

1971
—
VICTORIA

SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1971

Ordered by the Legislative Assembly to be printed, 2nd December, 1971.

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REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT OF 18TH NOVEMBER, 1971, IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1971.

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 18th November, 1971. 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.

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, 1971, amounted to \$2,773,200.

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

| 1969-70. | | 1970-71. |
|--|--|---|
| \$ | | \$ \$ |
| | Nursing Services— | |
| 364,844 | Wards | 430,619 |
| 223,846 | Other | 266,137 |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 696,756 |
| 1,344,311 | Medical, Professional and Ancillary Services | 1,620,783 |
| 995,833 | Administration and Ancillary Services | 1,089,629 |
| 127,746 | Scientific and Research Departments | 168,201 |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| <hr style="width: 100px; margin-left: 0; margin-right: 0;"/> 3,056,580 | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 3,575,369 |

The revenue for the past two years was :—

| | | |
|--|--|---|
| 2,281,740 | State Government Grant for Maintenance | 2,773,200 |
| 112,247 | Commonwealth Pharmaceutical Benefits Grant | 147,428 |
| 51,800 | Commonwealth Hospital Benefits Grant | 51,513 |
| 26,090 | Commonwealth Home Nursing Subsidy | 35,660 |
| 437,545 | Patients' Fees | 482,281 |
| 67,348 | Miscellaneous | 60,832 |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| <hr style="width: 100px; margin-left: 0; margin-right: 0;"/> 2,976,770 | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 3,550,914 |

The following abridged balance-sheets set out the financial position as at 30th June, 1970, and 1971 :—

| 30.6.70. | | | | | | | | 30.6.71. | |
|-----------|--|------------------------|----|----|----|----|----|-----------|-----------|
| \$ | | | | | | | | \$ | \$ |
| | | ASSETS. | | | | | | | |
| | Maintenance Fund— | | | | | | | | |
| 17,900 | Cash at Bank | .. | .. | .. | .. | .. | .. | .. | .. |
| 179,725 | Sundry Debtors | .. | .. | .. | .. | .. | .. | 214,561 | |
| 73,767 | Stores on Hand | .. | .. | .. | .. | .. | .. | 76,821 | |
| | | | | | | | | 291,382 | |
| | Investment of Specific Purpose Funds and Trusts— | | | | | | | | |
| 47,952 | Cash at Bank | .. | .. | .. | .. | .. | .. | 109,458 | |
| 230,494 | Other Investments | .. | .. | .. | .. | .. | .. | 199,895 | |
| | | | | | | | | 309,353 | |
| | Capital Funds— | | | | | | | | |
| 377,833 | Cash at Bank | .. | .. | .. | .. | .. | .. | 176,764 | |
| 3,694,084 | Building Improvements | .. | .. | .. | .. | .. | .. | 3,796,458 | |
| 1,740,993 | Furniture, Plant and Equipment | .. | .. | .. | .. | .. | .. | 1,879,054 | |
| 45,488 | Motor Cars | .. | .. | .. | .. | .. | .. | 48,489 | |
| | | | | | | | | 5,900,765 | |
| 6,408,236 | Total Assets | .. | .. | .. | .. | .. | .. | .. | 6,501,500 |
| | | | | | | | | | |
| | | LIABILITIES AND FUNDS. | | | | | | | |
| | Maintenance Fund— | | | | | | | | |
| .. | Bank Overdraft | .. | .. | .. | .. | .. | .. | 26,324 | |
| 58,141 | Sundry Creditors (net) | .. | .. | .. | .. | .. | .. | 70,292 | |
| 116,904 | Accrued Expenditure | .. | .. | .. | .. | .. | .. | 101,220 | |
| 42,083 | Clearing Accounts, Salaries and Wages, etc. | .. | .. | .. | .. | .. | .. | 63,737 | |
| 54,264 | Balance of Fund | .. | .. | .. | .. | .. | .. | 29,809 | |
| | | | | | | | | 291,382 | |
| | Specific Purpose Funds and Trusts— | | | | | | | | |
| 201,661 | Research Investigation Fund | .. | .. | .. | .. | .. | .. | 227,090 | |
| 76,785 | Other Funds | .. | .. | .. | .. | .. | .. | 82,263 | |
| | | | | | | | | 309,353 | |
| 5,858,398 | Capital Funds | .. | .. | .. | .. | .. | .. | .. | 5,900,765 |
| 6,408,236 | Total Liabilities and Funds | .. | .. | .. | .. | .. | .. | .. | 6,501,500 |

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 has become the sole contributor. The Fund is used to pay pensions to mine workers and the dependants of mine workers.

As the Government Statist reported, after an actuarial investigation in 1970, that the Fund would probably be sufficient to meet its obligations, no contribution in terms of Section 121 of the *Coal Mines Act 1958* was made by the Treasurer in 1970-71.

The amount required to be contributed by the Treasurer in terms of Section 5 of the *State Coal Mines (Winding Up) Act 1968*, \$19,658, was paid to the credit of the Fund in the year.

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

| 1969-70. \$ | INCOME. | | | | | | | | 1970-71. \$ |
|----------------|------------------------------------|----|----|----|----|----|----|----|----------------|
| | Contributions—Acts Nos. 6221/6622— | | | | | | | | |
| 24,300 | Government | .. | .. | .. | .. | .. | .. | .. | .. |
| | Contributions—Act No. 7715— | | | | | | | | |
| 25,625 | Government | .. | .. | .. | .. | .. | .. | .. | 19,658 |
| 50,907 | Interest on Investments | .. | .. | .. | .. | .. | .. | .. | 45,708 |
| 100,832 | | | | | | | | | 65,366 |

| | | EXPENDITURE. | | | | | | | | |
|---------|---------------------------------------|--------------|----|----|----|----|----|----|----|---------|
| 159,620 | Pensions | .. | .. | .. | .. | .. | .. | .. | .. | 150,361 |
| 8,472 | Refunds of Contributions | .. | .. | .. | .. | .. | .. | .. | .. | 18,601 |
| .. | Mine Owners Contributions written off | .. | .. | .. | .. | .. | .. | .. | .. | 1,687 |
| 7,233 | Administration | .. | .. | .. | .. | .. | .. | .. | .. | 10,276 |
| 175,325 | | | | | | | | | | 180,925 |
| 74,493 | Deficit for year | .. | .. | .. | .. | .. | .. | .. | .. | 115,559 |

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

| 30.6.70. \$ | | | | | | | | | 30.6.71. \$ | |
|-----------------|---------------------------------|----|----|----|----|----|----|----|----------------|---------|
| 926,551 | Accumulated Funds | .. | .. | .. | .. | .. | .. | .. | .. | 810,992 |
| Represented by— | | | | | | | | | | |
| 24,886 | Current Assets less Liabilities | .. | .. | .. | .. | .. | .. | .. | .. | 15,327 |
| 665 | Fixed Assets | .. | .. | .. | .. | .. | .. | .. | .. | 665 |
| 901,000 | Investments at cost.. | .. | .. | .. | .. | .. | .. | .. | .. | 795,000 |
| 926,551 | | | | | | | | | | 810,992 |

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, under the provisions of Section 76 of the *Country Fire Authority Act 1958*, 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, 1971, contributors provided \$3,926,061 towards the amount required to meet estimated net expenditure for the year, \$3,999,397, less the surplus carried forward from 1969-70, \$71,692. Contributions due, totalling \$1,644, were outstanding at the close of the year.

Section 80A of the *Country Fire Authority Act 1958* provides for contributions to be made by brokers and, in certain circumstances, property owners, based on premiums paid in respect of fire insurance effected with an insurance company other than an insurance company licensed under Section 96 of the *Stamps Act 1958*. Contributions from this source in 1970-71 totalled \$7,305.

Actual expenditure for the year exceeded the estimate of total expenditure by \$257,306, but miscellaneous receipts partly offset this amount, leaving a deficit of \$83,806 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 :—

| — | 1969-70. | 1970-71. |
|--|-----------|-----------|
| <i>Receipts.</i> | \$ | \$ |
| Surplus from previous year | .. | 71,692 |
| Statutory contributions—Section 76 | 3,676,220 | 3,926,061 |
| —Section 80A | .. | 7,305 |
| Other receipts | 156,586 | 167,839 |
| Cash deficit carried forward to next year | .. | 83,806 |
| | 3,832,806 | 4,256,703 |
| <i>Payments.</i> | | |
| Deficit from previous year | 51,843 | .. |
| Salaries, wages and maintenance | 2,181,333 | 2,477,548 |
| Loan repayments including Sinking Fund | 193,036 | 252,604 |
| Loan interest | 183,949 | 216,352 |
| Land, buildings, rolling-stock and equipment | 221,441 | 239,210 |
| Brigade Expenses | 118,900 | 119,687 |
| Motor replacement fund | 286,625 | 315,683 |
| Compensation fund | 30,000 | 30,000 |
| Superannuation | 208,620 | 275,489 |
| Other payments | 285,367 | 330,130 |
| Cash surplus carried forward to next year | 71,692 | .. |
| | 3,832,806 | 4,256,703 |

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

| | 1969-70. | 1970-71. |
|--------------------------------------|-----------|------------|
| Balance, 1st July | \$ 83,796 | \$ 186,718 |
| <i>Receipts—</i> | | |
| Loan Proceeds | 640,000 | 570,000 |
| Refunds, &c. | 12,770 | 11,544 |
| | 736,566 | 768,262 |
| <i>Expenditure—</i> | | |
| Buildings | 154,969 | 147,436 |
| Vehicles | 349,348 | 470,832 |
| Radio Equipment | 45,531 | 9,621 |
| | 549,848 | 627,889 |
| Balance unexpended 30th June | 186,718 | 140,373 |

The analysis hereunder of the Authority's balance-sheets shows the financial position of the Authority at 30th June, 1970 and 1971 :—

| 30.6.70. | | 30.6.71. | |
|------------|---|-----------|------------|
| \$ | | \$ | \$ |
| | Source of Funds— | | |
| | <i>External—</i> | | |
| 3,521,225 | Loan Liability | 3,896,678 | |
| 186,719 | Less unexpended | 140,373 | |
| <hr/> | | | |
| 3,334,506 | | 3,756,305 | |
| 187,394 | *New Headquarters Building Account | 215,531 | |
| <hr/> | | | |
| 3,521,900 | | | 3,971,836 |
| | <i>Internal—</i> | | |
| | Excess of assets over liabilities transferred from | | |
| 276,271 | Country Fire Brigades Board | 276,271 | |
| 2,505,580 | Income and Expenditure Account—accumulated balance | 2,702,001 | |
| 3,422,850 | Reserves | 3,519,920 | |
| <hr/> | | | |
| 1,944,682 | Funds | 2,542,976 | |
| 1,596,228 | Less invested on account of Compensation, Superannuation and other Trust purposes | 1,914,759 | |
| <hr/> | | | |
| 348,454 | | | 628,217 |
| <hr/> | | | |
| 6,553,155 | | | 7,126,409 |
| <hr/> | | | |
| 10,075,055 | | | 11,098,245 |
| | Represented by— | | |
| | <i>Current Assets—</i> | | |
| 71,692 | Cash | .. | |
| 76,364 | Sundry Debtors and Prepayments | 125,569 | |
| 180,596 | Stocks—including uniforms issued | 211,547 | |
| <hr/> | | | |
| 328,652 | | 337,116 | |
| | <i>Less—</i> | | |
| | <i>Current Liabilities—</i> | | |
| 122,016 | Sundry Creditors | 138,393 | |
| .. | Bank Overdraft | 83,806 | |
| <hr/> | | | |
| 122,016 | | 222,199 | |
| <hr/> | | | |
| 206,636 | | | 114,917 |
| | <i>Investments—</i> | | |
| 210,215 | Motor Replacement | 426,126 | |
| 7,802 | Sale of Property | 7,092 | |
| 122,241 | Sinking Fund—Loans | 189,076 | |
| 8,196 | Private Fire Appliances | 5,923 | |
| <hr/> | | | |
| 348,454 | | | 628,217 |
| | <i>Fixed Assets—</i> | | |
| 3,543,111 | Land and Buildings | 3,821,144 | |
| 5,217,220 | Rolling-stock | 5,757,978 | |
| 710,904 | Plant and Machinery | 718,076 | |
| 48,730 | Other | 57,913 | |
| <hr/> | | | |
| 9,519,965 | | | 10,355,111 |
| <hr/> | | | |
| 10,075,055 | | | 11,098,245 |
| <hr/> | | | |

* Cash balances which are included in the general and specific funds have been set off against this figure. At 30th June, 1971, there was a credit balance at the Bank of \$492,397.

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, 1970.

Following is an abridged statement of the General Revenue Account for the years ended 30th September, 1969 and 1970 :—

| 1968-69. | | 1969-70. |
|----------|--|------------|
| \$ | | \$ \$ |
| | Income— | |
| 440,794 | Rating Precepts—Municipalities | 552,703 |
| 126,348 | Other | 117,204 |
| 567,142 | | 669,907 |
| | Expenditure— | |
| 85,318 | Administration | 89,438 |
| 85,905 | Maintenance of Works | 125,520 |
| 52,752 | Survey, Investigation and Design | 58,175 |
| 30,057 | Depreciation Provision | 40,617 |
| 126,460 | Debt Services | 166,094 |
| 380,492 | | 479,844 |
| 186,650 | Excess of Income over Expenditure | 190,063 |
| 7,951 | Less Appropriation to Loans Repayment Sinking Fund | 10,341 |
| 178,699 | Net Surplus for year | 179,722 |

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

| 30.9.69. | | 30.9.70. |
|-----------|---|------------|
| \$ | | \$ \$ |
| | Current Assets— | |
| 193,848 | Cash at Bank | 714,420 |
| 69,288 | Debtors and Prepayments | 102,121 |
| 6,466 | Other | 9,239 |
| 269,602 | | 825,780 |
| | Fixed Assets— | |
| 238,391 | Land and Buildings (at cost) | 241,331 |
| 98,384 | Plant, Vehicles and Equipment (at cost less depreciation) | 153,489 |
| 12,693 | Office Furniture and Machines (at cost less depreciation) | 12,109 |
| 349,468 | | 406,929 |
| | Capitalized Works Expenditure— | |
| 1,918,313 | River Improvement Works | 2,110,584 |
| 2,283,893 | Piped or Lined Drainage Channels | 3,186,625 |
| 1,813,564 | Carrum Drainage District | 1,813,564 |
| 371,656 | Other | 759,710 |
| 6,387,426 | | 7,870,483 |
| 55,597 | Less Provision for Depreciation | 94,473 |
| 6,331,829 | | 7,776,010 |
| 126,858 | Investments | 174,619 |
| 7,077,757 | | 9,183,338 |

| 30.9.69. | | | | | | 30.9.70. | | |
|-----------|---|----|----|----|----|-----------|-----------|--|
| \$ | | | | | | \$ | \$ | |
| | Current Liabilities— | | | | | | | |
| 36,364 | Sundry Creditors | .. | .. | .. | .. | 65,361 | | |
| 26,912 | Contractors' Deposits | .. | .. | .. | .. | 36,638 | | |
| | | | | | | 101,999 | 101,999 | |
| | Loans— | | | | | | | |
| 630,044 | Government of Victoria | .. | .. | .. | .. | 628,306 | | |
| 2,012,316 | Other | .. | .. | .. | .. | 2,608,997 | | |
| | | | | | | 3,237,303 | 3,237,303 | |
| 2,705,636 | | | | | | | 3,339,302 | |
| | Excess of Assets over Liabilities— | | | | | | | |
| 126,913 | Grants by Government of Victoria | .. | .. | .. | .. | 210,487 | | |
| 1,968,057 | Capital Expenditure borne by the State | .. | .. | .. | .. | 2,039,529 | | |
| 1,348,203 | Contributions by Property Owners | .. | .. | .. | .. | 2,448,714 | | |
| 20,671 | Appropriation for Plant Replacement | .. | .. | .. | .. | 25,685 | | |
| 18,650 | Appropriation for Loans Repayment | .. | .. | .. | .. | 29,772 | | |
| 889,627 | General Revenue Account Balance | .. | .. | .. | .. | 1,089,849 | | |
| | | | | | | 5,844,036 | 5,844,036 | |
| 4,372,121 | | | | | | | 9,183,338 | |
| 7,077,757 | | | | | | | 9,183,338 | |

ELECTRICITY COMMISSION.

The net income of the State Electricity Commission for the year ended 30th June, 1971, was \$12,532,421 compared with \$18,139,663 in 1969-70.

The decrease of \$5,607,242 in net income was mainly due to increased costs which were not offset by corresponding increases in earnings. Despite a small reduction in the number of employees, payroll charges rose by approximately thirteen per cent. when compared with the previous year, and were the major reason for an increase in operating expenditure of \$15,455,402. The cessation of the need to provide additional depreciation on briquette assets (in 1969-70 \$5,859,786) more than compensated for increased net interest charges of \$3,021,019.

REVENUE ACCOUNT.

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

| 1969-70. | | 1970-71. | |
|------------------------|--|------------|-------------------|
| \$ | | \$ | \$ |
| 225,702,301 | Income | .. | 232,834,748 |
| 149,432,185 | Operating Expenditure | .. | 164,887,587 |
| <u>76,270,116</u> | Excess of Income over Operating Expenditure | .. | <u>67,947,161</u> |
| 123,961 | Add—Miscellaneous Income | .. | 111,014 |
| <u>76,394,077</u> | | | <u>68,058,175</u> |
| <i>Deduct—</i> | | | |
| 50,771,909 | Interest | 53,792,928 | |
| 871,000 | Loan Flotation Expenses | 867,500 | |
| 751,719 | Miscellaneous Expenditure | 865,326 | |
| 5,859,786 | Additional Depreciation of Briquette Assets | .. | |
| <u>58,254,414</u> | | | <u>55,525,754</u> |
| <u>18,139,663</u> | Balance of Income before Appropriations | .. | <u>12,532,421</u> |
| <i>Appropriations—</i> | | | |
| 8,000,000 | Provision for accruing Long Service Leave and Retiring Allowances | .. | 2,750,000 |
| | Provision for Statutory Transfers to the Consolidated Fund of Victoria— | | |
| 6,600,000 | Based on Total Revenue for 1970-71 | 9,120,000 | |
| 30,000 | Balance of Contribution in 1969-70, not provided out of 1968-69 Income | .. | |
| 569,724 | Based on Brown Coal Production in 1970-71 | 538,466 | |
| | | | <u>9,658,466</u> |
| 2,939,939 | General Reserve | .. | 123,955 |
| <u>18,139,663</u> | | | <u>12,532,421</u> |

The Commission has provided for an increase in the rate of contribution to be made to the Consolidated Fund in 1971-72. The amount provided was \$9,120,000.

An appropriation of \$2,750,000 was made to the Provision for Long Service Leave and Retiring Allowances as against an appropriation of \$8,000,000 in the previous year.

After the allocation of relevant operating expense and overhead (including depreciation, interest and loan flotation expense), the preceding summary may be re-stated as follows to show sectional results for the year 1970-71 compared with the previous year :—

| 1969-70. | | 1970-71. | |
|-------------------|--|------------|-------------------|
| \$ | | \$ | \$ |
| 28,685,152 | Profit on Electricity Supply | 17,256,090 | |
| 351,232 | Profit on Brown Coal Sales (Yallourn North Extension) .. | 240,381 | |
| <u>29,036,384</u> | | | 17,496,471 |
| 3,909,874 | Loss on Briquetting | 3,632,847 | |
| 499,303 | Loss on Tramways | 576,891 | |
| <u>4,409,177</u> | | | 4,209,738 |
| <u>24,627,207</u> | | | <u>13,286,733</u> |
| <i>Less—</i> | | | |
| 627,758 | Excess of Miscellaneous Expenditure over Income .. | 754,312 | |
| 5,859,786 | Special Depreciation of Briquette Factories | .. | |
| <u>6,487,544</u> | | | 754,312 |
| <u>18,139,663</u> | Income in excess of Expenditure for year | .. | <u>12,532,421</u> |

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

Electricity Supply.—(Profit \$17,256,090). Operational statements for the past two years show :—

| | 1969-70. | 1970-71. |
|---|--------------------|--------------------|
| | \$ | \$ |
| <i>Sales—</i> | | |
| Domestic | 66,704,775 | 69,907,644 |
| Commercial and General | 32,976,404 | 35,924,406 |
| Industrial | 58,978,152 | 59,980,715 |
| Bulk Supplies | 46,529,227 | 47,387,283 |
| Traction | 3,705,368 | 3,606,952 |
| Public Lighting and Increase in Unread Consumption .. | 3,585,906 | 3,669,082 |
| | <u>212,479,832</u> | <u>220,476,082</u> |
| <i>Operating Charges—</i> | | |
| Power Generation | 85,512,851 | 88,469,119 |
| Purchased Electricity | 10,050,025 | 13,400,776 |
| Transmission | 33,451,924 | 37,803,269 |
| Distribution | 54,779,880 | 63,546,828 |
| | <u>183,794,680</u> | <u>203,219,992</u> |
| Profit | <u>28,685,152</u> | <u>17,256,090</u> |

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

- (i) Selective tariff reductions, effective from 1st January, 1970, operated for the full year.
- (ii) There was an increase of 30,715 consumers in the year.
- (iii) Operating charges in 1970-71 increased by \$19,425,312 or 10 per cent. over the amount for the previous financial year. The cost per kWh sold rose from 1.651 cents in 1969-70 to 1.715 cents in 1970-71.
- (iv) There was an increase in the overall cost of kWh sent out from power stations (including purchases) from 0.735 cents in 1969-70 to 0.760 cents in 1970-71.
- (v) The reduction in the depreciation life of the distribution system from 35 to 30 years, with its consequent increase in the cost of depreciation, and increased sales promotion costs in the highly competitive fuel industry, were mainly responsible for the higher ratio of increase in distribution operating charges.

