .. .. .	340,953
1,976	Licences .. .. .	1,979
327	Other .. .. .	357
585,055		873,031
	<b>Operating Expenditure—</b>	
103,304	Administrative .. .. .	118,437
95,789	Maintenance .. .. .	86,354
98,117	Shipping Services .. .. .	158,082
76,890	Grain Terminal Expenses (including Depreciation) .. .. .	125,834
11,810	Depreciation—Harbor Works, &c. .. .. .	11,870
385,910		500,577
199,145	Operating Surplus .. .. .	372,454
	<b>Non-operating Revenue—</b>	
30,591	Interest .. .. .	10,116
229,736		382,570
	<b>Non-operating Expenditure—</b>	
846,097	Loan Interest .. .. .	910,946
84	Loan Flotation Expenses, &c. .. .. .	65
..	Loss on disposal of House Property .. .. .	320
846,181		911,331
616,445	Excess of Expenditure over Revenue .. .. .	528,761
	<b>Appropriations—</b>	
4,385	Long Service Leave .. .. .	4,642
53,158	Sinking Fund .. .. .	50,839
57,543		55,481
673,988		584,242
616,000	Contribution by State from Consolidated Revenue for maintenance of port facilities and for other purposes .. .. .	649,800
..	Surplus for year .. .. .	65,558
57,988	Deficit for year .. .. .	..

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, \$2,397,252, and National Debt Sinking Fund contributions, \$125,449.

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

	\$
Balance 1st July, 1969—Deficit .. .. .	74,034
Less Surplus for year .. .. .	65,558
	<u>8,476</u>
Add Transfer to Loans Redeemed Reserve in respect of Loans redeemed during 1969-70 .. .. .	59,664
	<u>68,140</u>

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

30.6.69.		30.6.70.
\$		\$      \$
257,616	Current Liabilities .. .. .	277,257
	Deferred Liabilities—	
10,000	Treasury Advance .. .. .	10,000
19,283,190	Loan Funds .. .. .	20,165,225
37,146	Provision for Overburden Removal, Cape Grant Quarry ..	32,508
80,547	"    "    Plant Maintenance .. .. .	73,148
30,000	Other .. .. .	40,332
<u>19,440,883</u>		<u>20,321,213</u>
	Funds of the Trust—	
42,626	Endowments .. .. .	38,904
731,670	Sinking Fund .. .. .	820,163
254,110	Loans Redeemed Reserve .. .. .	313,775
<u>1,028,406</u>		<u>1,172,842</u>
74,034	Less—Accumulated Deficit .. .. .	68,140
<u>954,372</u>		<u>1,104,702</u>
<u>20,652,871</u>		<u>21,703,172</u>
	Current Assets—	
99,440	Cash .. .. .	35,976
97,491	Stores .. .. .	123,132
99,095	Other .. .. .	211,339
		<u>370,447</u>
1,424,823*	Investments .. .. .	1,537,914*
	Fixed Assets—	
36,505	Property Vested ( <i>less</i> Written Off) .. .. .	32,783
68,060	Other ( <i>less</i> Depreciation) .. .. .	68,050
17,171,016	Harbor Construction Works and Plant ( <i>less</i> Depreciation) ..	17,398,885
1,656,441	Grain Terminal Construction Works and Plant ( <i>less</i> Depreciation) .. .. .	2,295,093
		<u>19,794,811</u>
<u>20,652,871</u>		<u>21,703,172</u>

\* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1970, comprised advances from the Treasurer, \$3,672,900 (including \$24,900 discount and expenses on loans) and \$16,492,325 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 \$2,397,252.

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, \$1,537,914, 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.

	30.6.68.		30.6.69.		30.6.70.	
	\$	%	\$	%	\$	%
Inscribed Stock .. ..	5,750,200	27	7,005,800	29	7,128,500	27
Bank Deposit Stock .. ..	700,000	3	1,000,000	4	700,000	3
Municipal Debentures .. ..	1,611,286	7	1,799,894	7	3,527,039	13
Mortgages .. ..	12,688,117	59	13,602,350	56	14,929,321	57
Loan to Co-operative Housing Society	179,204	1	148,204	1	123,204	1
Cash at Bank and in Hand ..	639,089	3	827,086	3	o/D 268,857	-1
	<u>21,567,896</u>	<u>100</u>	<u>24,383,334</u>	<u>100</u>	<u>26,139,207</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 of the total value of all assets under his control, the over-all value of such assets cannot 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 1968-69 and 1969-70 were :—

1968-69.		INTEREST SUSPENSE ACCOUNT.		1969-70.	
\$		\$		\$	\$
1,504,915	Income from investments .. ..	..	..	..	1,721,311
	Appropriations—				
988,770	Interest allocated to estates .. ..	..	..	1,116,488	
97,500	Provision for interest payable to estates .. ..	..	..	103,000	
418,645	Consolidated Revenue .. ..	..	..	501,823	
<u>1,504,915</u>				<u>1,721,311</u>	

1968-69.		ESTATES GUARANTEE AND RESERVE ACCOUNT.		1969-70.	
\$		\$		\$	\$
1,291,993	Balance at 1st July .. ..	..	..	..	1,382,005
90,012	Interest credited on balance .. ..	..	..	..	96,709
..	Capital profit on Common Fund Investments .. ..	..	..	..	5,012
<u>1,382,005</u>				<u>1,483,726</u>	
..	Less Legal costs and other expenses .. ..	..	..	64	
	Capital loss on Common Fund Investments .. ..	..	..	158,387	
<u>1,382,005</u>				<u>158,451</u>	
	Balance at 30th June .. ..	..	..	..	1,325,275

The substantial capital loss on the realization of Common Fund investments resulted from a decision by the Public Trustee to vary his investments by selling certain Commonwealth Government Inscribed Stock with a face value of \$1,000,000. The proceeds of sale have been re-invested by way of loans to certain Statutory Authorities at a higher rate of interest.



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 \$170,339 compared with a surplus of \$46,050 in the preceding year. Particulars are :—

1968-69. \$	Receipts.	1969-70. \$	1968-69. \$	Payments.	1969-70. \$
336,545	Fees and Commission ..	411,545	581,221	Salaries, pay in lieu of long service leave, overtime and payroll tax ..	638,222
418,645	Surplus—Interest Suspense Account ..	501,823	2,478	Publicity ..	2,805
			66,233	Rent ..	66,233
			59,208	Other expenses (net) ..	35,769
			46,050	Surplus for the year ..	170,339
<u>755,190</u>		<u>913,368</u>	<u>755,190</u>		<u>913,368</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 :—

	1967-68.	1968-69.	1969-70.
	\$	\$	\$
Consolidated Revenue—			
Fees and Commission .. ..	352,119	336,545	411,545
Probate Duty .. ..	767,389	576,085	754,639
Surplus from Interest Suspense Account .. ..	407,259	418,645	501,823
Maintenance—Patients in Mental Hospitals ..	66,906	43,167	50,512
Stationery, Postages recouped .. ..	15,391	11,030	17,069
Sundry Receipts .. ..	1,461	..	4,721
	<u>1,610,525</u>	<u>1,385,472</u>	<u>1,740,309</u>
Transfers to Treasury Trust Fund—			
Unclaimed Moneys—after 6 years .. ..	118,395	..	121,287

The sum of \$121,287 transferred to the Treasury Trust Fund in 1969-70 is in respect of unclaimed moneys held by the Public Trustee for a period of six years prior to 30th June, 1969. As explained in my previous Report, audit inquiry had been made as to why this amount was not transferred as at 30th June, 1969, in accordance with the provisions of Section 19 (4) of the *Audit Act* 1958. The Public Trustee, in his reply, had referred to difficulties in his Accounts Branch, which had already been the subject of audit comment, and had raised doubt as to whether or not Section 19 applied to unclaimed moneys in the hands of the Public Trustee.

The Crown Solicitor's Opinion has since been obtained on the legal question. The Public Trustee has informed me that "In view of the Crown Solicitor's Opinion, it is clear that, in the existing state of the law, the Public Trustee will not, having regard to his duties as trustee, be able to account to the Trust Fund at the Treasury for 'unclaimed balances' in his hands as at the end of the current financial or of any other such year." I have referred the matter to the Treasury for consideration.

Annual audit inspection reports forwarded to the Treasurer in respect of the continuous audit of the Public Trustee's Office over recent years have referred to shortcomings in the accounting procedures and operations. Largely because of inadequacies in forward planning, weaknesses in internal controls, and problems associated with the installation of new accounting machines, the position became worse in late 1968-69. Difficulties in the Accounts Branch were mentioned in my last Report. The effects of these difficulties were accentuated in 1969-70 when serious delays occurred in the processing and reconciliation of accounting records. Although certain action to improve the position has been taken by the Public Trustee, including the installation of two additional accounting machines, the unsatisfactory state of the accounts has not yet been completely corrected.

## RURAL FINANCE AND SETTLEMENT COMMISSION.

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

### THE RURAL FINANCE ACT 1958.

#### *Loans under Part III. of Act.*

In accordance with the provisions of this Part, the Commission makes advances by way of loan, at the lowest possible rates of interest, to existing or proposed country industries, both primary and secondary. In these terms, loans made during the year amounted to \$5,636,676. At the close of the year, \$29,069,381 was held by borrowers of which \$24,854,934 was held in respect of primary industries and \$4,214,447 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 1969-70.

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 \$10,446.

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, 1969 ..	6,889,523	
Repayments of advances, 1st July, 1969, to 30th June, 1970 ..	44,554	
	—————	6,934,077†
		11,718,077
 <i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1970 .. .. .	 ..	 7,285,577
Unexpended balance 30th June, 1970 .. .. .	..	4,432,500

\* Of the advances from this amount, \$102,315 (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, 1970, 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 :—

1969.	INCOME.						1970.	
\$						\$	\$	
1,611,319	Interest .. .. .	..	..	..	..	1,701,349		
18,817	Application and Legal Fees .. .. .	..	..	..	..	28,463		
<hr/>						<hr/>		
1,630,136							1,729,812	
	EXPENDITURE AND PROVISIONS.							
197,509	Administration .. .. .	..	..	..	..	239,961		
1,221,784	Interest on Loan Indebtedness .. .. .	..	..	..	..	1,229,704		
73,021	Interest on Redeemed Securities .. .. .	..	..	..	..	78,959		
3,989	Provision for Long Service Leave .. .. .	..	..	..	..	5,195		
28,355	Provision for Superannuation .. .. .	..	..	..	..	34,035		
<hr/>						<hr/>		
1,524,658							1,587,854	
<hr/>						<hr/>		
105,478	Operating Profit for Year .. .. .	..	..	..	..	..	141,958	
	<i>Add—</i>							
77,392	Interest on Investments .. .. .	..	..	..	..	..	148,134	
4,042	Surplus on Sale of Residences, &c. .. .. .	..	..	..	..	..	9,916	
<hr/>						<hr/>		
186,912							300,008	
<hr/>						<hr/>		
	<i>Less—</i>							
66,436	National Debt Sinking Fund—Contribution .. .. .	..	..	..	..	67,943		
7,718	Discounts and Expenses on Loans .. .. .	..	..	..	..	15,684		
<hr/>						<hr/>		
74,154							83,627	
<hr/>						<hr/>		
112,758	Balance Transferred to Profit and Loss Appropriation Account .. .. .	..	..	..	..	..	216,381	
<hr/>						<hr/>		

At 30th June, 1969 and 1970, funds available to the Commission were :—

30.6.69.		30.6.70.
\$		\$      \$
25,527,047	Loan Funds— Loan Liability—Treasurer of Victoria (net) .. .. .	26,395,110
	Other Funds—	
8,962	Advances <i>Farmers Debts Adjustment Act</i> 1943—Treasurer of Victoria .. .. .	6,734
4,683,193	Funds provided by Grant under <i>Commonwealth Loan (Farmers Debts Adjustment) Act</i> 1935 .. .. .	4,681,685*
19,404	Interest on Mortgages prior to 26th April, 1950 .. .. .	19,404
<hr/>		<hr/>
66,343	Trust Account—Amounts in suspense .. .. .	4,707,823
11,304	Sundry Creditors .. .. .	244,409
1,818,525	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	13,204
55,330	Provision for Long Service Leave .. .. .	2,024,339
939,788	Provision for Superannuation .. .. .	68,726
467,039	Provision for Doubtful Debts .. .. .	1,064,722
1,090,000	Loan Equalization Account .. .. .	467,039
795,660	General Reserve .. .. .	1,400,000
325,705	Profit and Loss Appropriation Account .. .. .	839,499
<hr/>		<hr/>
35,808,300		312,293
<hr/>		<hr/>
		37,537,164

\* Excludes \$102,315 (net) bad debts written off.