Brown Coal Production and Distribution.—Coal won for the year amounted to 21,539,000 tons, a decrease of 1,250,000 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.

| | 1969-70. Tons. | 1970-71. Tons. |
|----------------------------------|---------------------|---------------------|
| Morwell | 12,287,000 (\$0.78) | 11,800,000 (\$1.00) |
| Yallourn | 10,105,000 (\$0.99) | 9,397,000 (\$0.98) |
| Yallourn North Extension | 397,000 (\$0.77) | 342,000 (\$0.97) |
| | <u>22,789,000</u> | <u>21,539,000</u> |

Distribution of the output was as follows :—

| | 1969-70. Tons. | 1970-71. Tons. |
|---|-------------------|-------------------|
| Power Production | 17,923,000 | 17,248,000 |
| Briquette Manufacture | 4,469,000 | 3,949,000 |
| Sales to Public | 363,000 | 342,000 |
| Sales to Gas and Fuel Corporation | 34,000 | .. |
| | <u>22,789,000</u> | <u>21,539,000</u> |

Briquetting.—(Loss \$3,632,847). Trading results for the past two years, excluding costs charged on internal transfers to works, are shown in the following statement :—

| | 1969-70. | | 1970-71. | |
|----------------------------------|-----------|------------|-----------|------------|
| | \$ | \$ | \$ | \$ |
| Sales— | | | | |
| Domestic | 6,949,555 | | 6,560,524 | |
| Industrial | 5,336,953 | | 4,977,230 | |
| | | 12,286,508 | | 11,537,754 |
| Manufacturing Costs | 9,740,076 | | 9,187,821 | |
| Distribution and Selling | 6,456,306 | | 5,982,780 | |
| | | 16,196,382 | | 15,170,601 |
| Loss | | 3,909,874 | | 3,632,847 |

During the year 1970-71, factors which had a significant influence on the year's result included :—

- (i) A net decrease of 61,000 tons in quantity sales.
- (ii) A decrease of 12 cents in the average income per ton.
- (iii) A decrease of 19 cents in the overall expenditure per ton sold.

The reduction in overall expenditure per ton was due to the cessation of capital charges after 1969-70, the progressive closure of Yallourn factory and the reorganisation of the distribution system, including closure of the majority of metropolitan depots.

Tramways.—(Loss \$576,891). Separate figures for the year in respect of operations at Ballarat and at Bendigo show :—

| | Ballarat. | Bendigo. | Total. |
|-------------------------------|-----------|----------|---------|
| | \$ | \$ | \$ |
| Operating Charges | 408,583 | 403,632 | 812,215 |
| Traffic Receipts, &c. | 141,440 | 93,884 | 235,324 |
| Loss | 267,143 | 309,748 | 576,891 |

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

| | 1969-70. | 1970-71. |
|--------------------------------------|-----------|-----------|
| | \$ | \$ |
| Expenditure—Operation | 533,205 | 573,854 |
| Maintenance | 179,088 | 183,633 |
| Administration, &c. | 49,204 | 54,728 |
| | 761,497 | 812,215 |
| Income—Traffic Receipts, &c. | 262,194 | 235,324 |
| Loss | 499,303 | 576,891 |
| Number of Passengers carried | 2,902,064 | 2,607,715 |
| Number of Tram miles | 800,921 | 719,855 |
| Passengers per Tram mile | 3.62 | 3.62 |
| Expenses per Passenger | 26.24c | 31.14c |
| Income per Passenger | 9.03c | 9.02c |

There was a further decline in the number of passengers and the loss per passenger carried was 22.12 cents in 1970-71 compared with 17.21 cents in the previous year.

Depreciation.

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

| | 1969-70. | 1970-71. |
|--|-------------------|-------------------|
| | \$ | \$ |
| Normal provision—charged to operations | 45,892,840 | 45,017,283 |
| Special provision—(peak load steam power stations) charged to operations | 1,703,323 | .. |
| Special provision—(briquette assets)—shown as a separate item in Revenue Account | 5,859,786 | .. |
| Indirect—charged to Fixed Assets | 1,204,177 | 1,604,645 |
| | <u>54,660,126</u> | <u>46,621,928</u> |
| Amortization—Development of Open Cuts—charged to operations | 510,284 | 520,000 |
| | <u>55,170,410</u> | <u>47,141,928</u> |

The provision for depreciation of assets coming into service during 1970-71 was more than offset by the elimination of the normal depreciation of peak-load power stations and briquette assets which were fully depreciated at the end of the previous year.

The Balance-sheet discloses that at 30th June, 1971, the provision had increased by \$31,189,311 compared with the figure at 30th June, 1970. This net increase is explained hereunder :—

| | \$ |
|---|--------------------|
| Balance—30th June, 1970 | 368,232,044 |
| Add Provision for year as per statement above | 46,621,928 |
| | <u>414,853,972</u> |
| Less Retirements | 15,432,617 |
| Balance—30th June, 1971 | <u>399,421,355</u> |

Interest.

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

| | 1969-70. | 1970-71. |
|--|-------------------|-------------------|
| | \$ | \$ |
| On—Capital Liabilities | 49,248,146 | 52,485,524 |
| Acquisition Loans from Municipalities | 198,932 | 193,599 |
| Advances from Provident Fund | 2,732,956 | 3,412,679 |
| Advances from Employees' Retirement Fund | 546 | 4,654 |
| Advances for Capital Works | 2,890,684 | 2,826,854 |
| Current Liabilities | 38,302 | 31,123 |
| | <u>55,109,566</u> | <u>58,954,433</u> |
| Deduct Interest earned on Investments | 3,391,271 | 4,232,307 |
| | <u>51,718,295</u> | <u>54,722,126</u> |

These totals were allocated in the accounts as under :—

| | \$ | \$ |
|---|-------------------|-------------------|
| Revenue Account | 50,771,909 | 53,792,928 |
| Fixed Assets—Component for charges for services | 946,386 | 929,198 |
| | <u>51,718,295</u> | <u>54,722,126</u> |

BALANCE-SHEET.

The Commission's balances at 30th June, 1970, and 1971, are summarized hereunder—

| 30.6.70. | | 30.6.71. |
|------------------------------|--|------------------|
| \$ | | \$ \$ |
| Current Assets— | | |
| 691,728 | Balances at Bank and Cash in Hand | 824,012 |
| 18,897,098 | Consumers' and Other Accounts Receivable .. | 20,244,990 |
| 16,782,426 | Estimated Income from Unread Electricity Consumption | 17,706,985 |
| 14,465,187 | Materials and Fuel—at cost | 14,199,075 |
| 188,285 | Miscellaneous Deferred Charges | 420,963 |
| <hr/> | | <hr/> |
| 51,024,724 | | 53,396,025 |
| <hr/> | | |
| 60,672,161 | Investments—at cost | 59,419,432 |
| <hr/> | | |
| 4,383,900 | Long Term Debtors (Real Estate Sales) | 4,216,483 |
| <hr/> | | |
| Fixed Assets— | | |
| 1,281,486,681 | Assets in service—at cost | 1,324,294,065 |
| 368,232,044 | Deduct Provision for Depreciation | 399,421,355 |
| <hr/> | | <hr/> |
| 913,254,637 | | 924,872,710 |
| 55,409,943 | Assets not yet in service—at cost.. .. | 89,440,815 |
| 13,368,081 | Development of Open Cuts—balance of cost .. | 12,942,284 |
| <hr/> | | <hr/> |
| 982,032,661 | | 1,027,255,809 |
| <hr/> | | <hr/> |
| 1,098,113,446 | | 1,144,287,749 |
| <hr/> | | <hr/> |
| Current Liabilities— | | |
| 217,900 | Bank Overdraft | 351,734 |
| 14,405,551 | Accounts Payable and Miscellaneous Accruals .. | 16,665,263 |
| 11,090,891 | Interest Accrued | 11,885,165 |
| 7,169,724 | Provision for Transfers to State Revenue .. | 9,658,466 |
| 1,351,458 | Consumers' and Contractors' Deposits | 1,520,439 |
| <hr/> | | <hr/> |
| 34,235,524 | | 40,081,067 |
| <hr/> | | |
| Deferred Liabilities— | | |
| 51,168,133 | Consumers' and other Advances for Capital Works | 48,430,489 |
| 42,296,279 | Advances from Provident Fund | 46,164,265 |
| 3,237,608 | Acquisition Loans from Municipalities | 2,856,070 |
| 14,000,000 | Provision for Long Service Leave and Retiring Allowances | 16,750,000 |
| <hr/> | | <hr/> |
| 110,702,020 | | 114,200,824 |
| <hr/> | | |
| Reserves— | | |
| 32,588,305 | General Reserve | 33,441,764 |
| 9,162,666 | Consumers' and Other Contributions for Capital Works | 10,407,999 |
| <hr/> | | <hr/> |
| 41,750,971 | | 43,849,763 |
| <hr/> | | |
| Capital Liabilities— | | |
| 660,326,558 | Inscribed Stock and Debentures | 691,572,464 |
| 251,098,373 | Victorian Government Advances | 254,583,631 |
| <hr/> | | <hr/> |
| 911,424,931 | | 946,156,095 |
| <hr/> | | <hr/> |
| 1,098,113,446 | | 1,144,287,749 |
| <hr/> | | <hr/> |

The following is a re-statement (in abbreviated form) of the balance-sheets as at 30th June, 1970 and 1971, to show funds held by the Commission at the balance dates and the assets representing those funds—

| | 30.6.70. | 30.6.71. | Variation. |
|-----------------------------------|----------------------|----------------------|--------------|
| | \$ | \$ | \$ |
| <i>Funds held—</i> | | | |
| External Borrowings (net) | 965,830,672 | 997,442,654 | + 31,611,982 |
| Provident Fund Advances | 42,296,279 | 46,164,265 | + 3,867,986 |
| Internal Funds | 410,078,415 | 444,326,918 | + 34,248,503 |
| | <u>1,418,205,366</u> | <u>1,487,933,837</u> | + 69,728,471 |
| <i>Represented by—</i> | | | |
| Gross Fixed Assets | 1,350,264,705 | 1,426,677,164 | + 76,412,459 |
| Long Term Debtors | 4,383,900 | 4,216,483 | — 167,417 |
| Net Current Assets | 16,843,994 | 13,369,811 | — 3,474,183 |
| Investments | 46,712,767 | 43,670,379 | — 3,042,388 |
| | <u>1,418,205,366</u> | <u>1,487,933,837</u> | + 69,728,471 |

Fixed Assets.

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

| | 30.6.70. | 30.6.71. |
|---|----------------------|----------------------|
| | \$ | \$ |
| Coal Production | 75,566,588 | 70,373,283 |
| Briquette Production and Distribution | 39,890,431 | 39,749,004 |
| <i>Power Production—</i> | | |
| Thermal Stations | 422,396,395 | 459,866,362 |
| Hydro Stations | 76,470,021 | 75,916,058 |
| Transmission System | 296,013,423 | 318,349,455 |
| Distribution System | 332,117,711 | 353,548,511 |
| General Service Assets.. .. . | 94,442,055 | 95,932,207 |
| | <u>1,336,896,624</u> | <u>1,413,734,880</u> |
| Deduct Provision for Depreciation | 368,232,044 | 399,421,355 |
| | <u>968,664,580</u> | <u>1,014,313,525</u> |
| <i>Development of Open Cuts—</i> | | |
| Balance of Cost | 13,368,081 | 12,942,284 |
| | <u>982,032,661</u> | <u>1,027,255,809</u> |

Investments.

During the year, the Commission's investments, excluding deposits held on account of contractors and consumers, decreased by \$1,252,788.

Investments held at 30th June, 1970 and 1971, were as follows :—

| | 30.6.70. | 30.6.71. |
|---|-------------------|-------------------|
| | \$ | \$ |
| <i>General—</i> | | |
| Government and semi-Government Securities | 22,614,676 | 25,132,548 |
| <i>Short Term—</i> | | |
| Short Term Money Market, "Buy Back" Securities and Commercial Bills | 23,752,531 | 17,387,761 |
| Bank & Building Society Deposits | 295,490 | 1,100,000 |
| Shares in Australian Char Pty. Ltd. | 50,070 | 50,070 |
| | <u>46,712,767</u> | <u>43,670,379</u> |
| <i>Sinking Fund—</i> | | |
| Government and semi-Government Securities | 13,904,600 | 15,694,200 |
| | <u>60,617,367</u> | <u>59,364,579</u> |

Consumers' and Other Advances for Capital Works.

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

| | Balance. 30.6.70. \$ | Balance. 30.6.71. \$ | Variation For Year. \$ |
|--|----------------------------|----------------------------|------------------------------|
| Consumers' Advances for Capital Works (Self Help) | 48,143,628 | 44,886,365 | — 3,257,263 |
| Advances for Construction of Offices and Showrooms | 3,024,505 | 3,544,124 | + 519,619 |
| | <u>51,168,133</u> | <u>48,430,489</u> | <u>— 2,737,644</u> |

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

| | 1969-70. | | 1970-71. | |
|--|-----------|------------------|-----------|------------------|
| | \$ | \$ | \$ | \$ |
| Contributions received | 5,689,613 | | 4,602,637 | |
| Interest credits | 2,776,808 | | 2,569,074 | |
| | | 8,466,421 | | 7,171,711 |
| <i>Less</i> refunds of instalments and expired deposits, and transfers to consumers' accounts as payment for supplies of electricity | | 11,148,361 | | 10,428,974 |
| Net Decrease | | <u>2,681,940</u> | | <u>3,257,263</u> |

Loans.

The loan liability of \$254,583,631 to the Treasury at 30th June, 1971, was determined after the deduction of \$31,826,151, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1970-71 was \$2,591,131, in respect of which a credit of \$581,337 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.

Including settlements of \$225,500 on account of loans authorized in 1969-70, loan moneys raised by the Commission during the year amounted to \$76,503,035. The sources of these moneys were—

| | \$ |
|-----------------------------|-------------------|
| Public Loans | 36,001,135 |
| Private Loans | 38,331,360 |
| Area Loans | 434,840 |
| Retired Staff Loans | 1,735,700 |
| | <u>76,503,035</u> |

The net increase in Commission loans in 1970-71 was \$31,245,906. The difference of \$45,257,129 between the total raisings of \$76,503,035, 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, 1971, Reserves totalled \$43,849,763 compared with \$41,750,971 at 30th June, 1970.

(i) *General Reserve.*—The increase of \$853,459 in the balance of this Reserve is accounted for as follows :—

| | \$ | \$ |
|--|---------|-------------------|
| Balance at 30th June, 1970 | | 32,588,305 |
| <i>Add</i> —Credit on account of contributions to the National Debt Sinking Fund for 1970-71 not payable by the Commission, less certain charges | 581,337 | |
| Surplus from major sales of real estate | 148,167 | |
| <i>Appropriation from Revenue Account</i> — Balance of Income for 1970-71 | 123,955 | |
| | | <u>853,459</u> |
| Balance at 30th June, 1971 | | <u>33,441,764</u> |

(ii) *Consumers' and Other Contributions for Capital Works.*—The balances of this Reserve at 30th June, 1970 and 1971, 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, 1970 | .. | 73,687,540 |
| Add—Contributions—Commission | 4,535,945 | |
| Officers | 3,022,524 | |
| | <hr/> | 7,558,469 |
| Investment Income | .. | 5,121,992 |
| | | <hr/> |
| Less—Benefit Payments | .. | 86,368,001 |
| | | 4,290,547 |
| | | <hr/> |
| Balance of Fund at 30th June, 1971 | .. | 82,077,454 |
| | | <hr/> |
| The Fund was represented by— | | |
| Assets — | \$ | \$ |
| Investments in Commission—Loan Advances | 46,164,265 | |
| Inscribed Stock (at cost) | 25,912,600 | |
| | <hr/> | 72,076,865 |
| Other Investments (at cost)—Company Shares | 4,802,140* | |
| Company Debentures | 3,197,114 | |
| Housing Societies | 388,408 | |
| Property | 100,100 | |
| | <hr/> | 8,487,762 |
| Accrued Income—Contributions | 275,000 | |
| Interest | 1,476,963 | |
| | <hr/> | 1,751,963 |
| Benefits Paid in Advance | .. | 15,366 |
| | | <hr/> |
| | | 82,331,956 |
| Less—Liabilities— | | |
| Investments Awaiting Settlement | 106,166 | |
| Benefits Accrued and Unpaid | 148,336 | |
| | <hr/> | 254,502 |
| | | <hr/> |
| | | 82,077,454 |

* Market Valuation 30th June, 1971, \$4,366,463.

S.E.C. EMPLOYEES' RETIREMENT AND BENEFIT FUND.

From 1st May, 1970, a fund was established for the benefit of wages award employees who were not contributors to the Provident Fund. For a weekly contribution which is matched by the Commission at the rate of \$1.50 for each \$1.00 of contributions, members are eligible for a lump sum benefit on retirement or total and permanent disablement. In addition, certain benefits are available to dependants in the event of a contributor's earlier death. Membership is voluntary.

Details of the Fund's operations from 1st May, 1970, to 30th June, 1971, are :—

| | \$ | \$ |
|--|----------|-----------|
| Contributions—Commission | 774,468 | |
| Employees | 428,995 | |
| | <hr/> | 1,203,463 |
| Investment Income | .. | 72,170 |
| | | <hr/> |
| Less—Benefit Payments | .. | 1,275,633 |
| | | 256,870 |
| | | <hr/> |
| Balance of Fund at 30th June, 1971 | .. | 1,018,763 |
| | | <hr/> |
| The Fund was represented by— | | |
| Assets— | | |
| Investments (at Cost)—Company Shares | 194,887* | |
| Company Debentures, Notes, &c. | 834,895 | |
| Property | 25,025 | |
| | <hr/> | 1,054,807 |
| Accrued Income—Contributions | 26,075 | |
| Interest | 15,900 | |
| | <hr/> | 41,975 |
| | | <hr/> |
| | | 1,096,782 |
| Less—Liabilities— | | |
| Advance from Commission | 17,018 | |
| Benefits Accrued and Unpaid | 61,001 | |
| | <hr/> | 78,019 |
| | | <hr/> |
| | | 1,018,763 |

* Market Valuation 30th June, 1971, \$165,698.

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.

As authorized by the *Gas and Fuel Corporation (Geelong Gas) Act 1971* the Corporation made an offer to purchase the shares of the Geelong Gas Company. The offer was conditional upon acceptance by not less than ninety per cent. of the holders of Geelong Gas Company shares. This condition was met and control of the Company passed to the Corporation on 9th June, 1971.

The following statement shows income and expenditure of the Corporation for the past two years and the consolidated figures of the Corporation and the Company for the year ended 30th June, 1971,

| Gas and Fuel Corporation. 1969-70. \$ | Income— | Gas and Fuel Corporation. 1970-71. \$ | \$ | Consolidated. 1970-71. \$ |
|--|--|--|------------|---------------------------------|
| | Sales— | | | |
| 35,239,909 | Gas | 38,032,360 | | 39,907,043 |
| 10,180,544 | Residual Products and Appliances | 11,175,321 | | 11,883,974 |
| 45,420,453 | | | 49,207,681 | 51,791,017 |
| | Expenditure— | | | |
| 2,103,334 | Natural Gas | 5,353,774 | | 5,379,146 |
| 12,031,474 | Town Gas | 5,593,036 | | 6,199,940 |
| 12,743,539 | Distribution | 15,141,233 | | 15,597,641 |
| 11,028,453 | Residual Products, Appliances and Selling Expenses | 12,771,232 | | 13,420,207 |
| 3,384,289 | Management | 4,506,001 | | 5,006,108 |
| 16,706 | Audit Fees | 20,674 | | 23,154 |
| 16,614 | Directors' Fees | 15,300 | | 19,700 |
| 556,312 | Research and Development | 716,570 | | 716,765 |
| 937,065 | Superannuation and Retiring Allowances | 794,922 | | 823,827 |
| 840,508 | Long Service Leave | 938,750 | | 942,358 |
| 78,707 | Other costs | 111,785 | | 111,785 |
| 43,737,001 | | | 45,963,277 | 48,240,631 |
| 1,683,452 | Profit on Trading | | 3,244,404 | 3,550,386 |
| 1,095,000 | <i>Less</i> —Contribution to Consolidated Fund—State of Victoria | 1,125,000 | | |
| .. | Amortisation of Natural Gas change-over costs | 1,700,000 | | |
| 50,000 | Contingency Reserve | 50,000 | | |
| 241,418 | Severance Payments to Retrenched Personnel 1969 | .. | | |
| | | | 2,875,000 | 2,875,000 |
| 297,034 | | | 369,404 | 675,386 |
| .. | Post-acquisition Profit of subsidiary company | | 52,000 | |
| .. | <i>Less</i> Pre-acquisition Profit of subsidiary company | | .. | 253,982 |
| 297,034 | Balance carried to Profit and Loss Appropriation Account | | 421,404 | 421,404 |

The quantity of gas sold for the year was 174,613,330 therms returning 21·78 cents per therm compared with, in 1969-70, 129,966,514 therms for a unit return of 27·93 cents.

The *Public Authorities (Contributions) Act 1966* requires the Corporation to pay to the Consolidated Fund 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 \$37,500,000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1969-70 and 3 per cent. thereof, \$1,125,000, was paid to the Consolidated Fund in June, 1971.