The General Reserve (\$839,499) 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.

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

30.6.69.		30.6.70.
\$		\$            \$
	Loans and Advances—	
27,025,542	Loans under Part III.— <i>Rural Finance Act 1958</i> .. .. .	29,099,381
314,651	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Act 1958</i> .. .. .	268,589
8,962	Advances under <i>Farmers Debts Adjustment Act 1943</i> ..	6,734
16,320	Contracts of Sale .. .. .	27,535
		<hr/>
		29,402,239
748,669	Interest Due and Accrued .. .. .	645,335
214,904	Amount Due for Administration—Drought Relief .. .. .	739
	Cash at Treasury, &c.—	
4,387,946	Rural Rehabilitation Fund .. .. .	4,432,500
63,890	National Debt Sinking Fund .. .. .	22,082
		<hr/>
		4,454,582
	Fixed Assets—	
25,109	Furniture and Office Equipment <i>less</i> Depreciation ..	23,042
33,719	Motor Cars <i>less</i> Depreciation .. .. .	33,585
77,947	Residences and Offices .. .. .	76,873
		<hr/>
		133,500
542	Charges paid in Advance .. .. .	1,688
	Cash—	
85,758	At Bank and in hand .. .. .	36,771
1,037,981	At call .. .. .	836,295
..	In Transit .. .. .	100,000
		<hr/>
		973,066
1,766,360	Investment Pool (at cost) on account of Provisions and General Reserve .. .. .	1,926,015
		<hr/>
<u>35,808,300</u>		<u>37,537,164</u>

Interest due and accrued, \$645,335, shown above, comprised interest due, \$289,883, and interest accrued, \$355,452.

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 for the greater part of 1969–70, but in the latter part a buyer was found and agreement was reached to sell the company. At 30th June, 1970, the amount due to the Commission was \$525,781. 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 .. .. .		780,795
From borrowers—		
Repayments of Principal .. .. .	229,610	
Interest on Advances .. .. .	73,403	
		<hr/>
		303,013
From Public Works Department—		
Housing other Departments .. .. .		56,875
		<hr/>
	Carried forward .. .. .	1,140,683

	\$	\$	\$
Total Receipts brought forward .. .. .			1,140,683
Less Payments—			
Settlers—			
Bush Fire Relief .. .. .	320,059		
Drought Relief .. .. .	48,668		
Rain Damage—Dried Fruits Area .. .. .	353,280		
Hail and Storm Damage—Orchardists .. .. .	7,000		
Apiarists .. .. .	2,400		
Miscellaneous .. .. .	22,054		
	—————	753,461	
Housing other Departments .. .. .		56,875	
Repaid to Rural Finance and Settlement Fund .. .. .		21,305	
Treasurer of Victoria—Instalments of Principal and Interest .. .. .		303,013	
		—————	1,134,654
Cash at Bank—30th June, 1970 .. .. .			6,029

Included in the 1969–70 receipts from the Treasurer is an advance of \$500,000 in transit at 30th June, 1969.

*Drought Relief.*—During the year, the Commission was provided with a loan of \$72,495 from the Commonwealth Grant—Drought Relief 1967 Trust Account. This amount was used to provide loans and advances to assist farmers affected by the drought in the years 1967 and 1968. Receipts and payments during the year were :—

	\$
Receipts—	
Balance—1st July, 1969 .. .. .	1,145,454
Funds provided by Commonwealth .. .. .	72,495
Treasurer of Victoria .. .. .	70,936
Principal repayments .. .. .	1,164,647
Interest .. .. .	126,519
	—————
	2,580,051
Payments—	
Loans and advances .. .. .	69,205
Repayments re-advanced .. .. .	362,266
Administration costs .. .. .	74,504
Transport subsidies .. .. .	456
Repaid to Rural Finance and Settlement Fund .. .. .	120,081
Repaid to Commonwealth .. .. .	725,311
Treasurer of Victoria—Instalments of Principal and Interest .. .. .	12,899
Balance—30th June, 1970 .. .. .	1,215,329
	—————
	2,580,051

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.

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

No further purchases of wheat were made from the Australian Wheat Board and the total cost of wheat purchased under the authority of the Act remained at \$553,333. All moneys due to the Australian Wheat Board have been paid.

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

	\$
Receipts—	
Treasurer of Victoria .. .. .	157,150
Farmers' Repayments .. .. .	57,438
	—————
	214,588
Payments—	
Rebates and Subsidies .. .. .	44,625
Administration Costs .. .. .	4,267
Australian Wheat Board .. .. .	90,970
Repaid to Rural Finance and Settlement Fund .. .. .	71,847
Repaid to Treasurer of Victoria .. .. .	2,879
	—————
	214,588

## 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, 1970, a sum of \$131,233,723 has been allocated for soldier settlement. Of this sum, \$116,836,317 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, 1970, was \$47,545,690.

With the exception of \$1,363,561 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 1969-70, \$2,095,803 was so credited bringing the total repayments to 30th June, 1970, to \$64,219,306.

Principal assets of the Commission at 30th June, 1970, were :—

	\$
Land and Improvements held by settlers under purchase lease .. .. .	34,071,647
Advances to finance single unit farms .. .. .	7,197,942
Advances to effect improvements and for purchase of stock, &c. .. .. .	24,371
Unpaid balances under Contracts of Sale .. .. .	238,438

In addition to the assets listed above, there is another item of substantial size in the Commission's books. This item, \$4,817,248, 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 1969-70 shows :—

	\$	\$
<i>Expenditure—</i>		
Interest .. .. .	2,659,894	
<i>Less</i> Interest transferred and borne by the State .. .. .	931,269	
	<hr/>	
	1,728,625	
Administrative Costs .. .. .	252,002	
Provision for Long Service Leave .. .. .	5,544	
Provision for Superannuation .. .. .	36,321	
	<hr/>	
		2,022,492
<i>Income—</i>		
Interest earned .. .. .	927,454	
Rents, Fees and Sundries .. .. .	433	
	<hr/>	
		927,887
Deficit for 1969-70 .. .. .		<hr/>
		1,094,605

The total accumulated deficit to 30th June, 1970, amounted to \$24,018,265. 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, 1970, have been calculated by the Commission to be \$25,072,207.

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, as amended by the *Land Settlement (Financial) Act* 1970, provides for the application from Loan Fund of amounts not exceeding in the aggregate \$40,000,000 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 \$30,306,990 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, 1970, was \$23,666,196—a reduction of \$6,640,794, made up as hereunder:—

	To 30.6.69.	1969-70.	Total.
	\$	\$	\$
Settlers' repayments to Loan Fund .. .. .	3,126,723	581,828	3,708,551
Borne by the State pursuant to Section 41 .. .. .	2,486,399	445,844	2,932,243
	<u>5,613,122</u>	<u>1,027,672</u>	<u>6,640,794</u>

Assets of the Commission at 30th June, 1970, were:—

	\$	\$
Estates purchased and developed not yet disposed of .. .. .		9,975,254
Unpaid balances under Contracts of Sale .. .. .		276,565
Land and improvements held under Purchase Lease—Division 4 .. .. .		14,054,533
Advances to Settlers—Division 6 .. .. .		112,249
Land and Improvements under mortgage—Division 4 .. .. .		109,150
Capital Expenses not allocated to Estates .. .. .		101,620
Other assets—		
Buildings and working plant at cost <i>less</i> depreciation .. .. .	583,600	
Plant, materials and services not yet allocated .. .. .	61,737	
		<u>645,337</u>
		<u>25,274,708</u>

The Profit and Loss Account for the year ended 30th June, 1970, excluding livestock transactions, shows:—

	\$	\$
<i>Expenditure—</i>		
Interest and Loan-raising Expenses .. .. .		1,310,236
<i>Less</i> Interest Capitalized .. .. .	446,768	
„ Interest transferred and borne by the State under Section 41 .. .. .	<u>145,296</u>	
		<u>592,064</u>
		718,172
Administrative Costs .. .. .		235,986
Provision for Long Service Leave .. .. .		5,191
Provision for Superannuation .. .. .		34,012
Shire Rates .. .. .		5,397
		<u>998,758</u>
<i>Income—</i>		
Interest earned, agistment, &c. .. .. .		567,810
		<u>430,948</u>
<i>Deficit</i> for year .. .. .		<u>430,948</u>

The accumulated deficit to 30th June, 1970, before taking into account profits from livestock trading, amounted to \$3,092,665. 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 \$130,972, thereby increasing the accumulated profit from this activity to \$727,013 at 30th June, 1970.

#### 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, 1969 .. .. .	1,071,623	
Less—Transfer of surplus to Rural Finance and Settlement Fund ..	71,623	
	<hr/>	1,000,000
Premiums Raised 1969–70 .. .. .	224,009	
Interest on Investments .. .. .	60,352	
	<hr/>	284,361
Gross Income .. .. .	..	1,284,361
<i>Expenditure—</i>		
Current Claims admitted—1969–70 .. .. .	34,751	
Administration Expenses .. .. .	24,080	
Statutory contribution to Country Fire Authority .. .. .	30,200	
	<hr/>	89,031
Total Expenditure .. .. .	..	89,031
Balance at 30th June, 1970 .. .. .	..	<hr/> 1,195,330 <hr/>

The transfer of \$71,623 to the Rural Finance and Settlement Fund from the balance brought forward at 1st July, 1969, was made on the basis of the Auditor-General's 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 the surplus in the Fund at the close of business on 30th June, 1969.

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

	\$	\$
Investments—Inscribed Stock, &c. held in Common Pool .. .. .	1,179,020	
Accrued Interest .. .. .	17,300	
Arrears of Premium .. .. .	23,769	
Cash at Bank .. .. .	11,430	
	<hr/>	1,231,519
<i>Less—</i>		
Claims Admitted but not Paid .. .. .	30,190	
Provision for Stamp Duty .. .. .	5,999	
	<hr/>	36,189
Balance at 30th June, 1970 .. .. .	..	<hr/> 1,195,330 <hr/>



## STATE MOTOR CAR INSURANCE OFFICE.

The financial transactions of this Office are conducted through the State Motor Car Insurance Fund.

Over the period from its inception in 1941 to 30th June, 1970, the Office has incurred an accumulated loss of \$16,306,380.

Operations for the year resulted in an over-all loss of \$12,254,797 compared with a profit of \$640,505 in 1968-69.