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

| | \$ | \$ |
|--|---------|---------|
| Balance brought forward 1st July, 1970 | 18,719 | |
| Net Profit for year from Profit and Loss Account | 421,404 | |
| | | 440,123 |
| Available for Appropriation | .. | |
| Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1970 | 157,639 | |
| Preference Dividend to be paid— | | |
| 4 per cent. per annum for half year ended 30th June, 1971 | 157,639 | |
| | | 315,278 |
| Balance carried forward 30th June, 1971 | .. | 124,845 |

The following is a statement of the Corporation's balances at 30th June, 1971, 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.

| Gas and Fuel Corporation. 30.6.70. | | Gas and Fuel Corporation. 30.6.71. | | Consolidated. 30.6.71. |
|---------------------------------------|--|---------------------------------------|--------------------|---------------------------|
| \$ | | \$ | \$ | \$ |
| | 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 | | 7,881,952 |
| 8,000,000 | 4,000,000 Ordinary Shares of \$2 each subscribed by the State of Victoria | 8,000,000 | | 8,000,000 |
| <u>15,881,952</u> | Subscribed Capital (Fully Paid) | | 15,881,952 | <u>15,881,952</u> |
| | Reserves— | | | |
| 1,978,397 | General Reserve | 2,048,354 | | 2,048,354 |
| 1,766,316 | Land Revaluation Reserve | 1,766,316 | | 1,766,316 |
| 457,336 | Contingencies Reserve | 507,336 | | 507,336 |
| | | | 4,322,006 | <u>4,322,006</u> |
| 18,719 | Profit and Loss Appropriation Account | | 124,845 | 124,845 |
| <u>20,102,720</u> | | | <u>20,328,803</u> | <u>20,328,803</u> |
| | Deferred Liabilities— | | | |
| 10,085,708 | Advances from State of Victoria | 10,090,690 | | 10,090,690 |
| 1,062,307 | Less securities purchased and cancelled by the National Debt Commission | 1,157,356 | | 1,157,356 |
| <u>9,023,401</u> | | | 8,933,334 | <u>8,933,334</u> |
| | Debentures and Debenture Stock (Secured)— | | | |
| 2,810,816 | Redeemable within twelve months | 10,257,837 | | 10,257,837 |
| 105,067,719 | Redeemable after twelve months | 117,295,439 | | 122,690,439 |
| .. | Purchase consideration due to former shareholders of the Geelong Gas Company (Part) | 2,902,100 | | 2,902,100 |
| <u>107,878,535</u> | \$ Contingent Liabilities— | \$ | 130,455,376 | 135,850,376 |
| 137,004,656 | 1,499 Uncalled amount on Shares held in another company | 1,499 | <u>159,717,513</u> | <u>165,112,513</u> |
| | 454,377 Commitments under Contracts for Capital Expenditure and Bank Guarantees | 2,133,043 | | |
| | Fixed Assets— | | | |
| 131,603,743 | Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in Progress (at cost or valuation) | 128,512,779 | | 134,302,202 |
| 31,340,172 | Less Provision for Depreciation (see explanatory note No. 3 herein) | 27,780,297 | | 28,997,543 |
| <u>100,263,571</u> | Carried forward | | 100,732,482 | <u>105,304,659</u> |

| Gas and Fuel Corporation. 30.6.70. | | Gas and Fuel Corporation. 30.6.71. | Consolidated. 30.6.71. |
|---------------------------------------|---|---------------------------------------|---------------------------|
| \$ | Brought forward | \$ | \$ |
| 100,263,571 | | 100,732,482 | 105,304,659 |
| Current Assets— | | | |
| 285,863 | Cash in Hand and at Banks | 261,901 | 349,674 |
| .. | Short-term Deposits | 2,493,236 | 4,878,236 |
| 7,665,401 | Trade and Other Debtors (<i>less</i> provision for Bad and Doubtful Debts and Consumers' Deposits) | 10,660,061 | 11,219,269 |
| 5,102,729 | Stocks at Cost or Valuation | 3,907,026 | 4,100,675 |
| 307,057 | Prepayments | 198,559 | 245,300 |
| 13,361,050 | | 17,520,783 | 20,793,154 |
| Less Current Liabilities— | | | |
| 5,757,744 | Trade and Other Creditors | 6,316,187 | 6,651,244 |
| 1,824,029 | Bank Overdraft | 2,445,413 | 2,445,413 |
| 2,202 | State of Victoria (Balance of advances for purchase of preference shares) | 472 | 472 |
| .. | Purchase consideration due to the former shareholders of the Geelong Gas Company (Part).. .. | 2,052,550 | 2,052,550 |
| Provisions— | | | |
| 2,580,525 | Long Service Leave | 2,980,288 | 3,061,952 |
| 706,445 | Retiring Allowances | 471,963 | 541,590 |
| 164,850 | Deferred Repairs | 156,250 | 156,250 |
| 157,639 | Preference Dividend | 157,639 | 157,639 |
| .. | Income Tax | .. | 18,391 |
| 11,193,434 | | 14,580,762 | 15,085,501 |
| 2,167,616 | Net Current Assets | 2,940,021 | 5,707,653 |
| Investments— | | | |
| 28,501 | Company Shares (at cost) | 28,501 | 28,501 |
| .. | In Subsidiary Company | 5,006,650 | .. |
| | | 5,035,151 | 28,501 |
| 28,501 | | 5,035,151 | 28,501 |
| Intangibles— | | | |
| .. | Goodwill on consolidation | .. | 1,875,949 |
| 576,578 | Unamortized Debenture Issue Expenses | 675,437 | 675,437 |
| | Natural Gas Change-over Costs (see explanatory note No. 2 herein)— | | |
| 13,380,736 | Unrecovered Cost of Redundant Plant | 21,787,233 | 21,787,233 |
| 19,740,619 | Appliance Conversion Costs | 27,650,032 | 28,835,924 |
| 847,035 | Transition Expenses | 2,597,157 | 2,597,157 |
| | | 52,709,859 | 55,771,700 |
| .. | Less amount amortized | 1,700,000 | 1,700,000 |
| | | 51,009,859 | 54,071,700 |
| 137,004,656 | | 159,717,513 | 165,112,513 |

DIRECTORS' EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1971.

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.*—Conversion to natural gas in the Melbourne and Gippsland areas was completed during the year and the cost of change-over is being written off by annual charges to Profit and Loss Account on the basis of estimated increasing gas sales over a period of 15 years.

As gas sold during the year was predominantly natural gas, amortisation of the above costs was commenced from 1st July, 1970 instead of 1st July, 1971. Accordingly severance payments, &c., made during the year were included with natural gas change-over costs. Similar payments in previous years were charged to Profit and Loss Account as paid.

3. *Provision for Depreciation.*—The provision for depreciation included annual charges and transfers of profits or losses on disposal of assets, including land. The cost of plant in course of normal retirement \$120,590 (1970 \$121,954) was deducted from the provision for depreciation.

4. *Contingent Liabilities (Unsecured).*—These liabilities consisted of uncalled amounts on shares held in another company \$1,499 (1970 \$1,499), commitments under contract for capital expenditure and guarantees approximating \$2,133,043 (1970 \$454,377) and Princes Gate long term lease.

5. *Consolidated Accounts.*—Under the heading "Consolidated" are the accounts of the Gas and Fuel Corporation of Victoria and its subsidiary The Geelong Gas Company incorporated in Victoria.

6. *Victorian Pipelines Commission.*—The Victorian Pipelines Commission was absorbed by the Corporation on 1st July, 1971, under a Victorian State Act. The Commission's accounts revealed unamortised establishment expenses, &c., of \$6,821,254 at 30th June, 1971, including an operating loss of \$1,398,819 for the year then ended.

The result of its operations as an integral part of the Corporation will be reflected in the June, 1972, year's accounts.

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 the Consolidated Fund on account of the State's financial interest in the Corporation is also shown.

| — | To 30th June, 1970. | 1970-71. | Total. |
|--|---------------------------|----------------|-------------------|
| | \$ | \$ | \$ |
| Acquisition of Shares— | | | |
| Subscription for 4,000,000 Ordinary Shares of \$2 .. | 8,000,000 | .. | 8,000,000 |
| Purchase of Preference Shares | 7,318,894 | 100,000 | 7,418,894 |
| | 15,318,894 | 100,000 | 15,418,894 |
| Advances— | | | |
| Advance for Capital Works | 10,000,000 | .. | 10,000,000 |
| Loan Flotation Expenses | 90,690 | 2,683 | 93,373 |
| | 10,090,690 | 2,683 | 10,093,373 |
| Preference Share Dividend Guarantee— | | | |
| Advanced to the Corporation | 354,694 | .. | 354,694 |
| Less Repayments | 354,694 | .. | 354,694 |
| | .. | .. | .. |
| Total Investments and Advances by the State | 25,409,584 | 102,683 | 25,512,267 |
| Cost to the State on account of the above— | | | |
| Interest on Loans | 16,152,192 | 1,037,498 | 17,189,690 |
| Sinking Fund Contribution | 1,072,932 | 63,414 | 1,136,346 |
| | 17,225,124 | 1,100,912 | 18,326,036 |
| Less Recoups, &c., from Corporation— | | | |
| Interest on Advances | 7,334,495 | 499,001 | 7,833,496 |
| Sinking Fund Contribution | 393,906 | 25,092 | 418,998 |
| Dividends on Preference Shares | 4,572,184 | 293,178 | 4,865,362 |
| | 12,300,585 | 817,271 | 13,117,856 |
| Net Cost to the State | 4,924,539 | 283,641 | 5,208,180 |

The above statement does not take into account the sum of \$1,125,000, already referred to, which was paid into the Consolidated Fund in 1970-71 in accordance with the provisions of the *Public Authorities (Contributions) Act 1966* or the total amount that has been transferred to the Consolidated Fund in accordance with these provisions to 30th June, 1971, namely, \$5,115,000.

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, 1971, the State was the registered owner of 3,699,141 shares. The transfer of a further 70 shares was in course and \$472 was held by the Corporation for future purchases.

GEE LONG HARBOR TRUST.

The net revenue for the year ended 31st December, 1970, was \$1,362,732, an increase of \$453,769 compared with that of the previous year. Appropriations to Sinking Fund, Insurance Fund, Port Development Fund and Long Service Leave Provision absorbed \$665,253, leaving a net surplus of \$697,479.

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

| | | 1969. | 1970. |
|---------------------------------------|--|-----------|-----------|
| <i>Revenue.</i> | | \$ | \$ |
| Operating Revenue— | | | |
| Harbor Revenue | | 2,535,443 | 2,937,007 |
| Shipping Services | | 756,078 | 909,021 |
| Other | | 148,679 | 185,894 |
| Non-operating Revenue— | | | |
| Interest | | 8,175 | 19,746 |
| Sale of Scrap Materials | | 2,266 | 2,450 |
| Total Revenue | | 3,450,641 | 4,054,118 |
| <i>Expenditure.</i> | | | |
| Operating Expenses— | | | |
| Administration, &c. | | 387,214 | 417,722 |
| Shipping Services | | 686,830 | 774,661 |
| Maintenance | | 230,013 | 271,930 |
| Depreciation and Amortization | | 736,727 | 740,180 |
| Non-operating Expenses— | | | |
| Superannuation | | 58,902 | 71,503 |
| Interest | | 421,847 | 387,995 |
| Miscellaneous | | 20,145 | 27,395 |
| Total Expenditure | | 2,541,678 | 2,691,386 |
| Net Revenue | | 908,963 | 1,362,732 |
| Appropriations— | | | |
| Sinking Fund | | 80,936 | 79,601 |
| Insurance Fund | | 62,000 | 69,000 |
| Port Development Fund | | 700,000 | 500,000 |
| Long Service Leave | | 13,241 | 16,652 |
| Total Appropriations | | 856,177 | 665,253 |
| Net Surplus | | 52,786 | 697,479 |

The following statement summarizes the Trust's financial position as at 31st December, 1969 and 1970 :—

| 31.12.69. | | 31.12.70. |
|------------|--|------------|
| \$ | | \$ |
| | Source of Funds— | |
| | External— | |
| 8,093,615 | Loan Liability | 7,062,715 |
| | Internal— | |
| 5,475,442 | Endowments | 5,518,204 |
| 11,726,060 | Net Revenue Account—Accumulated Surplus | 12,423,539 |
| 1,309,524 | General Reserve | 2,331,908 |
| | Specific Reserves and Funds | 5,206,114 |
| 5,170,291 | <i>Less</i> Investments | 5,048,843 |
| 5,037,368 | | |
| 132,923 | | 157,271 |
| 18,643,949 | | 20,430,922 |
| 26,737,564 | | 27,493,637 |
| | Represented by— | |
| | Current Assets— | |
| 1,060 | Cash | 46,641 |
| .. | Investments | 477,341 |
| 302,313 | Sundry Debtors and Prepayments | 275,095 |
| 37,282 | Stores (at cost) | 42,647 |
| 340,655 | | 841,724 |
| | <i>Less</i> —Current Liabilities— | |
| 9,788 | Bank Overdraft | .. |
| 216,744 | Sundry Creditors and Accruals | 189,304 |
| 80,140 | Contractors' Deposits and Retentions | 29,539 |
| 306,672 | | 218,843 |
| 33,983 | | 622,881 |
| | Deferred Assets— | |
| 83,104 | Various Advances, &c. | 69,550 |
| | Fixed Assets (at Cost <i>less</i> Depreciation)— | |
| 170,715 | Land (Purchased and Vested) | 217,916 |
| 1,961,457 | Buildings and Improvements | 1,900,682 |
| 22,147,246 | Harbor Works | 22,469,030 |
| 2,107,980 | Floating Plant | 1,994,093 |
| 206,740 | Other Plant and Vehicles | 193,810 |
| 26,339 | Furniture and Fittings | 25,675 |
| 26,620,477 | | 26,801,206 |
| 26,737,564 | | 27,493,637 |

Specific Reserves and Funds.—Transactions within the respective Reserves and Funds under this heading during 1970 are given hereunder :—

| | Port Development Fund. | Sinking Fund. | Insurance Reserve Fund. | Provision for Long Service Leave. |
|---|------------------------------|------------------|-------------------------------|---|
| | \$ | \$ | \$ | \$ |
| Balance forward 1st January, 1970 | 2,680,509 | 988,036 | 1,368,823 | 132,923 |
| Allocation from Revenue | 500,000 | 79,601 | 69,000 | 42,567 |
| Interest on Investments | 145,299 | 35,033 | 79,159 | .. |
| Surplus from realization of inscribed stock | .. | .. | 1,686 | .. |
| | 3,325,808 | 1,102,670 | 1,518,668 | 175,490 |
| <i>Less</i> —Loss from realization of inscribed stock | 903 | .. | .. | .. |
| Debits | .. | 897,400 | .. | 18,219 |
| Balance 31st December, 1970 | 3,324,905 | 205,270 | 1,518,668 | 157,271 |
| | 5,206,114 | | | |

GRAIN ELEVATORS BOARD.

The Grain Elevators Board is constituted under the provisions of the *Grain Elevators Act* 1958 and acts, by agreement, as the bulk handling agent, in Victoria, for the Australian Wheat Board and the Australian Barley Board.

New agreements between the Grain Elevators Board and the Australian Wheat Board and the Australian Barley Board have been drawn up. These agreements relate to a period of four years commencing from the 1st November, 1969, and concluding on 31st October, 1973. Broadly, the Grain Elevators Board will be paid, for the use of its facilities, a remuneration based on :—

1. Australian Wheat Board.

- (a) Operating costs, including maintenance.
- (b) Interest and loan expenses actually incurred on borrowings used to finance grain handling facilities.
- (c) Depreciation.
- (d) A hiring charge of $1\frac{1}{4}$ per cent. on the original cost of grain handling facilities not fully depreciated.

At the date of preparation of this Report, the agreement between the Grain Elevators Board and the Australian Wheat Board had not been signed.

2. Australian Barley Board.

(i) Sunshine

- (a) Operating and maintenance costs.
- (b) Interest at $6\frac{1}{4}$ per cent. per annum calculated on the actual capital expenditure.
- (c) Depreciation.
- (d) A hiring charge at $1\frac{1}{4}$ per cent. calculated on the capital cost on which depreciation is calculated.

(ii) Portland. All operating and maintenance costs incurred in handling barley at Portland Terminal.

(iii) A charge per bushel of barley receivals for administration and for the use of all other facilities.

The agreement was signed by the Grain Elevators Board on 26th April, 1971, and by the Australian Barley Board on 24th May, 1971.

Wheat receivals for the 1969–70 season totalled 85,810,203 bushels while 7,270,489 bushels of barley were handled. The comparable totals for the 1968–69 season were 94,151,758 bushels and 5,822,017 bushels respectively.

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 1969–70 accounting period of \$99,719 compared with a surplus of \$167,049 in respect of the previous period. Because net operating and maintenance costs are recovered in full from the respective Boards, the excess of income over expenditure is directly related to the excess of revenue from the Remuneration Agreements over loan and depreciation charges.

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

| 31.10.69. | | 31.10.70. |
|------------|---|--------------------|
| \$ | | \$ \$ \$ |
| | Current Assets— | |
| 461,498 | Sundry Debtors, Accrued Interest and Advances | 1,585,674 |
| 2,523 | Cash | 24,996 |
| <hr/> | | <hr/> |
| 464,021 | | 1,610,670 |
| 12,085,021 | Investments | 12,257,642 |
| | Fixed Assets—at Cost— | |
| | Construction— | |
| 18,786,637 | Country Elevators | 18,788,399 |
| 3,615,488 | Geelong Terminal | 3,615,488 |
| 1,356,444 | Sunshine Sub-Terminal | 1,467,890 |
| | | <hr/> |
| | | 23,871,777 |
| | Equipment and Plant— | |
| 5,430,448 | Country Elevators | 6,246,954 |
| 1,647,439 | Geelong Terminal | 1,650,673 |
| 186,752 | Sunshine Sub-Terminal | 199,406 |
| | | <hr/> |
| | | 8,097,033 |
| 4,840 | Marmalake No. 1 Emergency Store | 4,840 |
| 265,447 | Motor Vehicles, Office Furniture and Equipment | 320,982 |
| 534,798 | Freehold Land and Buildings | 534,798 |
| | | <hr/> |
| | | 860,620 |
| | | <hr/> |
| | | 32,829,430 |
| 1,712,155 | Horizontal Emergency Storages | 1,771,820 |
| 17,579 | National Debt Sinking Fund—Cash in Fund | 5,790 |
| <hr/> | | <hr/> |
| 46,107,069 | | 48,475,352 |
| | Current Liabilities— | |
| 746,880 | Sundry Creditors | 1,340,308 |
| | Loans— | |
| 1,671,795 | Government of Victoria | 1,630,513 |
| 26,572,548 | Public | 26,733,816 |
| | | <hr/> |
| | | 28,364,329 |
| | Reserves and Sinking Funds— | |
| | Cancelled Securities Reserves— | |
| 500,357 | National Debt Sinking Fund | 530,754 |
| 959,212 | Debentures and Inscribed Stock | 1,197,944 |
| 779,660 | Matured Public Loans | 779,660 |
| 7,236,360 | Depreciation Reserve Fund | 8,054,236 |
| 4,840 | Marmalake No. 1 Emergency Storage Reserve | 4,840 |
| 500,000 | Office Building Reserve | 500,000 |
| 377,796 | Insurance Reserve Fund | 423,161 |
| 2,452,454 | General Reserve Fund | 2,531,027 |
| 1,018,056 | Debentures and Inscribed Stock Sinking Fund | 1,176,922 |
| 1,006,545 | Renewals Reserve Fund | 1,156,643 |
| 118,885 | Provision for Long Service Leave and Retiring Gratuities | 132,874 |
| 556,850 | Superannuation Fund | 623,637 |
| | | <hr/> |
| | | 17,111,698 |
| 1,119,705 | Reserve Fund Contribution for Renewal of Assets | 1,175,720 |
| | Suspense Accounts— | |
| 16,970 | Border Wheat Agreements and Tenderers' Deposits | 16,920 |
| 6,770 | Rebagging Wheat | 5,312 |
| 164 | Unclaimed Interest | 164 |
| | | <hr/> |
| | | 22,396 |
| 461,222 | Revenue Account—Net Accumulation | 460,901 |
| <hr/> | | <hr/> |
| 46,107,069 | | 48,475,352 |

To ensure that facilities would be available to store all quota wheat from the 1969–70 and 1970–71 seasons, the Grain Elevators Board 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 reimbursements 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 internal resources.

Reserves and Sinking Funds of the Board totalled \$17,111,698 at 31st October, 1970, compared with \$15,511,015 at the close of the previous year.

In addition to the appropriation of interest received on investments of the various funds, the Board, in 1969–70, appropriated a further sum of \$170,000 to the Renewals Reserve Fund. Particulars of the operations of this Fund are :—

| | \$ |
|--|-----------|
| Balance 1st November, 1969 | 1,006,545 |
| <i>Add</i> —Interest on Investments Appropriated | 36,113 |
| Special Board Appropriation | 170,000 |
| | <hr/> |
| | 1,212,658 |
| <i>Less</i> —Renewals and Improvements— | |
| Electrification Country Elevators | 56,015 |
| | <hr/> |
| Balance 31st October, 1970 | 1,156,643 |

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, 1971, was \$28,600,000 compared with \$27,050,000 at 30th June, 1970. Of the amount of \$28,600,000, 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 | .. | 10,750,000 |
| Other Savings Banks | 14,010,000 | |
| Trading Banks | 1,150,000 | |
| | <hr/> | 15,160,000 |
| Insurance Companies | .. | 2,440,000 |
| Other | .. | 250,000 |
| | | <hr/> |
| | | 28,600,000 |
| | | <hr/> |

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 | .. | 28,600,000 |
| Less—Amount not yet drawn by Trust | 519,811 | |
| Amount repaid to lending institutions | 3,822,698 | |
| | <hr/> | 4,342,509 |
| Total liability of Trust to lending institutions | | 24,257,491 |
| | | <hr/> |

Loans approved by the Trust to borrowers amounted to \$36,401,989, of which sum \$3,677,420 related to second mortgages. Discharged mortgages, including mortgages on repossessed properties sold under contracts of sale, amounted to \$7,422,810. Advances secured by first mortgage at 30th June, 1971, amounted to \$22,779,557 (net) and, by second mortgage, to \$1,494,740 (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 \$74,625. The surplus on account of second mortgages (Home Finance Fund No. 2) was \$9,272.