A comparative summary of the sectional and over-all income and expenditure of the Office in the past two years is furnished hereunder :—

	1968-69.			1969-70.		
	Third-Party.	Comprehensive.	Total.	Third-Party.	Comprehensive.	Total.
	\$	\$	\$	\$	\$	\$
Net Premiums earned .. ..	11,790,737	4,616,419	16,407,156	13,811,797	4,983,978	18,795,775
Stamp Duty recouped .. ..	..	239,405	239,405	..	257,459	257,459
	11,790,737	4,855,824	16,646,561	13,811,797	5,241,437	19,053,234
Claims .. ..	12,053,010	3,670,954	15,723,964	26,820,251	4,328,439	31,148,690
Management .. ..	376,136	864,420	1,240,556	429,176	1,042,736	1,471,912
Licence Fee .. ..	..	239,658	239,658	..	257,640	257,640
	12,429,146	4,775,032	17,204,178	27,249,427	5,628,815	32,878,242
Operating Profit .. ..	..	80,792	80,792	..	..	..
Operating Loss .. ..	638,409	..	638,409	13,437,630	387,378	13,825,008
Net Operating Loss .. ..	..	..	557,617	..	..	13,825,008
Interest—Fund at Treasury .. ..	..	..	1,198,122	..	..	1,570,211
Net Profit or Loss .. ..	..	(Profit)	640,505	..	(Loss)	12,254,797
Loss ratio to earned premium income—			%			%
Third-party .. ..	..	..	102·2	..	..	194·2
Comprehensive .. ..	..	..	79·5	..	..	86·8

Premium rates have not changed in respect of Third Party Insurance since 1st July, 1968, and in respect of Comprehensive Insurance since 1st February, 1969. Earned premiums have been calculated on the "time basis", using the monthly method of apportionment.

The cost of incurred claims in respect of both Third Party and Comprehensive Insurance showed a marked increase in 1969-70. In respect of Third Party Insurance, the major factors contributing to the adverse result shown in 1969-70 were the upward trend in the cost of settling claims and what now appears to have been an under-estimation of the liability for outstanding claims at 30th June, 1969.

The following statement shows details of incurred claims for Third Party Insurance, as recorded in the accounts, in each of the past three years :—

	1967-68.	1968-69.	1969-70.
	\$	\$	\$
Claims paid during the year .. .. .	6,234,662	8,551,939	10,484,421
<i>Add</i> —Claims unpaid as at close of year .. .. .	24,754,888	28,255,959	44,591,789
	<hr/>	<hr/>	<hr/>
	30,989,550	36,807,898	55,076,210
<i>Less</i> Claims unpaid brought forward from previous year .. .. .	18,422,671	24,754,888	28,255,959
	<hr/>	<hr/>	<hr/>
Incurred claims .. .. .	12,566,879	12,053,010	26,820,251
	<hr/>	<hr/>	<hr/>

The following is an abridged statement of the Assets and Liabilities :—

30.6.69.							30.6.70.	
\$							\$	
		<i>Assets.</i>						
		Current—						
9,810,732	Cash at Treasury .. .. .						8,643,959	
2,352,678	Sundry Debtors, less Bad Debts Provision .. .. .						2,938,154	
21,116	Trust Account .. .. .						10,596	
<hr/>							<hr/>	
12,184,526							11,592,709	
		Investments—						
22,243,923	Government and Semi-Government Securities .. .. .						28,184,942	
		Fixed—						
42,106	Furniture and Office Machines <i>less</i> Depreciation .. .. .						40,072	
		Profit and Loss Account—						
4,051,583	Accumulated Loss .. .. .						16,306,380	
<hr/>							<hr/>	
38,522,138							56,124,103	
<hr/>							<hr/>	
		<i>Liabilities and Provisions.</i>						
		Current—						
8,756,862	Unearned Premiums .. .. .						9,586,130	
29,032,222	Claims Outstanding .. .. .						45,621,537	
58,217	Sundry Creditors .. .. .						40,140	
674,837	Provision for Reinsurance Premiums .. .. .						876,296	
<hr/>							<hr/>	
38,522,138							56,124,103	
<hr/>							<hr/>	

In respect of Third Party Insurance, the estimated liability for outstanding claims has been calculated by an actuary using statistical and other data relating to claims paid in recent years. To the sum so determined there have been added amounts to make provision for claims on account of the “Nominal Defendant” and for unreported claims. Outstanding claims on account of Comprehensive Insurance have been assessed on the basis of the average cost of paid claims with provision for unknown and unforeseen liabilities.

## 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.

The cost of administering the Board is met from Consolidated Revenue.

## 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.

During the year, aspects of the accounting system were reviewed by Board officers in consultation with my officers, and progress has been made towards improving the unsatisfactory position of the accounts to which reference was made in the Report for 1968-69. However, there is still a need for the introduction of revised and effective methods of internal check and the Board has not yet completed the introduction of the accrual accounting necessary for the preparation of Revenue Accounts and Balance-sheets.

The audit of the accounts has been completed to 30th June, 1969, and the audit for the year ended 30th June, 1970, is at an advanced stage.

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

1968-69.		1969-70.
\$	<i>Receipts.</i>	\$      \$
	Contributions—	
13,953,846	Current (net) .. .. .	16,226,334
529,970	Deferred .. .. .	461,989
		<hr/> 16,688,323
13,818,065	Payments from Consolidated Revenue .. .. .	15,243,896
7,789,872	Interest on Investments .. .. .	8,699,014
16,500	Underwriting Commission .. .. .	29,500
536	Valuation Fees on Property Loans (net) .. .. .	286
292	Insurance Commission .. .. .	1,161
1,365	Mortgage Reserve Account Premiums .. .. .	3,188
108,577	Reserve Units Account (net) .. .. .	145,790
381	Assurance Premiums (net) .. .. .	..
336	Miscellaneous .. .. .	306
		<hr/> 40,811,464
36,219,740		
	<i>Disbursements.</i>	
17,771,577	Pensions .. .. .	19,365,028
	Lump Sum Payments—	
11,649	Limited Contributors .. .. .	18,917
3,537,354	Cash Options .. .. .	4,723,037
		<hr/> 4,741,954
1,057,123	Pensions Supplementation Fund—Statutory Transfer .. .. .	2,174,560
295	Consolidated Revenue—Act 7081, Sec. 9 (3) (4) .. .. .	11,280
2,500	Interest on Refunds of Reserve Units Contributions .. .. .	3,484
1,564	Profits and Losses on Sales &c. of Securities (net) .. .. .	..
..	Assurance Premiums (net) .. .. .	14,270
204	Miscellaneous .. .. .	68
		<hr/> 26,310,644
22,382,266		
13,837,474	Surplus of Receipts over Disbursements .. .. .	14,500,820
136,434,574	Balance (including Investments) 1st July .. .. .	150,272,048
		<hr/> 164,772,868
150,272,048	Balance, 30th June .. .. .	164,772,868
150,342,322	Investments (at cost), 30th June .. .. .	164,897,308
		<hr/> 164,897,308

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

*Contributions—Current.*—The increase of \$2,272,488 under this head was a net increase. Gross contributions rose by \$2,620,522 and refunds of contributions by \$348,034. The main factor in these increases was the higher salaries of contributors generally which raised their pension entitlement with consequent higher contributions.