A summary of the income and expenditure of the Trust for 1969–70 and 1970–71 is furnished below. The figures are subject to audit.

| 1969–70. | | 1970–71. |
|-----------|--|------------|
| \$ | <i>Income.</i> | \$ \$ |
| 1,236,578 | Interest Receivable from Mortgagors and on Sales, &c. .. | 1,410,458 |
| 1,182,831 | Less Interest Payable to Depositors (including Overdraft Interest) | 1,311,465 |
| | | <hr/> |
| 53,747 | | 98,993 |
| 10,412 | Insurance Commission | 11,473 |
| 718 | Other | 1,186 |
| | | <hr/> |
| 64,877 | Total Income (net) | 111,652 |
| | | <hr/> |
| | <i>Expenditure.*</i> | |
| 6,400 | Fees—Members of Trust | 6,400 |
| 2,000 | Rent—Office Premises at 191 Queen Street | 2,000 |
| 588 | Printing and Stationery | 1,218 |
| 1,327 | Postage and Telephone | 1,566 |
| 15,000 | Contribution to Treasury | 15,000 |
| 5,339 | Sundry | 1,571 |
| | | <hr/> |
| 30,654 | | 27,755 |
| | | <hr/> |
| 34,223 | Operating Surplus | 83,897 |
| 177 | Less Losses on Sale of Repossessed Properties | .. |
| | | <hr/> |
| 34,046 | Surplus | 83,897 |
| | | <hr/> |

* Salaries are not charged in the accounts of the Trust.

Set out hereunder are particulars of the Trust's assets and liabilities as at 30th June, 1970, and 1971.

| 30.6.70. | <i>Assets.</i> | 30.6.71. |
|-------------------|--|-------------------|
| \$ | | \$ |
| 24,104,156 | Current ordinary loans secured by first mortgage | 26,279,554 |
| 3,058,434 | Less repayments by mortgagors | 3,499,997 |
| | | <u>22,779,557</u> |
| 2,494,695 | Current ordinary loans secured by second mortgage | 2,413,660 |
| 828,485 | Less repayments by mortgagors | 918,920 |
| | | <u>1,494,740</u> |
| 167,920 | Repossessed properties sold under contracts of sale | 149,670 |
| 32,636 | Less payments of instalments of principal | 32,188 |
| | | <u>117,482</u> |
| 133,380 | Arrears—(net) under mortgages and contracts of sale | 169,906 |
| 7,185 | Prior ranking securities paid out from Fund No. 2 | .. |
| 4,559 | Sundry Debtors | 3,339 |
| 77,796 | Cash at Bank | 139,979 |
| 200,000 | Cash on Fixed Deposit | 50,000 |
| 40 | Cash on Hand | 40 |
| <u>23,270,176</u> | | <u>24,755,043</u> |
| | <i>Liabilities.</i> | |
| 22,849,261 | Deposits by lending institutions and accommodation by way of overdraft—repayment guaranteed by Treasurer of Victoria | 24,257,491 |
| 3,000 | Bushfire relief grants—Trust Account | .. |
| 4,056 | Prepayments by mortgagors of valuation and inspection fees | 976 |
| 12,261 | Mortgagors' equities in properties repossessed and sold | 11,153 |
| 1,445 | Sundry Creditors | 1,373 |
| 200,000 | Provision for Interest Fluctuation (Fund No. 1) | 200,000 |
| 166,444 | Home Finance Fund No. 1—Surplus | 241,069 |
| 33,709 | Home Finance Fund No. 2—Surplus | 42,981 |
| | | <u>284,050</u> |
| <u>23,270,176</u> | | <u>24,755,043</u> |

HOSPITALS SUPERANNUATION BOARD.

This Board was constituted under the provisions of the *Hospitals Superannuation Act 1965*. It is responsible for the administration of the Hospitals Superannuation Fund established under this Act for the purpose of providing, on a contributory basis, a scheme of superannuation for employees of participating hospitals and other institutions.

In addition to allowing for future admissions to the scheme, the Act provided for the transfer of the various institutions participating in the Institutional Staff Superannuation Fund, formerly administered by the Victorian Hospitals' Association, to the scheme administered by the Board. The assets of the former scheme were transferred to the Hospitals Superannuation Fund on 1st July, 1966, the day fixed as the "Fund Opening Day".

Amending legislation, the *Hospitals Superannuation (Amendment) Act 1970*, operative from 1st December, 1970, empowered the Board, subject to the consent of the Governor in Council, to assume responsibility for the administration of superannuation schemes in force at institutions which are admitted as participating institutions in terms of Part III. of the principal Act.

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.

Summaries of the transactions of the Management Account within the Fund during 1969-70 and 1970-71 and of the Balance Sheets of the Fund as at 30th June, 1970, and 30th June, 1971, are given below :—

MANAGEMENT ACCOUNT.

| 1969-70. | | 1970-71. |
|----------|--|----------|
| \$ | | \$ |
| | <i>Administration</i> | |
| | <i>Income—</i> | |
| 110,718 | Management Proportion of Contributions | 136,276 |
| 2,305 | Commission | 2,866 |
| 6,083 | Distribution of Earnings | 9,582 |
| 119,106 | | 148,724 |
| | <i>Expenditure—</i> | |
| 44,110 | Salaries and Wages | 61,196 |
| 1,374 | Provision for Long Service Leave | 3,000 |
| 1,246 | Staff Superannuation | 1,407 |
| 14,032 | Fees—Actuarial, audit, medical, &c. | 24,462 |
| 14,898 | Office and Miscellaneous Expenses | 18,487 |
| 3,939 | Depreciation | 4,700 |
| 39,507 | Transfer to Accumulated Fund | 35,472 |
| 119,106 | | 148,724 |
| | <i>Accumulated Fund</i> | |
| 24,249 | Balance, 1st July | 31,006 |
| 39,507 | Transfer from Administration | 35,472 |
| 63,756 | | 66,478 |
| | <i>Less—</i> | |
| 7,750 | Purchase of Office Furniture, &c. | 8,920 |
| 25,000 | Transfer to Management Reserve | 8,920 |
| 31,006 | Balance, 30th June | 57,558 |
| | <i>Management Reserve Account</i> | |
| 25,000 | Balance, 1st July | 50,000 |
| 25,000 | Transfer from Accumulated Fund | 98,564 |
| .. | Transfer from Welfare Account | .. |
| 50,000 | Balance, 30th June | 148,564 |

BALANCE SHEET.

| 30.6.70. | | 30.6.71. |
|-------------------|--|-------------------|
| \$ | | \$ |
| | <i>Assets</i> | |
| 9,144,296 | Approved Scheme—A.M.P. Society Investment (net) | 11,182,936 |
| | Other Assets— | |
| 79,943 | Cash at Bank and on Hand | 59,677 |
| 39,860 | Accruals and Outstandings | 61,135 |
| .. | Prepayments | 22,442 |
| 2,651,817 | Investments (Face value \$2,982,315) | 2,975,462 |
| 17,422 | Office Furniture, Equipment, Fittings and Motor Vehicles (less Depreciation).. .. . | 23,940 |
| <u>11,933,338</u> | | <u>14,325,592</u> |
| | <i>Accounts and Liabilities</i> | |
| | Approved Scheme— | |
| 8,801,109 | Members' Accounts | 10,738,504 |
| 111,401 | Beneficiaries' Account (Deferred Benefits) | 126,417 |
| 231,675 | Insurance Account | 295,234 |
| 111 | Undistributed Earnings | 68 |
| .. | Prepayments | 22,713 |
| <u>9,144,296</u> | | <u>11,182,936</u> |
| | Other Accounts and Liabilities— | |
| 1,828,405 | Provident Account | 1,688,678 |
| .. | Non-Contributing Members' Accounts.. .. . | 219,123 |
| 278,843 | Welfare Account | 200,000 |
| 39,594 | Beneficiaries (Disability Benefits) | 43,554 |
| 247,492 | Supplementary Contributions—Members' Accounts | 375,151 |
| 18,680 | Annuities | 18,909 |
| 128,107 | Terminal Benefits—Class "B" Institutions | 185,842 |
| 118,386 | Sundry Benefits, &c. Outstanding | 139,565 |
| 9,545 | General Reserve Account | 9,545 |
| .. | Mortgage Indemnity Fund | 1,030 |
| | Management— | |
| 6,681 | Sundry Creditors and Accrued Expenses | 10,914 |
| 5,500 | Provision for Long Service Leave.. .. . | 8,500 |
| | Accumulated Fund— | \$ |
| 26,803 | Capital | 35,723 |
| 31,006 | Surplus | 57,558 |
| | | <u>93,281</u> |
| 50,000 | Reserve | 148,564 |
| <u>11,933,338</u> | | <u>261,259</u> |
| | | <u>14,325,592</u> |

Explanations of some of the major items shown in the Balance Sheet are given below :—

Approved Scheme, \$11,182,936,—represents the accumulated credit to accounts of members who are accepted by the Board on their own application and of employees who became members by virtue of the transfer of the Institutional Superannuation Fund to the Hospitals Superannuation Fund on 1st July, 1966, and on whose lives policies of life insurance were held by the trustees of the former scheme and who were under a specified age prior to that date.

The whole of the moneys held on account of the Approved Scheme are invested with the Australian Mutual Provident Society.

Provident Account, \$1,688,678,—represents the equity of those members who had an interest in the common investment fund of the Institutional Staff Superannuation Fund prior to its transfer to the Hospitals Superannuation Fund on 1st July, 1966.

Non-Contributing Members' Accounts, \$219,123,—represents the total of accounts of members who have reached the statutory retiring age but who are continuing in the employment of participating institutions.

Welfare Account, \$200,000,—enables the Board to make payments for the relief of distress and hardship to contributors, former contributors and their dependants and to persons who were dependent upon deceased contributors or former contributors at the time of their death. The income of this Account is derived from any moneys standing to the credit of the Management Account and considered by the Board to be surplus for the purpose of that Account, and a share in the distribution of certain earnings of the Fund.

Moneys standing to the credit of this Account and considered by the Board to be surplus to requirements may be transferred to the Management Account. During the year under review, the Board authorized the transfer of \$98,564 from the Welfare Account to the Management Account (Management Reserve).

Supplementary Contributions—Members' Accounts, \$375,151—the Act enables members to make supplementary contributions either by way of deduction from salary (not exceeding five per cent.) or by lump sum payments (not exceeding a prescribed amount). Benefits payable on termination of membership consist of the balances of the Members' Supplementary Contributions Accounts. Balances are arrived at after crediting interest earned on contributions and deducting charges for management expenses.

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

| 1969-70. | | 1970-71. | |
|--------------|--|----------|-----------|
| \$ | | \$ | |
| .. | Profit—Rental Operations | .. | 120,404 |
| *150,939 | Surplus—Miscellaneous Funds | .. | *274,789 |
| 62,832 | Net Profit—Residential Land Sales | .. | 17,102 |
| 703,924 | Realized Profit—House Sales | 809,480 | |
| 600,000 | Less Appropriation for Slum Reclamation and Clearance of Areas | .. | 809,480 |
| <hr/> | | <hr/> | |
| 317,695 | | | 1,221,775 |
| <i>Less—</i> | | | |
| 483,592 | Loss—Rental operations | .. | .. |
| 72,308 | Cost of Statutory Functions—non-revenue producing | 87,612 | 87,612 |
| <hr/> | | <hr/> | |
| .. | Balance—Profit—General Revenue Account as at close of year | | 1,134,163 |
| 238,205 | „ Loss „ „ „ „ „ „ | .. | .. |
| <hr/> | | <hr/> | |

* Includes notional interest on interest-free loans—1969-70, \$30,764 ; 1970-71, \$100,982.

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 :—

| | 1969-70. | | 1970-71. | |
|--|----------|------------|----------|------------|
| | \$ | \$ | \$ | \$ |
| Gross rental charges | .. | 18,425,461 | .. | 21,060,386 |
| <i>Deduct—</i> | | | | |
| Rental rebates allowed | .. | 1,596,781 | .. | 1,834,030 |
| Losses from vacancies | .. | 172,031 | .. | 182,415 |
| | | <hr/> | <hr/> | <hr/> |
| | | 1,768,812 | | 2,016,445 |
| Credit for Rentals—General Revenue Account | | <hr/> | | <hr/> |
| | | 16,656,649 | | 19,043,941 |

The increase of \$2,634,925 in gross rental charges was due to additional units becoming available for tenancy and to a general rise in rentals from 19th September, 1970.

Rental rebates, where allowed by the Commission in respect of certain pensioners and large families, were not calculated strictly in accordance with the provisions of the Housing (Rents and Rebates) Regulations 1971 made under authority of Section 32 of the *Housing Act 1958*.

Sales of Houses.—For the year, 2,179 units were sold for a total sum of \$22,965,331. Details are :—

| | No. | Cost. | Selling Price. | Surplus. |
|---|-------|------------|----------------|-----------|
| | | \$ | \$ | \$ |
| <i>Cash Sales—</i> | | | | |
| State | 1 | 2,287 | 7,878 | 5,591 |
| Commonwealth—State Housing Agreement 1945 | 13 | 71,398 | 119,456 | 48,058 |
| Commonwealth—State Housing Agreement 1956 | .. | .. | .. | .. |
| <i>Sales per War Service Homes Commission—</i> | | | | |
| Commonwealth—State Housing Agreement 1945 | 17 | 93,276 | 157,192 | 63,916 |
| Commonwealth—State Housing Agreement 1956 | 1 | 6,994 | 9,539 | 2,545 |
| <i>Terms Sales—</i> | | | | |
| State | 17 | 43,155 | 132,862 | 89,707 |
| Commonwealth—State Housing Agreement 1945 | 500 | 3,133,161 | 4,585,819 | 1,452,658 |
| Commonwealth—State Housing Agreement 1956 | 1,364 | 14,093,753 | 15,200,973 | 1,107,220 |
| <i>Repossessions Resold—</i> | | | | |
| State | 15 | 99,177 | 141,145 | 41,968 |
| Commonwealth—State Housing Agreement 1945 | 32 | 212,276 | 297,048 | 84,772 |
| Commonwealth—State Housing Agreement 1956 | 219 | 2,008,198 | 2,313,419 | 305,221 |
| Miscellaneous | .. | .. | .. | .. |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 2,179 | 19,763,675 | 22,965,331 | 3,201,656 |

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 | 3,201,656 | |
| <i>Less</i> Transfer to House Sales Unrealized Profit Suspense Account | 1,844,854 | |
| | <hr/> | 1,356,802 |
| Interest receivable on terms Sales | 9,219,982 | |
| <i>Less</i> Interest payable on houses sold | 7,403,241 | |
| | <hr/> | |
| Interest on House Sales (net) | 1,816,741 | |
| <i>Less</i> Appropriation to House Purchasers' Death Benefit Fund | 472,717 | |
| | <hr/> | 1,344,024 |
| Other House Sales revenue (included in Miscellaneous revenue in General Revenue Account) | | 162,212 |
| | | <hr/> |
| | | 2,863,038 |
| | | |
| <i>Less</i> Administration—House Sales | 1,004,797 | |
| Maintenance and repairs on houses sold | 239,673 | |
| Miscellaneous | 3,745 | |
| | <hr/> | 1,248,215 |
| | | <hr/> |
| | | 1,614,823 |
| | | |
| <i>Less</i> Appropriation to Interest Receivable Reserve—House Purchasers | | 805,343 |
| | | <hr/> |
| Net Credit to General Revenue on account of House Sales .. | | 809,480 |
| | | <hr/> |

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 \$17,102 compared with \$62,832 for 1969–70.

The financial position of the Commission as at 30th June, 1970 and 1971, is summarized hereunder :—

| 30.6.70. | | 30.6.71. |
|--------------------|---|--------------------|
| \$ | | \$ \$ |
| | <i>Current Assets—</i> | |
| 2,024,631 | Sundry Debtors | 2,286,840 |
| 1,274,700 | Cash at Bank and in Transit | <u>252,163</u> |
| 3,299,331 | | 2,539,003 |
| <u>10,006,685</u> | <i>Investments</i> | 10,428,151 |
| | <i>Deferred Assets—</i> | |
| 190,664,950 | House Purchase Debtors | 203,823,255 |
| | <i>Fixed Assets—</i> | |
| 45,558,954 | Estates—Cost of land, developmental and incidental expenses | 50,348,457 |
| 247,940,564 | Dwellings and Shops | 266,399,571 |
| 718,474 | Holmesglen Housing Factory—Land and Buildings | 721,411 |
| 19,329,824 | Properties acquired for Slum Reclamation | 19,974,546 |
| 304,824 | Store-rooms, Offices, &c. | 397,749 |
| 579,113 | Plant, Vehicles, Office Furniture and Equipment | 724,819 |
| 812,830 | Concrete House Project | 680,531 |
| 600 | Shares—31 Melrose Street Pty. Ltd. | <u>400</u> |
| 315,245,183 | | 339,247,484 |
| 666,927 | <i>Deposit and Trust Account—</i> Cash at Bank and Securities | 637,366 |
| | <i>Intangibles—</i> | |
| 178,222 | Plans and Designs, &c. | 208,218 |
| 725,475 | Slum Reclamation—Unrecouped costs | .. |
| 70,295 | Electronic Data Processing—Planning Costs | 35,148 |
| 2,820 | Overseas Delegation—Expenses | <u>..</u> |
| 976,812 | | 243,366 |
| <u>520,859,888</u> | Total | <u>556,918,625</u> |
| | <i>Current Liabilities—</i> | |
| 1,248,079 | Sundry Creditors | 1,339,867 |
| | <i>Loans—</i> | |
| 425,802,670 | Government advances | 452,012,686 |
| 600,000 | Debenture issues | 400,000 |
| 3,959,164 | Death Benefit Fund advances | <u>4,522,000</u> |
| 430,361,834 | | 456,934,686 |
| | <i>Advances and Subsidies—</i> | |
| 2,484,418 | Subsidy from Loan for Slum Reclamation | 2,480,056 |
| 1,725,650 | Subsidy from Municipalities | 1,725,650 |
| 84,316 | Gift of Flats—City of Prahran | 84,316 |
| 200,000 | Commonwealth Grant—Dwellings for Aged Pensioners | <u>2,129,475</u> |
| 4,494,384 | | 6,419,497 |
| | <i>Reserves and Sinking Funds, &c.—</i> | |
| 100,000 | Debenture Loans Redemption | 100,000 |
| 544,473 | Cancelled Securities—National Debt Sinking Fund | 654,399 |
| 163,966 | Debenture Loan Sinking Fund | 118,282 |
| 23,523,401 | Loan Redemption—Commonwealth—State Agreements | 25,062,465 |
| 3,787,340 | Accruing Maintenance Provision | 3,564,148 |
| 50,000 | Irrecoverable Rents Provision | 50,000 |
| 24,405,081 | Unrealized Profit Suspense Account—House Sales | 27,607,996 |
| 213,904 | Unrealized Profit Suspense Accounts—Land and Shops | 242,054 |
| 7,568,950 | House Purchasers' Death Benefit Fund | 8,435,784 |
| 6,719,160 | Realized Profit Reserves | 6,821,881 |
| 10,484,015 | Interest Receivable Reserve—House Purchasers | 11,685,738 |
| 2,700,000 | Appropriation of House Sales Profits for Slum Reclamation Works | 2,700,000 |
| 5,000 | Provision for Loan Flotation Expenses | <u>5,000</u> |
| 80,265,290 | | 87,047,747 |
| 3,823,374 | <i>Accumulated Surplus</i> | 4,539,462 |
| | <i>Deposit and Trust Account—</i> | |
| 666,927 | Contractors' deposits and other trust moneys | 637,366 |
| <u>520,859,888</u> | Total | <u>556,918,625</u> |

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

Sundry Debtors, \$2,286,840. Details are :—

| | \$ |
|---|-----------|
| Rental Arrears | 583,884 |
| Tenants' Maintenance Arrears | 141,489 |
| Works and Materials, &c., for other bodies and adjoining owners, &c. .. | 322,951 |
| Debtors on account of Shop and Land Sales (net) | 1,114,013 |
| Revenue Accruals, Prepayments and Advances, &c. | 108,205 |
| Commonwealth of Australia—Migrant Housing | 16,298 |
| | <hr/> |
| | 2,286,840 |

The amount of \$16,298 was the balance remaining unrecouped from the Commonwealth out of the expenditure of \$208,252 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 \$760,542.

Investments.—The book value of investments increased during the year from \$10,006,685 to \$10,428,151. Relevant details as at 30th June, 1971, are :—

| | \$ |
|--|------------|
| Interest-free advances—to other Public Authorities | 1,961,674 |
| Loan to a Public Authority | 11,842 |
| Investments—Sinking Fund | 118,283 |
| Investments—Death Benefit Fund | 8,336,352 |
| | <hr/> |
| | 10,428,151 |

Concrete House Project.—The amounts, \$812,830, as at 30th June, 1970, and \$680,531, as at 30th June, 1971, are, in effect, the notional liabilities, as at the respective dates, of the Concrete House Project to the Commission. The decrease during the year is explained as follows :—

| | \$ | \$ |
|---|--------|---------------|
| Liability of Concrete House Project to Commission on account of advances for improvements and for working capital as at 30th June, 1970 | .. | 812,830 |
| <i>Deduct—</i> | | |
| Decrease in Current Assets | 31,795 | |
| Decrease in book value of Equipment, Plant, Tools, &c. .. | 40,174 | |
| Increase in Current Liabilities | 28,623 | |
| Increase in Reserve for Long Service Leave | 31,707 | |
| | <hr/> | 132,299 |
| Item—"Concrete House Project" as at 30th June, 1971 | .. | <hr/> 680,531 |

The Project was charged notional interest at the rate of $4\frac{1}{4}$ per cent. per annum on the book value of its land, buildings and road services, &c. In the summary of the Commission's Revenue Account for 1970–71 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, \$35,148.—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 \$197,232 has been written off leaving a balance of \$35,148.