*Payments from Consolidated Revenue.*—The rise of \$1,425,831 in these payments represented the increase in the Government recoup commensurate with the increase in the aggregate amount of pensions paid in the year.

*Interest.*—The principal cause of the increase of \$909,142 in interest received by the Fund in 1969–70 was the substantial net investment during the year of \$14,554,986.

#### 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. Amending legislation, Section 12 of the *Superannuation (Amendment) Act* 1969 operative from 19th December, 1969, gave the Board power to increase the supplementary pensions of such persons and, also, to grant supplementary pensions to, or in respect of, persons who retired subsequent to 12th July, 1961, but prior to 1st July, 1967.

The main sources of revenue to the Fund are—

- (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 ; and
- (ii) 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 1968–69 :—

1968-69. \$	Income—	1969-70. \$
1,054,029	Statutory Transfer—Superannuation Fund .. .. .	2,277,110
56,464	Interest on Investments .. .. .	51,982
4,364	Appreciation of Investments, &c. .. .. .	1,883
1,114,857		2,330,975
	Expenditure—	
1,263,606	Pensions .. .. .	2,642,526
148,749	Deficit met from Accumulated Funds .. .. .	311,551

The Accumulated Funds as at 30th June, 1969 and 1970, respectively, were represented by—

30.6.69. \$	Assets—	30.6.70. \$
15,731	Cash at Bank .. .. .	108,238
	Accruals—	
31,107	Transfer from Superannuation Fund .. .. .	133,746
19,297	Interest on Investments .. .. .	14,930
..	Miscellaneous .. .. .	5
32,854	Sundry Debtors—Police Superannuation Fund .. .. .	148,681
	Investments (at book value)—	32,854
570,000	Commonwealth Government Inscribed Stock .. .. .	180,000
485,417	Melbourne City Council Inscribed Stock .. .. .	487,954
1,154,406		667,954
	Less Liabilities—	
37,133	Pensions Approved but Unpaid .. .. .	152,005
1,117,273	Accumulated Funds .. .. .	805,722

The item "Sundry Debtors—Police Superannuation Fund, \$32,854", represents the balance in the Police Superannuation Fund at 30th June, 1968, which, in terms of the *Pensions Supplementation Act 1966*, was required to be paid into the Pensions Supplementation Fund. In the 1968–69 Report it was stated that the transfer was not made because the income of the Police Superannuation Fund was insufficient to meet the liability for pensions and that the Treasury was seeking amending legislation to resolve the matter. Section 12 of the *Superannuation (Amendment) Act 1969*, which came into operation on 19th December, 1969, provided that, where in any financial year the funds in the Police Superannuation Fund are insufficient to cover pensions payable, the amount required to pay such pensions shall be transferred from the Pensions Supplementation Fund to the Police Superannuation Fund. However, the Act did not validate the retention of \$32,854 in the Police Superannuation Fund and thus the accounts of that Fund and the Pensions Supplementation Fund do not comply with statutory requirements.

The deficit for the year was \$311,551 compared with \$148,749 in 1968–69. The increased deficit was accounted for by the operation for a full year of the higher pensions granted as a result of amending legislation.

Income of the Fund was not sufficient to meet the cost of supplementary pensions and it was again necessary for the Board to realize certain investments.

#### MARRIED WOMEN'S SUPERANNUATION FUND.

The *Married Women's Superannuation Fund Act 1968* 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*.

Each contributor is required to contribute to the Fund, through the medium of deductions from salary, a sum equal to 5 per cent. of her salary. Contributions are credited to members' 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 statement of receipts and disbursements for the period 1st July, 1969, to 30th June, 1970, is given hereunder—

						<i>Receipts.</i>	
						\$	\$
Balance 1st July, 1969	..	..	..	..	..	..	943,950
Contributions—							
Officers and Consolidated Revenue	..	..	..	..	..	167,033	
Consolidated Revenue—Lump Sums	..	..	..	..	..	1,076	
						168,109	
Interest on Investments	..	..	..	..	..	..	56,691
							1,168,750
 <i>Disbursements.</i>							
Lump Sum Payments..	..	..	..	..	..	..	61,034
Annuities	..	..	..	..	..	..	8,736
Contributions Refunded to—							
Officers	..	..	..	..	..	4,311	
Consolidated Revenue	..	..	..	..	..	20,628	
						24,939	
Net Loss on Realisation of Investments	..	..	..	..	..	..	9,240
Balance 30th June, 1970	..	..	..	..	..	..	*1,064,801
							1,168,750
 * Represented by—							
Investments (Face value \$1,046,780)	..	..	..	..	..	..	1,046,695
Cash	..	..	..	..	..	..	18,106
							1,064,801

PARLIAMENTARY CONTRIBUTORY SUPERANNUATION FUND.

The *Parliamentary Salaries and Superannuation Act 1968* provides for the establishment of the Parliamentary Contributory Superannuation Fund. 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.

The audit of the accounts of this Fund is undertaken by the Auditor-General at the request of the Treasurer.

Subject to final audit, transactions for 1969-70 were :—

						<i>Receipts.</i>	
						\$	\$
Balance 1st July, 1969	..	..	..	..	..	..	428,468
Contributions—							
Members	..	..	..	..	..	112,686	
Consolidated Revenue	..	..	..	..	..	351,700	
						<hr/>	464,386
Interest on Investments	..	..	..	..	..	..	28,579
							<hr/>
							921,433
							<hr/>
<i>Disbursements.</i>							
Pensions	..	..	..	..	..	..	215,566
Retiring Allowances	..	..	..	..	..	..	199,980
Refund of Contributions	..	..	..	..	..	..	30,666
Legal Costs	..	..	..	..	..	..	128
Balance 30th June, 1970	..	..	..	..	..	..	*475,093
							<hr/>
							921,433
							<hr/>
*Represented by—							
Investments	..	..	..	..	..	..	425,000
Cash	..	..	..	..	..	..	50,093
							<hr/>
							475,093
							<hr/>

## TOTALIZATOR AGENCY BOARD.

The *Racing (Totalizators Extension) Act 1960* authorised the establishment of an off the course betting scheme under the control of the Totalizator Agency Board. The Board commenced operations on 11th March, 1961.