Other assets associated with the installation aggregate \$203,779 and are included in the balance-sheet item "Plant, Vehicles, Office Furniture and Equipment". This sum includes the cost of a new computer which the Commission purchased during 1970-71 for \$169,270 as a replacement for the one which had been in use since 1964-65.

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 1969-70 and 1970-71 are :—

| | 1969-70. | | 1970-71. | |
|------------------------|------------------|------|------------------|------|
| | \$ | % | \$ | % |
| Rates | 261,105 | 8·9 | 284,554 | 8·7 |
| Interest | 881,441 | 5·8 | 1,213,614 | 7·3 |
| Administration | 1,317,935 | 32·1 | 1,584,742 | 33·1 |
| | <u>2,460,481</u> | | <u>3,082,910</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 \$29,097,914 was made available to the Commission under the terms of the Commonwealth and State Housing Agreement. Total loans from all sources at the close of the year amounted to \$516,996,581. At 30th June, 1971, the liability in respect of loans was \$456,934,686. Details are :—

| | \$ | \$ |
|--|--------------------|--------------------|
| <i>State Housing.</i> | | |
| From the Government of Victoria—Housing | 2,327,953 | |
| " " " " " " Slum Reclamation | 21,696,446 | |
| " " " " " " Debenture issues of the Commission | 1,040,000 | |
| | <u>25,064,399</u> | |
| Government Loan transferred to the Commission | 60,000 | 25,124,399 |
| <i>Less Securities purchased out of National Debt Sinking Fund and cancelled</i> | 1,213,592 | |
| Debentures redeemed under Housing Act | 640,000 | |
| Repayments on Slum Reclamation | 6,465,387 | |
| | <u>8,318,979</u> | |
| | | <u>16,805,420</u> |
| <i>Commonwealth-State Housing Agreements.</i> | | |
| Loan Advances received from the Commonwealth of Australia | 487,350,182 | |
| <i>Less Repayments</i> | 51,742,916 | |
| | <u>435,607,266</u> | |
| <i>House Purchasers' Death Benefit Fund.</i> | | |
| Loan to Commission | | *4,522,000 |
| <i>Loan Liability as per Balance-sheet</i> | | <u>456,934,686</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 1970-71, \$1,929,475 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, 1971, \$1,713,955 has been spent on this project.

Provision for Maintenance.—As at 30th June, 1970, the balance of the Accruing Maintenance Provision was \$3,787,340. To this amount there was added in 1970–71 the sum of \$2,870,838 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the account in 1970–71 was \$3,094,030 leaving a balance at credit of the account at the close of the year of \$3,564,148.

The estimate of accruing maintenance is based on an 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 present 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, 1970 | .. | 24,405,081 |
| <i>Add—</i> | | |
| Transfer from General Revenue Account | 1,844,854 | |
| Increase in profits from adjustment of capital costs of former years' sales | 1,694,162 | |
| | <hr/> | 3,539,016 |
| | | <hr/> |
| | | 27,944,097 |
| <i>Less—</i> | | |
| Sundry adjustments arising from cancellation of sales, reduction of sale prices, &c. | .. | 336,101 |
| | | <hr/> |
| Balance at credit 30th June, 1971 | .. | 27,607,996 |
| | | <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, 1971, are summarized below :—

| | \$ | \$ |
|--|---------|-----------|
| Balance as at 1st July, 1970 | .. | 7,568,950 |
| <i>Add</i> Appropriation for year (Section 109 Act No. 6275) .. | 472,718 | |
| Income from Investments | 451,545 | |
| Premiums | 15,507 | |
| | <hr/> | 939,770 |
| | | <hr/> |
| | | 8,508,720 |
| <i>Deduct</i> Payments on Account of Deceased Purchasers | .. | 72,936 |
| | | <hr/> |
| Balance as at 30th June, 1971 | .. | 8,435,784 |
| | | <hr/> |

The sum of the investments of the Fund, \$8,336,352, includes an amount of \$4,522,000 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 \$10,428,151".

In respect of the advance of \$4,522,000, 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 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, has been completed, and the Actuary has reported that it is not necessary to vary the payments into the Fund.

Realized Profit Reserves, \$6,821,881.—This balance comprises profit on land, \$6,636,708, and on shops, \$185,173. During the year there was an increase of \$108,947 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. The Shops Realization Reserve was reduced by \$6,226 being the net realized loss on shop sales during the year.

Interest Receivable Reserve—House Purchasers, \$11,685,738.—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, 1970 | .. | 10,484,015 |
| <i>Add—</i> | | |
| Appropriation House Sales Trading Account | 805,343 | |
| Interest received—Rental Revenue Account | 396,380 | 1,201,723 |
| | <hr/> | <hr/> |
| Balance at credit 30th June, 1971 | .. | 11,685,738 |

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, \$4,539,462.—The variations in this account during the year are explained below :—

| | \$ | \$ |
|--|-----------|-----------|
| 1st July, 1970—Balance | .. | 3,823,374 |
| <i>Add—</i> | | |
| Amount written back to Revenue from Loan Redemption Reserve | 464,011 | |
| Adjustment of realized profit of former years due to capital cost variations and cancellation of sales contracts, &c. .. | 345,119 | |
| Sinking Fund Reserve transfer | 63,248 | |
| Credit Balance, General Revenue Account | 1,134,164 | 2,006,542 |
| | <hr/> | <hr/> |
| <i>Less—</i> Loss on sale of Slum Reclamation Areas | .. | 5,829,916 |
| | <hr/> | <hr/> |
| 30th June, 1971—Balance | .. | 4,539,462 |

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 State loan moneys. Treasury records show that the total advances to the Board from the State to 30th June, 1971, amounted to \$18,787,247.

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

DISPOSAL AREA REVENUE ACCOUNT.

| 1969-70. \$ | | | | | | | 1970-71. \$ | \$ |
|---------------------|---|----|----|----|----|----|----------------|----|
| <i>Income—</i> | | | | | | | | |
| 4,415 | Rental Board Properties | .. | .. | .. | .. | .. | 3,418 | |
| 6,574 | Sundry | .. | .. | .. | .. | .. | 1,805 | |
| 24,544 | Profit—Cattle Trading Account | .. | .. | .. | .. | .. | 29,072 | |
| 32,905 | Profit—Sheep Trading Account | .. | .. | .. | .. | .. | 13,186 | |
| .. | Contribution—State Electricity Commission to Pasture Depreciation | | | | | | 32,083 | |
| 68,438 | | | | | | | 79,564 | |
| <i>Expenditure—</i> | | | | | | | | |
| 84,027 | Farm Operation and Maintenance | .. | .. | .. | .. | .. | 100,393 | |
| 73,675 | Interest on Loans and on Overdraft | .. | .. | .. | .. | .. | 68,390 | |
| 11,355 | Depreciation Provision | .. | .. | .. | .. | .. | .. | |
| 15,556 | Administrative and Sundry Expenses | .. | .. | .. | .. | .. | 14,726 | |
| 632 | Maintenance Farm Dwellings | .. | .. | .. | .. | .. | 1,826 | |
| 185,245 | | | | | | | 185,335 | |
| 116,807 | Deficit on Disposal Area Account transferred to General Revenue Account | | | | | | 105,771 | |

GENERAL REVENUE ACCOUNT.

| \$ | | | | | | | \$ | \$ |
|---------------------|--|----|----|----|----|----|-----------|---------|
| <i>Income—</i> | | | | | | | | |
| 812,630 | Water Charges | .. | .. | .. | .. | .. | 819,606 | |
| 495,183* | Disposal Charges | .. | .. | .. | .. | .. | 480,561 | |
| 7,431 | Refund Maintenance Outfall Sewer—Tar Removal Costs | .. | .. | .. | .. | .. | .. | |
| 26,301 | Other | .. | .. | .. | .. | .. | 45,399 | |
| 1,341,545 | | | | | | | 1,345,566 | |
| <i>Expenditure—</i> | | | | | | | | |
| 415,175 | Interest on Loans | .. | .. | .. | .. | .. | 419,707 | |
| 54,249 | Depreciation | .. | .. | .. | .. | .. | 54,233 | |
| 192,464 | Maintenance and Operation of Works | .. | .. | .. | .. | .. | 257,776 | |
| 205,136 | Overhead Services | .. | .. | .. | .. | .. | 244,556 | |
| 65,307 | Other Expenses | .. | .. | .. | .. | .. | 21,250 | |
| 932,331 | | | | | | | 997,522 | |
| 409,214 | Surplus for year | .. | .. | .. | .. | .. | .. | 348,044 |
| 116,807 | Deficit on Disposal Area Revenue Account | .. | .. | .. | .. | .. | .. | 105,771 |
| 292,407 | <i>Net surplus for year</i> | .. | .. | .. | .. | .. | .. | 242,273 |

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

The Board's balances at 30th June, 1970 and 1971, are summarized hereunder :—

| 30.6.70. | | 30.6.71. |
|------------|---|---|
| \$ | | \$ \$ |
| | Current Assets— | |
| 2,220 | Cash at Bank | 62,228 |
| 16,201 | Stores, Tools, &c. | 15,146 |
| 135,119 | Livestock, Wool and Ensilage on Hand | 134,108 |
| 168,038 | Debtors and Prepayments, &c. | 175,051 |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| | | 386,533 |
| 1,209,679 | Investments | 1,317,634 |
| | Fixed Assets— | |
| 18,577,377 | Works (including Works in Progress) | 16,862,279 |
| 295,716 | Plant and Equipment | 258,047 |
| 482,771 | Land, Buildings, Residences | 482,771 |
| 96,363 | Office and Laboratory Equipment | 98,690 |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| 19,452,227 | | 17,701,787 |
| 1,307,802 | Less Depreciation | 1,402,692 |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| 18,144,425 | | 16,299,095 |
| | Intangibles— | |
| 523,709 | Interest on Works during Construction | 523,709 |
| 267,507 | Accumulated Deficit | 161,235 |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| | | 684,944 |
| 20,466,898 | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| | | 18,688,206 |
| | Current Liabilities— | |
| 283,940 | Bank Overdraft | .. |
| 2,735 | Sundry Creditors | 10,042 |
| 1,780 | Contractors' Deposits | .. |
| 21,037 | Long Service Leave Provision | 35,597 |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| | | 45,639 |
| | Loan Liability— | |
| 17,432,532 | State of Victoria | 16,963,308 |
| 148,750 | Rural Finance and Settlement Commission | 113,750 |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| | | 17,077,058 |
| 17,890,774 | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| | | 17,122,697 |
| | Excess of Assets over Liabilities— | |
| 1,351,984 | Capital Expenditure borne by the State | 155,001 |
| 5,000 | Grant by Government of Victoria | 5,000 |
| 337,849 | Appropriation for Plant Renewals, &c. | 393,521 |
| 875,987 | Loans Redeemed Reserve | 875,987 |
| .. | Capital Facility Reserve | 136,000 |
| 5,304 | Churchill Loans Redeemed Reserve | .. |
| | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| | | 1,565,509 |
| 20,466,898 | | <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> |
| | | 18,688,206 |

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, 1971, are compared hereunder with those for the previous year.

INSURANCE ACCOUNT.

| | 1969-70. | 1970-71. |
|--|----------|----------|
| <i>Receipts.</i> | \$ | \$ |
| Balance at Bank, 1st March | 1,646 | 1,591 |
| Surrender Values | 9,016 | 6,667 |
| Death Claims | 934 | 2,302 |
| Matured Policies | 9,386 | 7,155 |
| Other | 4 | 5 |
| | 20,986 | 17,720 |
| <i>Payments.</i> | | |
| Death Claims | 1,854 | 1,440 |
| Matured Policies | 8,526 | 7,721 |
| Surrender Values | 9,015 | 6,667 |
| Other | .. | 9 |
| Balance at Bank at end of year | 1,591 | 1,883 |
| | 20,986 | 17,720 |

PROVIDENT FUND.

| | | | | | | | 1969-70. | 1970-71. |
|--|----|----|----|----|----|----|------------------|------------------|
| | | | | | | | \$ | \$ |
| <i>Receipts.</i> | | | | | | | | |
| Balance at Bank, 1st March | .. | .. | .. | .. | .. | .. | 27,777 | 62,222 |
| Contributions | .. | .. | .. | .. | .. | .. | 613,725 | 677,831 |
| Interest on Investments | .. | .. | .. | .. | .. | .. | 181,951 | 201,679 |
| Investments Redeemed | .. | .. | .. | .. | .. | .. | 817,004 | 587,804 |
| | | | | | | | <u>1,640,457</u> | <u>1,529,536</u> |
| <i>Payments.</i> | | | | | | | | |
| Death Claims | .. | .. | .. | .. | .. | .. | 36,708 | 36,140 |
| Resignations and Retirements | .. | .. | .. | .. | .. | .. | 453,825 | 550,395 |
| Additional Interest | .. | .. | .. | .. | .. | .. | 10,194 | 12,540 |
| Refunds of Contributions | .. | .. | .. | .. | .. | .. | 8,008 | 8,374 |
| Investments | .. | .. | .. | .. | .. | .. | 1,061,500 | 855,753 |
| Contribution to Administration | .. | .. | .. | .. | .. | .. | 8,000 | 16,000 |
| Balance at Bank at end of year | .. | .. | .. | .. | .. | .. | 62,222 | 50,334 |
| | | | | | | | <u>1,640,457</u> | <u>1,529,536</u> |

The position of the Fund at 28th February, 1970 and 1971, was :—

| | | | | | | | 1970. | 1971. |
|--|----|----|----|----|----|----|------------------|------------------|
| | | | | | | | \$ | \$ |
| Contributors' Credits | .. | .. | .. | .. | .. | .. | 3,084,916 | 3,363,555 |
| Unallotted Interest | .. | .. | .. | .. | .. | .. | 226,104 | 242,834 |
| Contributions paid in advance, &c. | .. | .. | .. | .. | .. | .. | 24,361 | 4,982 |
| | | | | | | | <u>3,335,381</u> | <u>3,611,371</u> |
| Represented by— | | | | | | | | |
| Cash at Bank | .. | .. | .. | .. | .. | .. | 62,222 | 50,334 |
| Investments | .. | .. | .. | .. | .. | .. | 3,205,346 | 3,472,752 |
| Contributions due, &c. | .. | .. | .. | .. | .. | .. | 5,082 | 15,840 |
| Accrued Interest | .. | .. | .. | .. | .. | .. | 62,731 | 72,445 |
| | | | | | | | <u>3,335,381</u> | <u>3,611,371</u> |

BENEFIT CONTRACTS ACCOUNT.

| | | | | | | | 1969-70. | 1970-71. |
|--|----|----|----|----|----|----|------------------|------------------|
| | | | | | | | \$ | \$ |
| <i>Income.</i> | | | | | | | | |
| Contract Premiums | .. | .. | .. | .. | .. | .. | 3,361,737 | 3,626,825 |
| Interest on Investments | .. | .. | .. | .. | .. | .. | 1,253,658 | 1,429,856 |
| | | | | | | | <u>4,615,395</u> | <u>5,056,681</u> |
| <i>Expenditure.</i> | | | | | | | | |
| Death Benefits | .. | .. | .. | .. | .. | .. | 403,721 | 393,373 |
| Withdrawal Benefits | .. | .. | .. | .. | .. | .. | 818,930 | 840,722 |
| Retirement Benefits | .. | .. | .. | .. | .. | .. | 591,693 | 559,295 |
| Contribution to Administration | .. | .. | .. | .. | .. | .. | 275,195 | 302,273 |
| Other | .. | .. | .. | .. | .. | .. | 1,114 | 90 |
| | | | | | | | <u>2,090,653</u> | <u>2,095,753</u> |
| Surplus | .. | .. | .. | .. | .. | .. | <u>2,524,742</u> | <u>2,960,928</u> |

As at 28th February, 1970 and 1971, the funds of the Benefit Contracts Account amounted to \$21,842,032 and \$24,802,960 respectively, and were represented by—

| | 1970. | 1971. |
|---|-------------------|-------------------|
| | \$ | \$ |
| Investments | 21,808,501 | 24,605,519 |
| <i>Less</i> Mortgage Reserve Account | .. | 1,266 |
| | <u>21,808,501</u> | <u>24,604,253</u> |
| <i>Plus</i> Excess of Other Assets over Current Liabilities | 33,531 | 198,707 |
| | <u>21,842,032</u> | <u>24,802,960</u> |

MANAGEMENT ACCOUNT.

| | 1969-70. | 1970-71. |
|--|----------------|----------------|
| | \$ | \$ |
| <i>Income.</i> | | |
| Interest on Investments | 9,309 | 5,685 |
| Contribution to Administration— | | |
| From Benefit Contracts Account | 275,195 | 302,273 |
| From Provident Fund | 8,000 | 16,000 |
| Rent | 16,595 | 16,643 |
| Computer Bureau Fees | 93,969 | 146,406 |
| | <u>403,068</u> | <u>487,007</u> |
| <i>Expenditure.</i> | | |
| Board Members' Fees | 1,307 | 1,287 |
| Salaries | 154,344 | 187,623 |
| Hire of Computer and other Office Machines | 157,791 | 197,451 |
| Other Administration Charges | 90,469 | 99,660 |
| Rates, &c. | 6,392 | 7,065 |
| Depreciation | 20,990 | 23,394 |
| | <u>431,293</u> | <u>516,480</u> |
| Deficit | <u>28,225</u> | <u>29,473</u> |

As at 28th February, 1970 and 1971, accumulated funds of the Management Account were :—

| | 1970. | 1971. |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| Accumulated Funds | 664,154 | 607,599 |
| Asset Replacement Reserve | 118,081 | 137,891 |
| | <u>782,235</u> | <u>745,490</u> |

Represented by—

| | | |
|---|----------------|----------------|
| Investments | 128,464 | 57,956 |
| Freehold Property | 600,025 | 590,793 |
| Furniture, Equipment and Office Machines | 44,976 | 52,204 |
| Motor Vehicles | 12,992 | 12,034 |
| Prepayments, &c. | 4,666 | 5,205 |
| | <u>791,123</u> | <u>718,192</u> |
| <i>Less</i> Excess of Current Liabilities over Current Assets | 8,888 | |
| <i>Plus</i> Excess of Current Assets over Current Liabilities | | 27,298 |
| | <u>782,235</u> | <u>745,490</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.

Five Boards, namely, the Chicory, Egg and Egg Pulp, Oats, Onion and Tobacco Leaf Marketing Boards are operating under the Act. The Oats Marketing Board became operative in March, 1971, and has not yet completed its first accounting period. 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.

Financial accounts in respect of the pool period ended on 31st March, 1971, have been audited. Details of the operations in this and the previous pool are :—

| 1969-70. tons. | | 1970-71. tons. |
|-------------------|--------------------------------|-------------------|
| 118 | Total Chicory acquired | 120 |
| \$ 28,426 | Proceeds from sales | \$ 25,657 |
| .. | Chicory Stock on hand | 2,676 |
| <hr/> 28,426 | | <hr/> 28,333 |
| | Applied to :— | |
| 303 | Freight and Cartage | 405 |
| .. | Storage | 501 |
| 770 | Salaries | 823 |
| 288 | Other Expenses | 428 |
| 25,109 | Payments to Growers | 25,340 |
| 1,956 | Proceeds held | 836 |
| <hr/> 28,426 | | <hr/> 28,333 |

The Board's balances are summarized hereunder :—

| Assets— | | \$ |
|--------------|---|--------------|
| \$ 11,414 | Cash at Bank | 2,628 |
| .. | Investments | 5,000 |
| 293 | Stock on Hand | 2,873 |
| 480 | Sundry Debtors | 813 |
| 791 | Plant (at Cost less Depreciation) | 593 |
| <hr/> 12,978 | | <hr/> 11,907 |
| Liabilities— | | |
| 369 | Sundry Creditors | 759 |
| 10,653 | Reserve Fund | 10,312 |
| 1,956 | Pool Balance | 836 |
| <hr/> 12,978 | | <hr/> 11,907 |

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 \$3,064,173 (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 1970-71 pool period. As in the previous pool period, the substantial amount of Commonwealth assistance was related to the large volume of eggs and egg products exported.

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

| 1969-70. | | 1970-71. | |
|---------------------|---|--------------------|----------------|
| \$ | | \$ | \$ |
| 22,785,658 | Advances to Producers (Current production) | 22,061,773 | |
| .. | Purchases of Eggs and Pulp from other sources | 16,219 | |
| <u>22,785,658</u> | | <u>22,077,992</u> | |
| 1,938,910 | Less Producers' Contributions on Account of Local Marketing Charges | 2,684,913 | |
| <u>*20,846,748</u> | Net Advances to Producers | .. | *19,393,079 |
| | Disposal of Eggs— | | |
| 15,885,594 | Sold in Shell on Local Market | 14,631,531 | |
| 61,071 | Sold in Shell on Overseas Market | 80,421 | |
| †3,733,550 | Converted to Egg Products and Sold | †4,098,130 | |
| <u>19,680,215</u> | | <u>18,810,082</u> | |
| <i>Inc.</i> 152,875 | Increase or Decrease in Stock on Hand | <i>Dec.</i> 89,078 | |
| <u>19,833,090</u> | Total Value of Disposals | <u>18,721,004</u> | |
| 2,938,241 | Add—Distribution from Poultry Industry Trust Fund .. | 3,064,173 | |
| <u>22,771,331</u> | | <u>21,785,177</u> | |
| 1,916,977 | Less—Grading, Selling, Manufacturing and Administrative Costs | 2,333,326 | |
| <u>20,854,354</u> | Net Proceeds of Pool | | 19,451,851 |
| 7,606 | Net Pool Surplus | | <u>58,772</u> |
| 228,528 | Accumulated Surplus brought forward | 216,942 | |
| 68,930 | Transfer from Reserve Fund | .. | |
| <u>297,458</u> | | <u>216,942</u> | |
| .. | Less Adjustments not applicable to 1970-71 Pool Account (Net) | 10,871 | |
| 88,122 | Transfer to Reserve Fund | 100,167 | |
| | | <u>111,038</u> | |
| <u>209,336</u> | | | 105,904 |
| <u>216,942</u> | Accumulated Surplus at close of Pool Period | .. | <u>164,676</u> |

* 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 3rd July, 1971. Comparative figures at the end of the preceding pool period are also given.

The Board's funds were—

| 4.7.70. | | 3.7.71. |
|------------------|--|------------------|
| \$ | | \$ |
| 691,504 | Reserve Fund | 788,312 |
| .. | Capital Profit—Sale of Land at Oakleigh | 40,791 |
| 468,131 | Surplus Distribution 1947-48 (<i>ex</i> Commonwealth) | 468,131 |
| | Accumulated Surplus— | |
| 216,942 | 1969-70 | .. |
| .. | 1970-71 | 164,676 |
| <u>1,376,577</u> | | <u>1,461,910</u> |

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

| 4.7.70. | | 3.7.71. |
|------------------|--|------------------|
| \$ | | \$ |
| | Current Assets— | |
| 803 | Cash on Hand and at Bank | 803 |
| 80,468 | Claim on Poultry Industry Trust Fund | 40,702 |
| | Stocks on Hand— | |
| 595,008 | Eggs and Egg Products at valuation | 505,930 |
| 81,527 | Packing materials at cost | 105,556 |
| 21,369 | Supplies at cost or valuation | 27,246 |
| <u>779,175</u> | | <u>638,732</u> |
| | Debtors— | |
| 551,394 | Trade | 678,885 |
| *792,333 | Australian Egg Board | *837,028 |
| 11,884 | Amount due under Contracts of Sale | 58,650 |
| 1,355,611 | | <u>1,574,563</u> |
| 15,000 | Less Provision for Doubtful Debts | 50,000 |
| <u>1,340,611</u> | | <u>1,524,563</u> |
| <u>2,119,786</u> | | <u>2,204,800</u> |
| | Less Current Liabilities— | |
| 260,407 | Creditors | 403,512 |
| 1,175,222 | Reserve Bank of Australia | 1,289,237 |
| 339,398 | Department of Primary Industry (Hen Levy) | 113,636 |
| 71,557 | Provision for Employees Long Service Leave, Annual Leave and Sick Pay | 84,545 |
| <u>1,846,584</u> | | <u>1,890,930</u> |
| <u>273,202</u> | Working Capital | <u>313,870</u> |
| | Fixed Assets—(at cost less depreciation) | |
| 225,415 | Freehold Properties | 204,335 |
| 332,840 | Leasehold Properties | 327,205 |
| 460,378 | Plant and Equipment | 549,208 |
| 43,901 | Motor Vehicles | 28,932 |
| 40,841 | Office Machinery and Equipment | 38,360 |
| <u>1,103,375</u> | | <u>1,148,040</u> |
| <u>1,376,577</u> | | <u>1,461,910</u> |

* 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 \$505,930 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 3rd July, 1971, by approximately \$85,000. This reduction has the effect of providing a reserve not disclosed in the accounts.

Arising out of a substantial increase in bad and doubtful debts during the year 1970-71, the Board has deemed it necessary to increase the provision for doubtful debts from \$15,000 to \$50,000.

Onion Marketing Board.

Final accounts in respect of the pool period that ended on 15th November, 1970, have been audited. Details of the operations in this and the previous pool are :—

| | Pool. | |
|---|---------|---------|
| | 1969. | 1970. |
| | tons. | tons. |
| Total Onions acquired | 13,551 | 12,360 |
| | \$ | \$ |
| Proceeds from sales | 465,724 | 843,637 |
| Administration and marketing expenses | 72,490 | 93,153 |
| Payments to growers | 412,523 | 763,033 |

The average return per ton to the growers was \$30.44 in 1969 and \$61.74 in 1970.

Tobacco Leaf Marketing Board.

The *Marketing of Primary Products Act 1958* 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 performed the functions of the Tobacco Leaf Marketing Board during the period under review.

A summary of the financial operations for the accounting periods ended 31st March, 1970, and 31st March, 1971, is set out hereunder. The figures are subject to audit.

| | | |
|-------------------|---|-------------------|
| 1969-70. | | 1970-71. |
| \$ | | \$ |
| 13,735,887 | Gross proceeds from sales of tobacco leaf | 15,059,669 |
| <u>13,735,887</u> | | <u>15,059,669</u> |

Applied to :—

| | | |
|-------------------|-------------------------------------|-------------------|
| 237,250 | Brokers' Commission | 259,422 |
| 56,032 | Freight | 59,703 |
| 19,688 | Rehandling Charges | 12,246 |
| 59,970 | Commonwealth Tax Levy | 65,483 |
| 76,182 | Insurance | 94,990 |
| 847,632 | Growers' Liens, Orders, &c. | 895,038 |
| 206,034 | Marketing Board Charge | 225,897 |
| 2,429 | Other Expenses | 684 |
| 8,367 | Net Proceeds Held | .. |
| <u>12,222,303</u> | Net Proceeds to Growers | <u>13,446,206</u> |
| <u>13,735,887</u> | | <u>15,059,669</u> |

The Board's charge of \$225,897 against the sales proceeds, together with other receipts, \$15,689, was expended as shown hereunder. The comparable figures for 1969-70 are also shown.

| 1969-70. | | 1970-71. |
|----------|--|----------|
| \$ | | \$ |
| 30,327 | Salaries | 32,903 |
| 9,563 | Appraisers' Fees and Allowances | 10,067 |
| 10,926 | Travelling Expenses | 10,969 |
| 2,040 | Contribution to Tobacco Growers' Council | 3,760 |
| 8,862 | Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal | 9,655 |
| 24,029 | Other Administrative Expenses | 19,242 |
| 10,312 | General Expenses | 11,701 |
| 10,000 | Water Storage Investigation | 4,884 |
| 110,939 | Surplus | 138,405 |
| 216,998 | | 241,586 |

31.3.70.

The Board's balances are summarized hereunder :—

| \$ | | \$ |
|---------|---|---------|
| | <i>Assets—</i> | |
| 3,253 | Cash at Bank and on Hand | 102,372 |
| 170,000 | Term Deposits | 20,000 |
| 2,469 | Advances to Growers, &c. | 2,899 |
| 10,000 | Advance Insurance Premium Payment | 20,000 |
| 10 | Sundry Debtors | .. |
| 10,794 | Office Furniture and Equipment | 7,609 |
| 7,127 | Motor Vehicles and Experimental Equipment | 7,492 |
| .. | 1970 Surplus Leaf—Processing Costs and Expenses | 173,875 |
| 203,653 | | 334,247 |

Liabilities—

| | | |
|---------|---|---------|
| 5,945 | Sundry Creditors | 105,166 |
| 23,326 | Insurance Equalization | 37,133 |
| 19,166 | Miscellaneous | 8,467 |
| | Growers' Funds brought forward | 155,216 |
| | <i>Less—Distribution to Growers</i> | 110,140 |
| | | 45,076 |
| | <i>Add—Surplus for year</i> | 138,405 |
| 155,216 | Growers' Funds at 31st March | 183,481 |
| 203,653 | | 334,247 |

MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1971, 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 :—

| 1969-70. | | | | | | 1970-71. | | |
|------------|--|----|----|----|----|------------|------------|------------|
| \$ | | | | | | \$ | \$ | \$ |
| | Rates and Charges— | | | | | | | |
| 20,265,986 | Water Supply | .. | .. | .. | .. | 22,785,096 | | |
| 23,881,109 | Sewerage | .. | .. | .. | .. | 28,360,564 | | |
| 4,572,623 | Drainage and Rivers | .. | .. | .. | .. | 5,958,690 | | |
| <hr/> | | | | | | <hr/> | | |
| 48,719,718 | | | | | | | 57,104,350 | |
| <hr/> | | | | | | | | |
| | Farm— | | | | | | | |
| 330,362 | Gross profit on cattle | .. | .. | .. | .. | 278,086 | | |
| 41,135 | Gross profit on sheep | .. | .. | .. | .. | .. | | |
| 3,754 | Rent | .. | .. | .. | .. | 3,572 | | |
| 1,505 | Sundry Trading Operations | .. | .. | .. | .. | 1,131 | | |
| <hr/> | | | | | | <hr/> | | |
| 376,756 | | | | | | 282,789 | | |
| .. | Gross loss on sheep | .. | .. | .. | .. | 22,132 | | |
| <hr/> | | | | | | <hr/> | 260,657 | |
| 49,096,474 | Gross Revenue | .. | .. | .. | .. | .. | .. | 57,365,007 |
| <hr/> | | | | | | | | |
| | Working Expenses— | | | | | | | |
| 5,793,886 | Management | .. | .. | .. | .. | .. | 7,377,595 | |
| 9,041,030 | Maintenance | .. | .. | .. | .. | .. | 11,183,659 | |
| 23,667,563 | Interest (including overseas exchange) | .. | .. | .. | .. | .. | 26,700,607 | |
| <hr/> | | | | | | <hr/> | | |
| 38,502,479 | | | | | | | | 45,261,861 |
| <hr/> | | | | | | | | <hr/> |
| 10,593,995 | Gross Surplus | .. | .. | .. | .. | .. | .. | 12,103,146 |
| <hr/> | | | | | | | | |
| | General Expenditure— | | | | | | | |
| 470,730 | Loan Flotation Expenses | .. | .. | .. | .. | 473,500 | | |
| 208,811 | Staff Retiring Gratuities | .. | .. | .. | .. | 224,362 | | |
| 1,210,123 | Contributions to Superannuation Fund | .. | .. | .. | .. | 1,641,420 | | |
| 57,266 | Depreciation—Furniture and Fittings, Works Temporarily Capitalized, &c. | .. | .. | .. | .. | 250,643 | | |
| 294,716 | Pensions (cost of living allowances in superannuation payments) | .. | .. | .. | .. | 193,786 | | |
| 25,156 | Provision for Statutory Expenditure | .. | .. | .. | .. | 2,652 | | |
| <hr/> | | | | | | <hr/> | | |
| 2,266,802 | | | | | | | 2,786,363 | |
| | Statutory Expenditure— | | | | | | | |
| 129,678 | Fees for valuations | .. | .. | .. | .. | 129,275 | | |
| 49,111 | Contributions to Municipalities | .. | .. | .. | .. | 62,648 | | |
| <hr/> | | | | | | <hr/> | 191,923 | |
| 2,445,591 | Carried forward | .. | .. | .. | .. | .. | 2,978,286 | 12,103,146 |
| | | | | | | | <hr/> | <hr/> |

| 1969-70. | | | | 1970-71. | |
|---------------------------------------|--|----|----|-----------|----------------------|
| \$ | | \$ | \$ | \$ | |
| 2,445,591 | Brought forward | .. | .. | .. | 2,978,286 12,103,146 |
| Provisions and Transfers to Reserves— | | | | | |
| 904,148 | Renewals Fund | .. | .. | 1,003,838 | |
| 1,380,009 | Sinking Fund | .. | .. | 1,468,148 | |
| 2,062,996 | Loans Redeemed Reserve | .. | .. | 2,384,482 | |
| 500,000 | Special Reserve | | | .. | |
| 3,600,000 | General Reserve | .. | .. | 3,550,000 | |
| 8,447,153 | | | | | 8,406,468 |
| 10,892,744 | Expenditure, &c. from Gross Surplus | .. | .. | .. | 11,384,754 |
| .. | Net Surplus | .. | .. | .. | 718,392 |
| 298,749 | Net Deficit | .. | .. | .. | .. |
| .. | Less—Transfer to Rates Equalization Reserve | .. | .. | .. | 718,392 |
| 298,749 | Add—Transfer from Rates Equalization Reserve | .. | .. | .. | .. |

The increased charge for depreciation in 1970-71 was due largely to the inclusion therein of sums written off in respect of certain works temporarily capitalized.

In addition to the yearly contributions to Renewals Fund, Sinking Fund and Loans Redeemed Reserve, the Board also transferred \$3,550,000 to the General Reserve. This represents the estimated amount which was provided from revenue for capital works for water supply, drainage and sewerage.

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). |
|-----------------|----|----|----|---------------------------------------|---|--|--|
| | | | | \$ | \$ | \$ | \$ |
| 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 |
| 1970-71 | .. | .. | .. | 22,785,096 | 28,360,564 | 5,958,690 | 520,279,958 |

The aggregate of net annual values on which the rates were assessed continued to rise as a result of supplementary valuations.

Interest charges continued to be a heavy burden on the Board's revenue, being \$3,033,044 higher than the previous year. However, because of an increase of \$8,384,632 in the revenue received from rates and charges, the percentage of rates and charges absorbed by interest fell to 46.76 as compared with 48.58 in 1969-70.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund \$445,440 ; Sinking Funds \$2,023,515 ; and Superannuation Fund \$331,806. 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, 1971, are shown hereunder :—

| | Contributions from Revenue. | Interest Credited. | Total Revenue Additions to Fund. | Credit Balance at 30th June, 1971. |
|------------------------------|-----------------------------|--------------------|----------------------------------|------------------------------------|
| | \$ | \$ | \$ | \$ |
| Sinking Funds.. .. . | 1,492,342 | 2,023,515 | 3,515,857 | 44,000,875 |
| Loans Redeemed Reserve | 2,384,482 | .. | 2,384,482 | 13,908,197 |
| Renewals Fund | 1,003,838 | 445,440 | 1,449,278 | 22,150,836 |
| Superannuation Fund | 1,684,717 | 331,806 | 2,016,523 | 8,926,379 |
| Insurance Account | .. | .. | .. | 757,540 |
| | <u>6,565,379</u> | <u>2,800,761</u> | <u>9,366,140</u> | <u>89,743,827</u> |

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of \$125,308,710 as at 30th June, 1971. Thus, the sum of the Board's Funds and Reserves as at that date was \$215,052,537. Of this sum, \$61,616,488 was invested, \$13,908,197 was applied to loan redemption and \$139,527,852 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 \$543,538,061 compared with \$498,718,005 in 1969–70.

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

| 1969–70. | | 1970–71. |
|------------------|--|------------------|
| \$ | Revenue— | \$ \$ |
| <u>7,570,293</u> | Metropolitan Improvement Rate and Sundry Income | 8,437,060 |
| | <i>Less Expenditure—</i> | |
| 1,212,515 | Management | 1,534,131 |
| 216,891 | Maintenance | 345,210 |
| 55,552 | Interest | 57,339 |
| 24,194 | Contribution to Sinking Fund | 24,194 |
| 83,226 | Proportion of Statutory and General Charges | 88,455 |
| <u>1,592,378</u> | | <u>2,049,329</u> |
| <u>5,977,915</u> | Balance—Surplus transferred to Planning and Highways Reserve | <u>6,387,731</u> |

At 30th June, 1971, 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 | 304,314 |
| Planning and Highways Reserve | 87,736,451 |
| | <u>88,840,765</u> |

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

| | | | |
|---|---------|-------------------|-------------------|
| Metropolitan Improvement Fund— | | \$ | \$ |
| Cash at Bank .. .. . | .. .. . | 765,344 | |
| Less amount due to Metropolitan General Fund .. .. . | .. .. . | 2,480,183 | |
| | | <u> </u> | O/D 1,714,839 |
| Securities— | | | |
| Short Term .. .. . | .. .. . | 6,705,000 | |
| Commonwealth .. .. . | .. .. . | 1,100,000 | |
| | | <u> </u> | 7,805,000 |
| Arrears—Rates and Charges (estimate) .. .. . | .. .. . | .. | 224,000 |
| Sundry Debtors— | | | |
| Land Sales .. .. . | .. .. . | 188,758 | |
| Rent .. .. . | .. .. . | 45,940 | |
| Accrued Interest .. .. . | .. .. . | 29,756 | |
| | | <u> </u> | 264,454 |
| Reserved Land—held temporarily under Section 57, Act No. 6849 .. .. . | .. .. . | 19,200,926 | |
| Compensation under Section 42, Act No. 6849 .. .. . | .. .. . | 1,147,796 | |
| | | <u> </u> | 20,348,722 |
| Planning, Highways and Foreshore Works—Expenditure .. .. . | .. .. . | .. | 61,913,428 |
| | | <u> </u> | <u>88,840,765</u> |

Included in the total of \$87,736,451 in Planning and Highways Reserve is an amount of \$37,649,038 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 30.6.70. | 1970-71. | Total. |
|---|-------------------|------------------|-------------------|
| | \$ | \$ | \$ |
| Special Project No. 1—St. Kilda Junction | 7,334,991 | 184,124 | 7,519,115 |
| „ „ No. 3—South Eastern Freeway | 10,191,923 | 2,147,610 | 12,339,533 |
| „ „ No. 4—Tullamarine Freeway | 12,682,258 | 559,152 | 13,241,410 |
| „ „ No. 23—St. Kilda Road Underpass | 401,354 | 673,607 | 1,074,961 |
| „ „ No. 24—Eastern Freeway Section I | .. | 3,095,436 | 3,095,436 |
| „ „ No. 26—City Ring Road—Eastern Section | .. | 303,072 | 303,072 |
| „ „ No. 34—Median Guard—South Eastern Freeway | .. | 75,511 | 75,511 |
| | <u>30,610,526</u> | <u>7,038,512</u> | <u>37,649,038</u> |

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 | 2,389,652 | 4,935,615 | 193,848 | 7,519,115 |
| South Eastern Freeway | 3,304,123 | 8,674,440 | 360,970 | 12,339,533 |
| Tullamarine Freeway | 3,093,123 | 9,885,167 | 263,120 | 13,241,410 |
| St. Kilda Road Underpass | .. | 993,939 | 81,022 | 1,074,961 |
| Eastern Freeway—Section I | 2,714,139 | 77,886 | 303,411 | 3,095,436 |
| City Ring Road—Eastern Section | 99,522 | 15 | 203,535 | 303,072 |
| Median Guard—South Eastern Freeway | .. | 71,262 | 4,249 | 75,511 |
| | <u>11,600,559</u> | <u>24,638,324</u> | <u>1,410,155</u> | <u>37,649,038</u> |

In addition to the contributions made by the Treasurer of Victoria from the Roads (Special Projects) Fund, \$2,035,000 was allocated to the Board from the Commonwealth Aid Roads Account for construction of urban arterial roads. To 30th June, 1971, \$443,348 had been applied to the widening of High Street, St. Kilda.

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 :—

| 1970. | | 1971. | |
|-------------|---|-------------|-------------|
| \$ | Current Assets— | \$ | \$ |
| 1,379,767 | Cash in Hand and at Bank | 1,566,068 | |
| 7,300,000 | Securities—Short Term | 41,605,000 | |
| 2,655,227 | Arrears of Rates and Charges | 2,791,149 | |
| 2,374,347 | Sundry Debtors | 2,150,678 | |
| 3,628,140 | Stores and Materials on Hand | 3,768,661 | |
| 383,769 | Livestock on Hand | 396,969 | |
| | Reserved Land—Planning and Highways— | | |
| 19,034,919 | Acquired Land | 19,200,926 | |
| 1,070,829 | Compensation for loss on sales | 1,147,796 | |
| | | <hr/> | |
| 37,826,998 | | | 72,627,247 |
| | | | <hr/> |
| | Fixed Assets— | | |
| 50,614,945 | Planning and Highways Works | 61,913,428 | |
| 198,817,354 | Water Supply Works | 220,191,019 | |
| 251,215,321 | Sewerage Works | 282,553,759 | |
| 793,818 | Sewerage House Connexions | 793,818 | |
| 37,594,249 | Main Drainage and River Improvement Works | 39,802,193 | |
| 17,536,731 | Buildings, Water Meters and other items | 19,639,429 | |
| | | <hr/> | |
| 556,572,418 | | 624,893,646 | |
| 21,249,223 | Less Renewals Fund | 22,150,836 | |
| | | <hr/> | |
| 535,323,195 | | 602,742,810 | |
| 5,088,380 | Plant and Tools | 5,815,845 | |
| 1,636,459 | Motor Vehicles | 1,861,390 | |
| 457,354 | Furniture and Fittings | 533,192 | |
| | | <hr/> | |
| 542,505,388 | | | 610,953,237 |
| | | | <hr/> |
| | Investments— | | |
| 40,898,300 | External—Stock—Short Term Securities, &c. | 17,198,300 | |
| 4,165,838 | Internal—Stock—Melbourne and Metropolitan Board of Works | 2,819,388 | |
| | | <hr/> | |
| 45,064,138 | | | 20,017,688 |
| | | | <hr/> |
| 625,396,524 | Total Assets | | 703,598,172 |
| | | | <hr/> |

| 1970. | | 1971. |
|--------------------|--|--------------------|
| \$ | Current Liabilities— | \$ \$ |
| 4,038,610 | Loan Interest, Matured Debentures and Inscribed Stock .. | 4,645,154 |
| 7,940,536 | Sundry Creditors and Deposits | 8,182,585 |
| <u>11,979,146</u> | | <u>12,827,739</u> |
| | Deferred Liabilities— | |
| 7,001,525 | Superannuation Fund | 8,926,379 |
| 1,063,351 | Provision for Furlough | 1,243,427 |
| <u>8,064,876</u> | | <u>10,169,806</u> |
| | Loan Liability— | |
| 4,908,324 | Government of Victoria | 13,345,697 |
| 444,929,347 | Other | 484,523,035 |
| <u>449,837,671</u> | | <u>497,868,732</u> |
| <u>469,881,693</u> | Total Liabilities | <u>520,866,277</u> |
| | Excess of Assets over Liabilities, represented by— | |
| 40,218,237 | Sinking Fund | 43,696,561 |
| 11,523,715 | Loans Redeemed Reserve | 13,908,197 |
| 24,132,094 | General Reserve | 30,302,172 |
| <u>75,874,046</u> | | <u>87,906,930</u> |
| 562,126 | Less Fixed Assets Retired | 641,763 |
| <u>75,311,920</u> | | <u>87,265,167</u> |
| 266,781 | Planning and Highways Sinking Fund | 304,314 |
| 73,866,859 | Planning and Highways Reserve | 87,736,451 |
| 368,345 | Rates Equalization Reserve | 1,086,737 |
| 366,000 | Exchange Reserve | 366,000 |
| 207,210 | Deferred Maintenance Reserve | 207,209 |
| 726,588 | Insurance Account | 757,540 |
| 460,894 | Distributable Expense Variance Account | 750,835 |
| 3,940,234 | Special Reserve | 4,257,642 |
| <u>155,514,831</u> | | <u>182,731,895</u> |

The Board's long-term investments decreased by \$28,746,450, while the short-term investments increased by \$38,005,000, giving a net increase of \$9,258,550. On 22nd December, 1970, the Governor in Council, pursuant to the provisions of Section 258B (b) of the *Melbourne and Metropolitan Board of Works Act 1958*, approved the use of bank-accepted commercial bills as investment securities. At 30th June, 1971, the Board had the sum of \$9,555,000 invested directly on the security of such bills.