The *Racing (Amendment) Act 1969*, effective from 1st August, 1969, requires the accounts of the Board to be audited by the Auditor-General. Prior to that date, the audit had been conducted by an auditor appointed by the Board. The Board's balancing date is the 31st July in each year. Under the Act, therefore, the first year to come within my responsibility for audit is the year ended 31st July, 1970.

Turnover for the year ended 31st July, 1970, amounted to \$203,771,215 compared with \$187,503,280 in the previous year.

Following is a statement of Profit and Loss, including the proposed distribution of surplus funds, for the years ended 31st July, 1969 and 1970 :—

1969.		1970.
\$		\$      \$
15,000,262	Revenue—	
	Board income from totalizator investments .. ..	16,301,697
	Less Expenditure—	
6,678,564	Employees' remuneration and agency fees .. ..	7,443,973
1,200,666	Rentals, rates, repairs, maintenance and communications ..	1,258,481
768,839	Depreciation .. .. .	964,787
639,534	Administration, printing, stationery and other operating expenses	653,096
9,287,603		10,320,337
5,712,659	Net Commission Residue	5,981,360
805,827	Dividends not paid after six months .. ..	952,988
200,000	Less transferred to Reserve .. ..	175,000
605,827		777,988
230,458	Miscellaneous Income .. .. .	234,035
836,285		1,012,023
6,548,944	Total Surplus Funds	6,993,383
690,000	<i>Deduct</i> —Advances of first charge administration costs .. ..	772,137
5,858,944	Balance of Surplus Funds .. .. .	6,221,246
	Proposed Distribution to Participating Clubs for the period to 31st July, 1970—	
804,976	(a) First Charge administration costs .. ..	772,137
690,000	Less Advances .. .. .	772,137
114,976		..
4,907,683	(b) Net Commission Residue .. ..	5,209,223
836,285	(c) Other Funds .. .. .	1,012,023
5,858,944		6,221,246

The item—"Advances of first charge administration costs \$772,137"—represents reimbursements to the Victoria Racing Club and the Trotting Control Board of the costs of administration of racing and trotting, respectively, in accordance with the Financial Scheme approved pursuant to Section 116I of the *Racing Act* 1958. There is no statutory authority for the inclusion of such a provision in the Financial Scheme.

The amount proposed to be distributed as surplus funds to clubs eligible to participate in such distribution in terms of Section 116I of the *Racing Act* 1958 includes :—

1969.		1970.	
\$		\$	\$
605,827	Unclaimed Dividends .. .. .	..	777,988
	Miscellaneous Income—		
150,171	Interest .. .. .	154,770	
67,479	Rents .. .. .	70,252	
12,808	Other .. .. .	9,013	
		<u>234,035</u>	
<u>836,285</u>			<u>1,012,023</u>

These amounts do not form part of the residue of commission in terms of sub-section (3) of Section 1160 of the *Racing Act* 1958, and are not legally available for distribution.

The Board's balances as at 31st July, 1969 and 1970, are summarized hereunder :—

1969.		1970.	
\$		\$	\$
<u>3,259,807</u>	Contributed Capital .. .. .	..	<u>3,709,807</u>
	Represented by—		
	Fixed Assets—		
2,955,823	Freehold land and buildings (at cost) .. .. .	2,972,760	
333,967	Less provision for depreciation .. .. .	508,241	
<u>2,621,856</u>		<u>2,464,519</u>	
1,716,010	Leasehold improvements (at cost) .. .. .	1,837,204	
1,258,625	Less provision for depreciation .. .. .	1,449,737	
<u>457,385</u>		<u>387,467</u>	
3,075,486	E.D.P. equipment (at cost) .. .. .	4,740,701	
805,621	Motor vehicles, plant, machinery fixtures and fittings (at cost) .. .. .	812,688	
<u>3,881,107</u>		<u>5,553,389</u>	
818,252	Less provision for depreciation .. .. .	1,376,257	
<u>3,062,855</u>		<u>4,177,132</u>	
<u>6,142,096</u>		<u>7,029,118</u>	
	Other Assets—		
328,799	Sundry Debtors .. .. .	265,866	
6,872,400	Cash on hand and at bank (including funds on term deposit) .. .. .	6,937,094	
<u>7,201,199</u>		<u>7,202,960</u>	
<u>13,343,295</u>		<u>14,232,078</u>	
	Deduct Liabilities—		
5,858,944	Proposed distribution of surplus funds .. .. .	6,221,246	
136,059	Amounts payable to Treasurer of Victoria .. .. .	331,958	
2,894,646	Dividends payable on totalizator investments and telephone betting deposits held (NOTE No. 1) .. .. .	2,932,887	
1,193,839	Sundry Creditors, Provisions and Accruals (NOTE No. 2) .. .. .	1,036,180	
<u>10,083,488</u>		<u>10,522,271</u>	
<u>3,259,807</u>		<u>3,709,807</u>	



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

1. Excludes \$3,814,775 dividends not paid included in the distribution to participating clubs since 1963/64.
2. Includes \$164,131 levied on dog racing since 1965/66.
3. Contingent liability on uncompleted capital projects \$6,700,000.

Capital contributed by the three Metropolitan Racing Clubs and the Trotting Control Board—the Contributing Clubs—pursuant to the provisions of Section 116i of the Act amounted, at 31st July, 1970, to \$3,709,807. At that date, recoups of contributions paid to the Clubs by the Treasurer out of the Totalizator Agency Board Trust Account, including interest, totalled \$3,165,439. Payments by the Treasurer for or towards recouping racing clubs for their contributions continue until the Treasurer by notice published in the *Government Gazette* certifies that such payments are no longer necessary.