The increase of \$6,170,078 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 | 1,523,897 |
| Contributions towards cost of works | 1,032,217 |
| Capital works financed from revenue | 3,550,000 |
| Profit on sale of motor vehicles | 16,110 |
| Capital gain on revaluation of stock | 59,738 |
| | <u>6,181,962</u> |
| Less— | |
| Loss on Sale of Stores and Plant | 11,884 |
| | <u>6,170,078</u> |

Loans raised under Section 187 of the *Melbourne and Metropolitan Board of Works Act 1958*, as amended, may not exceed a maximum of \$500,000,000 and at 30th June, 1971, the Board's total liability in respect of such loans stood at \$484,523,025. Additional sums have been advanced by way of loan by the Treasurer of Victoria under the provisions of Section 200 of the Act and liability in respect of these advances totalled \$13,345,697 at the close of the year. These advances are not subject to a statutory maximum.

During the year, from loan moneys and the Board's internal resources, fixed assets were increased by \$69,349,462. Major increases were :—

| | \$ |
|--|------------|
| Reservoir and Conduit Construction, &c. | 11,133,789 |
| Water Supply—extension large mains | 4,771,435 |
| „ „ reticulation, water meters, &c. | 5,085,747 |
| Construction and Amplification—sewage disposal, &c.—Farm | 488,240 |
| Sewerage—extension mains, purification plants, &c. | 28,606,290 |
| „ Pumping Stations | 1,784,034 |
| Main Drains and River Improvements—extensions, &c. | 2,207,944 |
| Metropolitan Main Highways | 11,169,383 |
| New Head Office | 1,461,481 |

Included in the total of excess of assets over liabilities is a special reserve amounting to \$4,257,642. 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 the new Head Office building now in the course of construction.

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1971, conducted by my officers pursuant to the provisions of the *Melbourne and Metropolitan Tramways Act 1958* has been completed and the continuous audit of the accounts, also provided for in the Act, has been carried out for the Board by a chartered accountant. The audits are, by arrangement, complementary in character.

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

| | | <i>Revenue.</i> | |
|---|---------------------------|-------------------|-------------------|
| | | 1969-70. | 1970-71. |
| | | \$ | \$ |
| Traffic Receipts—Tram | | 16,532,338 | 16,424,086 |
| " " " —Bus | | 3,608,270 | 3,682,844 |
| Miscellaneous Operating Receipts | | 176,119 | 179,116 |
| " " Non-operating Receipts | | 251,113 | 231,484 |
| Received from the Drivers' Licence Suspense Account | | .. | 300,000 |
| | Total Revenue | 20,567,840 | 20,817,530 |
| <i>Expenditure.</i> | | | |
| Traffic Operation Costs —Tram | | 7,738,289 | 8,729,807 |
| " " " —Bus | | 2,049,809 | 2,340,282 |
| Maintenance of Permanent Way | | 969,911 | 988,258 |
| " " Tramcars | | 2,684,528 | 2,849,726 |
| " " Buses | | 988,978 | 1,077,854 |
| " " Electrical Equipment | | 593,530 | 674,701 |
| " " Buildings and Grounds | | 302,517 | 330,494 |
| Traction Energy Costs | | 830,754 | 812,129 |
| Fuel Oil (Buses) | | 185,717 | 217,746 |
| Bus Licence Fees and Road Tax | | 21,271 | 21,694 |
| General Administration and Stores Department Costs | | 1,393,861 | 1,562,872 |
| Workers Compensation Insurance | | 417,988 | 523,640 |
| Payroll Tax | | 380,295 | 426,652 |
| Interest on Capital Debt | | 1,357,570 | 1,448,179 |
| Depreciation and Amortization Provisions | | 1,007,732 | 937,285 |
| Charges for Accrued Sick Leave.. .. . | | 95,727 | 61,041 |
| " " Long Service Leave | | 395,932 | 349,808 |
| " " Retiring Gratuities | | 671,357 | 532,164 |
| " " Public Liability Claims | | 220,331 | 288,180 |
| Non-operating expenses | | 86,419 | 92,139 |
| | Total Expenditure | 22,392,516 | 24,264,651 |
| | Result for year | Deficit 1,824,676 | Deficit 3,447,121 |

The Board's balances as at 30th June, 1970 and 1971, are summarized hereunder :—

| 30.6.70. | | 30.6.71. |
|-----------------------|--|------------|
| \$ | Current Assets— | \$ \$ |
| 80,492 | Balances at Bank and Cash in Hand | 79,192 |
| 159,406 | Sundry Debtors | 200,987 |
| 864,437 | Stores on Hand and Work in Progress | 775,163 |
| 1,104,335 | | 1,055,342 |
| Fixed Assets— | | |
| 18,231,977 | Permanent Way, Overhead Construction, Transmission Lines.. | 18,723,786 |
| 10,659,215 | Rolling Stock | 10,607,994 |
| 4,676,545 | Land and Buildings | 4,694,705 |
| 3,380,929 | Plant, Furniture, and Fittings, &c. | 3,476,098 |
| 36,948,666 | | 37,502,583 |
| 19,248,366 | Less Provision for Depreciation | 19,937,389 |
| 17,700,300 | | 17,565,194 |
| 18,804,635 | Carried forward | 18,620,536 |

| 30.6.70. | | | | | | | 30.6.71. |
|--|--|-------------------|----|----|----|----|------------|
| \$ | | | | | | | \$ |
| 18,804,635 | | Brought forward | .. | .. | .. | .. | 18,620,536 |
| 2,014,181 | Intangible Assets | .. | .. | .. | .. | .. | 2,014,263 |
| 1,419,579 | Less Provision for Amortization | .. | .. | .. | .. | .. | 1,459,862 |
| 594,602 | | | | | | | 554,401 |
| 1,592,000 | Investments | .. | .. | .. | .. | .. | 1,592,000 |
| 20,991,237 | | Total Assets | .. | .. | .. | .. | 20,766,937 |
| Current Liabilities— | | | | | | | |
| 557,460 | Bank Overdraft | .. | .. | .. | .. | .. | 362,857 |
| 692,572 | Other | .. | .. | .. | .. | .. | 530,133 |
| | | | | | | | 892,990 |
| Accrued Liabilities— | | | | | | | |
| 311,854 | Interest on Loans | .. | .. | .. | .. | .. | 345,438 |
| 831,118 | Other | .. | .. | .. | .. | .. | 1,091,376 |
| 1,142,972 | | | | | | | 1,436,814 |
| .. | Special State Advance from Works and Services Account | .. | .. | .. | .. | .. | 2,150,000 |
| 24,873,516 | Loans | .. | .. | .. | .. | .. | 26,009,537 |
| 27,266,520 | | Total Liabilities | .. | .. | .. | .. | 30,489,341 |
| The excess of Liabilities over Assets is represented by— | | | | | | | |
| | The Accumulated Deficit brought forward | .. | .. | .. | .. | .. | 7,347,071 |
| | Plus—Deficit for year | .. | .. | .. | .. | .. | 3,447,121 |
| 7,347,071 | Accumulated Deficit at 30th June | .. | .. | .. | .. | .. | 10,794,192 |
| 157,573 | Less—Grants from Commonwealth of Australia for Tramlines constructed at its request | .. | .. | .. | .. | .. | 157,573 |
| 914,215 | Net Contributions towards Major Tramways Works constructed at the request of other Authorities | .. | .. | .. | .. | .. | 914,215 |
| 6,275,283 | | | | | | | 1,071,788 |
| | | | | | | | 9,722,404 |

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 revenue credit of \$300,000 from the Drivers' Licence Suspense Account is the amount which was determined by the Treasurer as being payable from that Account to the Board pursuant to Section 22E of the *Motor Car Act* 1958. The payment is regarded as assistance towards meeting debt charges on roadworks and road maintenance costs.

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 :—

| | 30.6.70. | 30.6.71. |
|---|------------|------------|
| | \$ | \$ |
| Provision for depreciation and amortization | 19,306,692 | 19,904,358 |
| Sinking Fund | 1,361,253 | *1,492,893 |
| Total Provision | 20,667,945 | 21,397,251 |

* Of the investments of the Board amounting to \$1,592,000, as at 30th June, 1971, investments to the sum of \$1,492,893 were accepted as being held on behalf of the Sinking Fund.

MELBOURNE HARBOR TRUST.

In the conduct of the audit of the accounts for 1970, the continuous checking of receipts and vouching of disbursements carried out by the Trust's auditors—a firm of chartered accountants—has been accepted.

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

| | <i>Revenue.</i> | 1969. | 1970. |
|---|-----------------|-------------------|-------------------|
| | | \$ | \$ |
| Charges on Ships | | 2,492,565 | 2,244,807 |
| Charges on Goods | | 7,635,053 | 8,258,777 |
| Charges for Services—Cranes | | 1,936,661 | 1,963,305 |
| Charges for Services—Other | | 442,289 | 443,268 |
| Rents and Licence Fees from Lands | | 1,665,423 | 1,951,374 |
| Other Revenue.. .. . | | 149,207 | 185,379 |
| Total Revenue | | <u>14,321,198</u> | <u>15,046,910</u> |

Expenditure and Provisions.

| | | | |
|--|--|-------------------|-------------------|
| Payment to the Consolidated Fund | | 1,505,570 | 1,558,560 |
| Operating Expenses | | 3,074,490 | 3,304,119 |
| Maintenance | | 1,732,466 | 2,318,752 |
| Interest on Loans | | 1,926,961 | 2,031,757 |
| Other Expenses | | 1,590,556 | 1,367,166 |
| Provision for Depreciation | | 2,535,930 | 2,799,441 |
| Provision for Insurance | | 113,474 | 120,490 |
| Total Expenditure | | <u>12,479,447</u> | <u>13,500,285</u> |
| Net Revenue before Appropriation | | <u>1,841,751</u> | <u>1,546,625</u> |

Appropriations.

| | | | |
|--------------------------|--|------------------|------------------|
| Sinking Fund | | 200,000 | 800,000 |
| General Reserve | | 1,400,000 | 500,000 |
| | | <u>1,600,000</u> | <u>1,300,000</u> |
| Surplus for year | | <u>241,751</u> | <u>246,625</u> |

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

| | 1969. | 1970. |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Depreciation | 298,368 | 348,456 |
| Insurance | 33,807 | 38,336 |
| 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>562,175</u> | <u>616,792</u> |

The following statement, based on the balance-sheet, analyses the sources of funds available to the Trust up to 31st December, 1970, and the application thereof, and includes comparative figures at the end of the previous year :—

| 31.12.69. | <i>Source of Funds.</i> | | | | | | 31.12.70. | |
|------------|---|----|----|----|----|----|------------|-------------|
| \$ | | | | | | | \$ | \$ |
| | External— | | | | | | | |
| 37,888,973 | Loan Liability | .. | .. | .. | .. | .. | 40,690,342 | |
| 1,349,557 | Sundry Creditors | .. | .. | .. | .. | .. | 1,504,675 | |
| 492,499 | Bank Overdraft | .. | .. | .. | .. | .. | .. | |
| 38,491 | Trust Accounts | .. | .. | .. | .. | .. | 41,309 | |
| | | | | | | | 41,309 | 42,236,326 |
| | Internal— | | | | | | | |
| 10,792,292 | Capital Redemption Reserve | .. | .. | .. | .. | .. | 11,222,030 | |
| 5,737,000 | General Reserve | .. | .. | .. | .. | .. | 6,237,000 | |
| 3,528,834 | Insurance Reserve | .. | .. | .. | .. | .. | 3,644,838 | |
| 1,672,672 | Superannuation Accounts | .. | .. | .. | .. | .. | 1,808,312 | |
| 22,174,281 | Provision for Depreciation | .. | .. | .. | .. | .. | 25,056,572 | |
| 41,886 | Provision for Periodical Maintenance | .. | .. | .. | .. | .. | 51,756 | |
| 1,003,530 | Provision for Pensions and Gratuities | .. | .. | .. | .. | .. | 1,157,915 | |
| 300,000 | Provision for Long Service Leave | .. | .. | .. | .. | .. | 350,000 | |
| 1,799,576 | Sinking Fund | .. | .. | .. | .. | .. | 2,253,098 | |
| 9,164,303 | Revenue Account Balance | .. | .. | .. | .. | .. | 9,410,928 | |
| | | | | | | | 9,410,928 | 61,192,449 |
| 95,983,894 | | | | | | | | 103,428,775 |
| | <i>Application of Funds.</i> | | | | | | | |
| 90,981,784 | Works of Construction and Plant (at cost) | .. | .. | .. | .. | .. | .. | 96,721,241 |
| 1,310,271 | Investments (at cost) and Cash | .. | .. | .. | .. | .. | .. | 2,707,032 |
| | Current Assets— | | | | | | | |
| 884,234 | Sundry Debtors | .. | .. | .. | .. | .. | 883,134 | |
| 187,434 | Advances for Housing | .. | .. | .. | .. | .. | 200,942 | |
| 717,888 | Materials in Stock (at cost) | .. | .. | .. | .. | .. | 857,802 | |
| | | | | | | | 857,802 | 1,941,878 |
| 264,216 | General Reserve Fund Investments (at cost) and Cash | .. | .. | .. | .. | .. | .. | 564,216 |
| 1,599,576 | Sinking Fund Investments (at cost) and Cash | .. | .. | .. | .. | .. | .. | 1,453,099 |
| 38,491 | Cash Held in Trust Accounts | .. | .. | .. | .. | .. | .. | 41,309 |
| 95,983,894 | | | | | | | | 103,428,775 |

MELBOURNE UNDERGROUND RAIL LOOP AUTHORITY.

This Authority which was constituted under the provisions of the *Melbourne Underground Rail Loop Act 1970* is charged with the duty of supervising and co-ordinating the planning, financing and construction of an underground rail loop and ancillary works. The Authority operated as from 1st February, 1971.

Provision is made in the legislation for the operations of the Authority to be financed from borrowings within Australia or overseas and from advances by the State, with a limit to the amount borrowed, at any time, of \$80,000,000. Loans secured by the issue of debentures or inscribed stock are to be guaranteed by the State. The Authority may also arrange temporary accommodation by way of bank overdraft to a limit, at any time, of \$2,000,000.

The Act requires that the Victorian Railways Commissioners shall pay to the Authority in each financial year such amount as is determined by the Treasurer. In respect of the period 1st February to 30th June, 1971, the Treasurer determined that the amount to be so paid was \$446,866, and this payment was met in full by the Commissioners.

The legislation also provides that the Melbourne and Metropolitan Board of Works and the City of Melbourne are each required to pay annually to the Authority an amount equal to one-quarter of the administration costs and debt charges payable by the Authority. To provide further funds to meet those charges and costs, the Act provides that the Treasurer shall determine what proportion of the total amount he has determined as being payable by the Victorian Railways Commissioners is to be applied for such purposes. For the period under review, the Treasurer determined that 12.75 per cent. of the payment of \$446,866, or \$56,975, was to be so applied.

Net administrative expenditure to 30th June, after allowing for a credit of \$1,548 interest earned on short term investment, was \$31,433. There appears to be no specific power for the Authority to invest surplus funds. The power of investment included in the legislation relates solely to any sinking fund created for loan redemption purposes.

Capital expenditure for the period included an amount of \$292,000 paid to the Railways Department as part reimbursement of costs incurred by that Department in the construction of the "Jolimont Flyover" prior to the constitution of the Authority. It is doubtful whether the Authority has the legal power to contribute towards expenditure incurred prior to the date of its constitution.

The financial position of the Authority as at 30th June, 1971, is shown in the following statement of balances :—

| | \$ | \$ | \$ |
|---|---------|---------|---------|
| <i>Fixed Assets—</i> | | | |
| Loop Development Account | | 400,610 | |
| Office Equipment | | 1,156 | |
| | | 401,766 | |
| <i>Current Assets—</i> | | | |
| Cash at Bank and on hand | | 35,017 | |
| Deposits at Call | | 160,000 | |
| Accrued Interest Receivable | | 740 | |
| Prepayment.. .. . | | 3,820 | |
| | | 199,577 | |
| <i>Less Current Liabilities—</i> | | | |
| Sundry Creditors | 85,910 | | |
| Deposit—Inscribed Stock Application | 100,000 | | |
| | | 185,910 | |
| | | | 13,667 |
| | | | 415,433 |

The assets were provided from the following funds :—

| | |
|---|---------|
| Victorian Railways Commissioners for Capital Works | 389,891 |
| Victorian Railways Commissioners for Administration Costs | 56,975 |
| Less Expended (Net) | 31,433 |
| | 25,542 |
| | 415,433 |

Capital expenditure commitments not included in the above figures amounted to \$247,520 at 30th June, 1971.

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 and, pursuant to Section 44A of the *Metropolitan Fire Brigades Act 1958*, proclaimed to operate from 1st July, 1970, now includes contributions from brokers and owners where properties are insured with companies other than those licensed under Section 96 of the *Stamps Act 1958*.

The following statement, in which the figures relating to the financial year 1970-71 are subject to audit, shows receipts and disbursements for the past two years :—

| | 1969-70. | | 1970-71. | |
|--|-----------|------------------|-----------|-------------------|
| | \$ | \$ | \$ | \$ |
| <i>Receipts.</i> | | | | |
| Statutory Contributions— | | | | |
| Fire Insurance Companies | 4,803,200 | | 6,070,000 | |
| Municipalities | 2,401,600 | | 3,036,700 | |
| Brokers and Owners | .. | | 64,688 | |
| | | 7,204,800 | | 9,171,388 |
| Patrol Services, Testing and Inspecting Appliances | | 676,552 | | 718,996 |
| Sale of Materials, Property and Plant | | 94,940 | | 110,899 |
| Rents | | 60,515 | | 72,339 |
| Interest on Investments | | 104,507 | | 135,720 |
| Investments Matured | | 108,740 | | .. |
| Short Term Investments (net) | | 95,000 | | .. |
| Miscellaneous | | 7,610 | | 7,548 |
| Balance carried forward to next year | o/D | 191,392 | o/D | 203,996 |
| | | <u>8,544,056</u> | | <u>10,420,886</u> |
| <i>Disbursements.</i> | | | | |
| Balance brought forward from previous year | o/D | 394,174 | o/D | 191,392 |
| Salaries, Wages and Maintenance, etc. | | 7,339,397 | | 8,594,303 |
| Superannuation Contributions and Staff Insurance Subsidies | | 407,557 | | 594,628 |
| Purchases of Property, Plant and Equipment | | 349,489 | | 558,053 |
| Interest on Loans | | 31,662 | | 30,576 |
| Loan Repayments | | 21,777 | | 16,934 |
| Investments Purchased | | .. | | 300,000 |
| Short Term Investments (Net) | | .. | | 135,000 |
| | | <u>8,544,056</u> | | <u>10,420,886</u> |

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, 1970 and 1971, is set out in abridged form hereunder :—

| 30.6.70. | | 30.6.71. |
|-----------|--|------------------|
| \$ | | \$ |
| 554,322 | Source of Funds— External— Loan Liability | 537,388 |
| 5,278,645 | Internal— Excess of Assets over Liabilities | 6,105,562 |
| 7,190,863 | Funds | 8,532,103 |
| 6,208,241 | Less invested on account of Superannuation and other Trust purposes | 7,382,931 |
| 982,622 | | <u>1,149,172</u> |
| 6,261,267 | | <u>7,254,734</u> |
| 6,815,589 | | <u>7,792,122</u> |

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

| 30.6.70 | | | | | 30.6.71 | | | |
|------------------|--------------------------------|----|----|----|---------|------------------|----|------------------|
| \$ | | | | | \$ | \$ | | \$ |
| | <i>Current Assets—</i> | | | | | | | |
| 62,705 | Sundry Debtors | .. | .. | .. | .. | 88,801 | | |
| 282,611 | Stock on Hand | .. | .. | .. | .. | 359,087 | | |
| 1,990 | Work in Progress | .. | .. | .. | .. | 2,440 | | |
| <u>347,306</u> | | | | | | <u>450,328</u> | | |
| | <i>Less—</i> | | | | | | | |
| | <i>Current Liabilities—</i> | | | | | | | |
| 11,094 | Sundry Creditors | .. | .. | .. | .. | 3,454 | | |
| 191,392 | Cash Balance Overdrawn (net) | .. | .. | .. | .. | 203,996 | | |
| <u>202,486</u> | | | | | | <u>207,450</u> | | |
| 144,820 | | | | | | | | 242,878 |
| 981,901 | Investments | .. | .. | .. | .. | .. | .. | 1,416,901 |
| | <i>Fixed Assets—</i> | | | | | | | |
| 4,360,235 | Land and Buildings | .. | .. | .. | .. | 4,782,097 | | |
| 446,576 | Plant, Machinery and Equipment | .. | .. | .. | .. | 490,690 | | |
| 882,057 | Rolling Stock | .. | .. | .. | .. | 859,556 | | |
| | | | | | | <u>6,132,343</u> | | |
| <u>6,815,589</u> | | | | | | | | <u>7,792,122</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 \$122,978 compared with \$94,776 for the previous year.