Included in the Balance-sheet item “ Sundry Creditors, Provisions and Accruals, \$1,036,180 ”, is a provision of \$100,525 for payment to the Contributing Clubs, being the interest differential between that charged by the bank on the Contributing Clubs’ Special Loan Accounts and that recouped to the Clubs by the Treasurer in accordance with Section 116o of the *Racing Act* 1958. The Board has no power to make such a provision.

The sum of “ \$164,131 levied on dog racing since 1965–66 ”—Balance-sheet Note No. 2—represents the sum of the amounts recovered by the Board, in accordance with the approved Financial Scheme, from moneys distributed to the participating dog racing clubs. The inclusion of such a provision in the Financial Scheme is invalid.

### VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1970, is in course, and the figures given below are subject to the completion thereof.

After making provision for long service leave, \$118,641, for annual leave, \$112,288, for sick pay, \$104,461, and for bad debts, \$24,175, transactions for 1969-70 resulted in a loss of \$486,854 compared with a loss of \$289,262 in 1968-69.

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

REVENUE.		1968-69.	1969-70.
		\$	\$
	Net Sales and Treatment Charges .. .. .	8,089,680	9,481,356
	Interest on Investments .. .. .	40	436
	Profit on sale of fixed assets .. .. .	..	1,729
<hr/>		8,089,720	9,483,521
	Loss .. .. .	289,262	486,854
<hr/>		8,378,982	9,970,375

EXPENDITURE.		1968-69.	1969-70.
	Purchases of Livestock and Meat, Working Expenses, General Expenses and Administration costs .. .. .	8,103,717	9,382,120
	Depreciation .. .. .	95,042	98,755
<hr/>		8,198,759	9,480,875
	Interest—Treasurer of Victoria .. .. .	111,737	112,578
	Provision for Long Service Leave .. .. .	16,489	118,641
	Provision for Bad Debts .. .. .	5,200	24,175
	Provision for Annual Leave .. .. .	46,797	112,288
	Provision for Sick Pay .. .. .	..	104,461
	Preliminary Expenses, Shepparton—written off .. .. .	..	15,638
	Amortisation of leasehold improvements—Shepparton .. .. .	..	1,719
<hr/>		8,378,982	9,970,375

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

	At 30th June—		
	1968.	1969.	1970.
	\$	\$	\$
Current Liabilities .. .. .	474,256	1,552,917	1,340,931
Loan for Fixed Assets .. .. .	2,646,508	2,639,351	2,748,828
Capital .. .. .	580,069	580,069	580,069
Reserves .. .. .	152,038	207,477	434,771
Accumulated Profit .. .. .	85,990	..	..
	<hr/>	<hr/>	<hr/>
	3,938,861	4,979,814	5,104,599
Current Assets .. .. .	296,755	1,058,889	605,373
Fixed Assets less Depreciation .. .. .	3,642,106	3,717,653	3,809,100
Accumulated Loss .. .. .	..	203,272	690,126
	<hr/>	<hr/>	<hr/>
	3,938,861	4,979,814	5,104,599

The State has provided working capital for the Authority and, at 30th June, 1970, the total advanced for this purpose remained unchanged at \$224,999.

The Reserve Bank continued to provide temporary financial accommodation on the security of the current assets of the Authority and a Government guarantee limited to \$300,000.

At the close of the year, the Authority's loan liability to the State on account of fixed assets was \$2,748,828.

## VICTORIAN PIPELINES 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 year ended 30th June, 1970, shows :—

Income—	\$	\$
Transmission Tariffs .. .. .	..	388,492
Other .. .. .	..	265
		<u>388,757</u>
Expenditure—		
Operating Expenses .. .. .	..	702,636
Management Expenses—		
Administration .. .. .	..	263,202
Interest .. .. .	..	1,066,391
		<u>1,329,593</u>
		<u>2,032,229</u>
Loss for the period .. .. .	..	<u>1,643,472</u>

The following is a statement of the Commission's balances as at 30th June, 1969 and 1970 :—

30.6.69.		30.6.70.
\$		\$
	Current Liabilities—	
29,365	Bank Overdraft .. .. .	52,218
36,287	Tender and Security Deposits .. .. .	31,773
2,416,378	Sundry Creditors and Accruals .. .. .	2,802,446
		<u>2,886,437</u>
	Deferred Liabilities—	
12,208	Provision for Long Service Leave .. .. .	79,711
	Fixed Liabilities—	
17,750,000	Loans .. .. .	20,400,000
<u>20,244,238</u>		<u>23,366,148</u>
	Current Assets—	
36,468	Cash at Bank and on Hand .. .. .	31,978
950,000	Short Term Investments .. .. .	2,082,956
136,440	Stocks .. .. .	127,461
5,390	Deposits .. .. .	4,984
50,141	Sundry Debtors and Accruals .. .. .	98,773
		<u>2,346,152</u>
	Fixed Assets (At Cost less Depreciation)—	
11,024	Plant .. .. .	27,230
15,721	Furniture and Fittings .. .. .	14,340
9,010	Office Machines .. .. .	9,652
19,676	Motor Vehicles .. .. .	23,118
15,682,919	Pipeline and Ancillary Works .. .. .	15,562,469
151,621	Easements .. .. .	252,510
138,800	Freehold Land and Improvements .. .. .	179,997
7,020	Other .. .. .	4,822
		<u>16,074,138</u>
	Intangible Assets—	
2,687,877	Preliminary Expenses .. .. .	2,960,255
342,131	Loss on Operations .. .. .	1,985,603
		<u>4,945,858</u>
<u>20,244,238</u>		<u>23,366,148</u>

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 was submitted to arbitration in accordance with the relevant condition of contract. Settlement of the case was reached during August, 1970. The determination of the extent of the liability of the pipe manufacturers for the additional cost is currently being determined.

## ACKNOWLEDGMENT.

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

B. HAMILTON,  
Auditor-General.

Melbourne, 2nd December, 1970.