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 \$691,880 and the provisions for sinking fund and accruing long service leave, there was a surplus of \$184,315 on the year's operations. This compares with a surplus of \$65,558 in 1969-70.

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

| 1969-70. \$ | | | | | | | 1970-71. \$ | \$ |
|----------------|--|----|----|----|----|----|----------------|-----------|
| | Operating Revenue— | | | | | | | |
| 246,018 | Wharfage Rates | .. | .. | .. | .. | .. | 281,555 | |
| 36,669 | Tonnage Rates | .. | .. | .. | .. | .. | 57,879 | |
| 3,038 | Slipway Charges | .. | .. | .. | .. | .. | 3,349 | |
| 192,311 | Shipping Services | .. | .. | .. | .. | .. | 289,864 | |
| 51,706 | Rent | .. | .. | .. | .. | .. | 50,190 | |
| 340,953 | Handling Charges, &c.—Grain Terminal | .. | .. | .. | .. | .. | 562,951 | |
| 1,979 | Licences | .. | .. | .. | .. | .. | 2,019 | |
| 357 | Other | .. | .. | .. | .. | .. | 370 | |
| 873,031 | | | | | | | | 1,248,177 |
| | Operating Expenditure— | | | | | | | |
| 118,437 | Administrative | .. | .. | .. | .. | .. | 131,374 | |
| 86,354 | Maintenance | .. | .. | .. | .. | .. | 96,623 | |
| 158,082 | Shipping Services | .. | .. | .. | .. | .. | 210,448 | |
| 125,834 | Grain Terminal Expenses (including Depreciation) | .. | .. | .. | .. | .. | 311,152 | |
| 11,870 | Depreciation—Harbor Works, &c. | .. | .. | .. | .. | .. | 11,469 | |
| 500,577 | | | | | | | | 761,066 |
| 372,454 | Operating Surplus | .. | .. | .. | .. | .. | 487,111 | |
| | Non-operating Revenue— | | | | | | | |
| 10,116 | Interest | .. | .. | .. | .. | .. | 19,051 | |
| 382,570 | | | | | | | | 506,162 |
| | Non-operating Expenditure— | | | | | | | |
| 910,946 | Loan Interest | .. | .. | .. | .. | .. | 958,049 | |
| 65 | Loan Flotation Expenses, &c. | .. | .. | .. | .. | .. | 36 | |
| 320 | Other | .. | .. | .. | .. | .. | .. | |
| 911,331 | | | | | | | | 958,085 |
| 528,761 | Excess of Expenditure over Revenue | .. | .. | .. | .. | .. | 451,923 | |
| | Appropriations— | | | | | | | |
| 4,642 | Long Service Leave | .. | .. | .. | .. | .. | 5,353 | |
| 50,839 | Sinking Fund | .. | .. | .. | .. | .. | 50,289 | |
| 55,481 | | | | | | | | 55,642 |
| 584,242 | | | | | | | | 507,565 |
| 649,800 | Contribution by State from the Consolidated Fund for maintenance of port facilities and for other purposes | .. | .. | .. | .. | .. | 691,880 | |
| 65,558 | Surplus for year | .. | .. | .. | .. | .. | 184,315 | |

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, \$2,573,062, and National Debt Sinking Fund contributions, \$135,657.

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

| | \$ |
|---|----------------|
| Balance 1st July, 1970—Deficit | 68,140 |
| Add Surplus for year | 184,315 |
| | <u>116,175</u> |
| Less Transfer to Loans Redeemed Reserve in respect of Loans redeemed during 1970-71 | 74,439 |
| | <u>41,736</u> |

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

| 30.6.70. | | 30.6.71. |
|-------------------|---|-------------------|
| \$ | | \$ |
| 277,257 | Current Liabilities | 277,720 |
| | Deferred Liabilities— | |
| 10,000 | Treasury Advance | 10,000 |
| 20,165,225 | Loan Funds | 20,640,786 |
| 32,508 | Provision for Overburden Removal, Cape Grant Quarry .. | 11,021 |
| 73,148 | " " Plant Maintenance | 52,419 |
| 40,332 | Other | 63,752 |
| <u>20,321,213</u> | | <u>20,777,978</u> |
| | Funds of the Trust— | |
| 38,904 | Endowments | 35,182 |
| 820,163 | Sinking Fund | 916,337 |
| 313,775 | Loans Redeemed Reserve | 388,214 |
| .. | Accumulated Surplus | 41,736 |
| <u>1,172,842</u> | | <u>1,381,469</u> |
| 68,140 | Less—Accumulated Deficit | .. |
| <u>1,104,702</u> | | <u>1,381,469</u> |
| <u>21,703,172</u> | | <u>22,437,167</u> |
| | Current Assets— | |
| 35,976 | Cash | 39,162 |
| 123,132 | Stores | 132,070 |
| 211,339 | Other | 178,673 |
| <u>1,537,914*</u> | | <u>349,905</u> |
| | Investments | 1,959,766* |
| | Fixed Assets— | |
| 32,783 | Property Vested (<i>less</i> Written Off) | 29,061 |
| 68,050 | Other (<i>less</i> Depreciation) | 68,294 |
| 17,398,885 | Harbor Construction Works and Plant (<i>less</i> Depreciation) .. | 17,743,253 |
| 2,295,093 | Grain Terminal Construction Works and Plant (<i>less</i> Depreciation) | 2,286,888 |
| <u>21,703,172</u> | | <u>20,127,496</u> |
| | | <u>22,437,167</u> |

* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1971, comprised advances from the Treasurer, \$3,672,900, (including \$24,900 discount and expenses on loans) and \$16,967,886 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 \$2,573,062.

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, \$1,959,766 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 statement below shows the composition of the Common Fund at 30th June, 1970 and 1971.

| | 30.6.70. | 30.6.71. |
|--|-------------------|-------------------|
| | \$ | \$ |
| Estates—Mental Patients, Deceased Persons, Trusts and Agencies | 21,199,439 | 22,929,810 |
| Moneys held in Trust for Minors | 1,748,836 | 1,777,252 |
| Unclaimed Moneys | 1,406,711 | 1,694,205 |
| Estates Guarantee and Reserve Account.. .. . | 1,325,275 | 1,434,309 |
| Maintenance Fund | 298,300 | 241,653 |
| Interest Reserve | 103,000 | 106,000 |
| Pensions Suspense Account | 47,999 | .. |
| Suspense—Amounts pending allocation or adjustment | 9,647 | 14,274 |
| | <u>26,139,207</u> | <u>28,197,503</u> |

The Common Fund was invested as follows :—

| | 30.6.70. | 30.6.71 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Inscribed Stock | 7,128,500 | 7,148,300 |
| Bank Deposit Stock | 700,000 | 1,100,000 |
| Loans to Municipal and other Statutory Bodies | 3,527,039 | 3,824,700 |
| Mortgages | 14,929,321 | 15,856,339 |
| Loan to Co-operative Housing Society | 123,204 | 110,204 |
| Cash at Bank and in Hand | O/D 268,857 | 157,960 |
| | <u>26,139,207</u> | <u>28,197,503</u> |

In addition to the funds held as the Common Fund, the Public Trustee had under his control at 31st June, 1971, estate investments in government and semi-government securities amounting to \$1,714,144 as well as other property, including land and buildings, to a substantial but, in the absence of ledger control, not readily ascertainable value.

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 the Consolidated Fund towards administrative costs.

Operations through the Suspense and Reserve Accounts for the financial years 1969–70 and 1970–71 were :—

| 1969–70. | INTEREST SUSPENSE ACCOUNT. | | | | | 1970–71. |
|------------------|---|--|--|--|-----------|------------------|
| \$ | | | | | | \$ |
| 1,721,311 | Income from investments | | | | | <u>1,952,908</u> |
| | Appropriations— | | | | | |
| 1,116,488 | Interest allocated to estates | | | | 1,282,819 | |
| 103,000 | Provision for interest payable to estates | | | | 106,000 | |
| .. | Estates Guarantee and Reserve Account | | | | 10,000 | |
| 501,823 | Consolidated Fund | | | | 554,089 | |
| <u>1,721,311</u> | | | | | | <u>1,952,908</u> |

| 1969-70. | ESTATES GUARANTEE AND RESERVE ACCOUNT. | | | | | | 1970-71. | |
|------------------|---|----|----|----|----|----|----------|------------------|
| \$ | | | | | | | \$ | \$ |
| 1,382,005 | Balance at 1st July | .. | .. | .. | .. | .. | .. | 1,325,275 |
| 96,709 | Interest credited on balance | .. | .. | .. | .. | .. | .. | 99,421 |
| 5,012 | Capital profit on Common Fund Investments | .. | .. | .. | .. | .. | .. | .. |
| .. | Transfer from Interest Suspense Account | .. | .. | .. | .. | .. | .. | 10,000 |
| <u>1,483,726</u> | | | | | | | | <u>1,434,696</u> |
| 64 | Less Legal costs and other expenses | .. | .. | .. | .. | .. | 387 | |
| 158,387 | Capital loss on Common Fund Investments | .. | .. | .. | .. | .. | .. | |
| <u>158,451</u> | | | | | | | | <u>387</u> |
| <u>1,325,275</u> | Balance at 30th June | .. | .. | .. | .. | .. | .. | <u>1,434,309</u> |

In 1970-71 the Public Trustee deemed it necessary to supplement the funds available in the Reserve Account by an allocation of \$10,000 from the Interest Suspense Account.

Moneys standing to the credit of the Reserve Account are invested as part of the Common Fund and the Account is credited with a share of the earnings of the Fund.

Receipts from the management of estates by way of fees and commission, as well as the interest contribution already mentioned, are paid into the Consolidated Fund from which operating expenses are met. On this basis, the net result of operations for the year was a surplus of \$226,724 compared with a surplus of \$170,339 in the preceding year. Particulars are :—

| 1969-70. | | | | | | | 1970-71. | |
|----------------|--|----|----|----|----|----|----------|------------------|
| \$ | | | | | | | \$ | \$ |
| | <i>Receipts—</i> | | | | | | | |
| 411,545 | Fees and Commission | .. | .. | .. | .. | .. | 506,192 | |
| 501,823 | Surplus—Interest Suspense Account | .. | .. | .. | .. | .. | 554,089 | |
| <u>913,368</u> | | | | | | | | <u>1,060,281</u> |
| | <i>Less Payments—</i> | | | | | | | |
| 638,222 | Salaries, pay in lieu of long service leave, overtime and payroll tax .. | .. | .. | .. | .. | .. | 727,469 | |
| 2,805 | Publicity | .. | .. | .. | .. | .. | 2,990 | |
| 66,233 | Rent | .. | .. | .. | .. | .. | 66,233 | |
| 35,769 | Other Expenses (net) | .. | .. | .. | .. | .. | 36,865 | |
| <u>743,029</u> | | | | | | | | <u>833,557</u> |
| 170,339 | Surplus for the year | .. | .. | .. | .. | .. | .. | <u>226,724</u> |

The Public Trustee also collects amounts from various sources on account of the Consolidated Fund 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 the Consolidated Fund and to Treasury Trust Fund from all sources during the last three years were :—

| — | 1968-69. | 1969-70. | 1970-71. |
|--|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Consolidated Fund— | | | |
| Fees and Commission | 336,545 | 411,545 | 506,192 |
| Probate Duty | 576,085 | 754,639 | 1,017,237 |
| Surplus from Interest Suspense Account | 418,645 | 501,823 | 554,089 |
| Maintenance—Patients in Mental Hospitals | 43,167 | 50,512 | 116,047 |
| Stationery, Postages recouped | 11,030 | 17,069 | 22,360 |
| Sundry Receipts | .. | 4,721 | 25,995 |
| | <u>1,385,472</u> | <u>1,740,309</u> | <u>2,241,920</u> |
| Transfers to Treasury Trust Fund— | | | |
| Unclaimed Moneys—after 6 years | .. | 121,287 | .. |

A substantial reduction in the quantity of unprocessed accounting records and a revision in the scale of fees and charges under the *Public Trustee Act* 1958, operative from 1st September, 1970, were among the main reasons for the increase in the total amount paid to the Consolidated Fund in 1970-71.

At 30th June, 1971, the Public Trustee held, as part of the Common Fund, moneys unclaimed for a period of six years prior to 30th June, 1970, and 30th June, 1971, to a total of \$322,793. The apparent requirement to pay these moneys to Treasury Trust Fund was removed by the repeal of the proviso to sub-section 4 of Section 19 of the *Audit Act* 1958. However, the question of the need or desirability for fresh legislation, outside the scope of the Audit Act, to direct these moneys to the Public Account is receiving the consideration of Treasury.

In previous Reports, mention has been made of shortcomings in the accounting procedures and operations of the Accounts Branch of the Public Trustee's Office. At the present time, officers of the Organization and Methods Section of the Public Service Board are carrying out a review of the accounting and other administrative procedures in operation at the Office.

RURAL FINANCE AND SETTLEMENT COMMISSION.

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

THE RURAL FINANCE ACT 1958.

Loans under Part III. of Act.

In accordance with the provisions of this Part, the Commission makes advances by way of loan, at the lowest possible rates of interest, to existing or proposed country industries, both primary and secondary. In these terms, loans made during the year amounted to \$4,969,520. At the close of the year, \$30,861,974 was held by borrowers of which \$26,789,738 was held in respect of primary industries and \$4,072,236 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 1970-71.

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 \$9,999.

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, 1970 .. | 6,934,077 | |
| Repayments of advances, 1st July, 1970, to 30th June, 1971 .. | 28,537 | |
| | ————— | 6,962,614† |
| | | 11,746,614 |
| <i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1971 | .. | 7,285,577 |
| | | ————— |
| Unexpended balance 30th June, 1971 | .. | 4,461,037 |

* 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, 1971, 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 :—

| 1970. \$ | INCOME. | 1971. \$ | \$ |
|-----------------------------|--|-------------|----------------|
| 1,701,349 | Interest | 1,878,205 | |
| 28,463 | Application and Legal Fees | 31,035 | |
| <u>1,729,812</u> | | | 1,909,240 |
| EXPENDITURE AND PROVISIONS. | | | |
| 239,961 | Administration | 253,444 | |
| 1,229,704 | Interest on Loan Indebtedness | 1,322,789 | |
| 78,959 | Interest on Redeemed Securities | 90,102 | |
| 5,195 | Provision for Long Service Leave | 5,307 | |
| 34,035 | Provision for Superannuation | 64,747 | |
| <u>1,587,854</u> | | | 1,736,389 |
| 141,958 | Operating Profit for Year | | 172,851 |
| <i>Add—</i> | | | |
| 148,134 | Interest on Investments | 127,140 | |
| 9,916 | Surplus on Sale of Residences, &c. | 7,576 | |
| <u>300,008</u> | | | 307,567 |
| <i>Less—</i> | | | |
| 67,943 | National Debt Sinking Fund—Contribution | 70,698 | |
| 15,684 | Discounts and Expenses on Loans | 7,836 | |
| <u>83,627</u> | | | 78,534 |
| <u>216,381</u> | Balance Transferred to Profit and Loss Appropriation Account | | <u>229,033</u> |

At 30th June, 1970 and 1971, funds available to the Commission were :—

| 30.6.70. \$ | | 30.6.71. \$ | \$ |
|-------------------|--|------------------|-------------------|
| 26,395,110 | Loan Funds— Loan Liability—Treasurer of Victoria (net) | 27,011,988 | |
| 6,734 | Other Funds— Advances <i>Farmers Debts Adjustment Act</i> 1943—Treasurer of Victoria | 5,591 | |
| 4,681,685* | 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 | |
| | | <u>4,706,680</u> | |
| 244,409 | Trust Account—Amounts in suspense | 194,443 | |
| 13,204 | Sundry Creditors | 17,091 | |
| 2,024,339 | Reserve—National Debt Sinking Fund (including Commonwealth contributions) | 2,248,296 | |
| 68,726 | Provision for Long Service Leave | 72,189 | |
| 1,064,722 | Provision for Superannuation | 1,300,527 | |
| 467,039 | Provision for Doubtful Debts | 467,039 | |
| 1,400,000 | Loan Equalization Account | 1,630,000 | |
| 839,499 | General Reserve | 893,550 | |
| 312,293 | Profit and Loss Appropriation Account | 410,299 | |
| <u>37,537,164</u> | | | <u>38,952,102</u> |

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

The General Reserve (\$893,550) 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 :—

| 30.6.70. | | 30.6.71. |
|------------|--|------------------|
| \$ | | \$ \$ |
| | Loans and Advances— | |
| 29,099,381 | Loans under Part III.— <i>Rural Finance Act 1958</i> | 30,875,461 |
| 268,589 | Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Act 1958</i> | 240,052 |
| 6,734 | Advances under <i>Farmers Debts Adjustment Act 1943</i> | 5,591 |
| 27,535 | Contracts of Sale | 27,644 |
| | | <hr/> |
| | | 31,148,748 |
| 645,335 | Interest Due and Accrued | 708,103 |
| 739 | Amount Due for Administration—Other Commission Functions | 25,592 |
| | Cash at Treasury, &c.— | |
| 4,432,500 | Rural Rehabilitation Fund | 4,461,037 |
| 22,082 | National Debt Sinking Fund | 21,152 |
| | | <hr/> |
| | | 4,482,189 |
| | Fixed Assets— | |
| 23,042 | Furniture and Office Equipment <i>less</i> Depreciation | 20,240 |
| 33,585 | Motor Cars <i>less</i> Depreciation | 39,624 |
| 76,873 | Residences and Offices | 100,196 |
| | | <hr/> |
| | | 160,060 |
| 1,688 | Charges paid in Advance | 3,530 |
| | Cash— | |
| 36,771 | At Bank and in hand | 207,190 |
| 836,295 | At call | 50,000 |
| 100,000 | In Transit | .. |
| | | <hr/> |
| | | 257,190 |
| 1,926,015 | Investment Pool (at cost) on account of Provisions and General Reserve | 2,166,690 |
| <hr/> | | <hr/> |
| 37,537,164 | | 38,952,102 |

Interest due and accrued, \$708,103, shown above, comprised interest due, \$347,141, and interest accrued, \$360,962.

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— | | \$ \$ |
|--------------------------------------|-------------------------|------------------|
| Treasurer of Victoria— | | |
| Works and Services Account | | 5,175,000 |
| Borrowers— | | |
| Repayments of Principal | | 269,837 |
| Interest on Advances | | 88,782 |
| | | <hr/> |
| | | 358,619 |
| Deposit—Shepparton Abattoirs | | 200,000 |
| Cash at Bank—30th June, 1970 | | 6,029 |
| | | <hr/> |
| | Carried forward | 5,739,648 |
| | | <hr/> |

| | \$ | \$ | \$ |
|---|--------|-----------|-----------------|
| Total Receipts brought forward | | | 5,739,648 |
| Less Payments— | | | |
| Settlers— | | | |
| Bush Fire Relief | 29,245 | | |
| Drought Relief | 7,486 | | |
| Rain Damage—Dried Fruits Area | 37,263 | | |
| | <hr/> | 73,994 | |
| Secondary Industry | | 4,000,000 | |
| Treasurer of Victoria—Instalments of Principal and Interest | | 358,619 | |
| | | <hr/> | 4,432,613 |
| Cash at Bank—30th June, 1971 | | | <hr/> 1,307,035 |

Drought Relief.—Funds have been provided by the State and the Commonwealth for 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, 1970 | 1,215,328 |
| Principal repayments | 840,704 |
| Interest | 99,105 |
| | <hr/> |
| | 2,155,137 |
| Payments— | |
| Repayments re-advanced | 209,650 |
| Administration costs | 54,804 |
| Repaid to Commonwealth | 725,311 |
| Treasurer of Victoria—Instalments of Principal and Interest | 12,054 |
| Balance—30th June, 1971 | 1,153,318 |
| | <hr/> |
| | 2,155,137 |

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, 1971, a sum of \$131,245,473 has been allocated for soldier settlement. Of this sum, \$116,848,067 has been made available from State loan moneys 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, 1971, was \$46,118,296.

With the exception of \$1,504,131 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 the Consolidated Fund. During 1970–71, \$1,394,701 was so credited bringing the total repayments to 30th June, 1971, to \$65,614,007.

Principal assets of the Commission at 30th June, 1971, were :—

| | \$ |
|--|------------|
| Land and Improvements held by settlers under purchase lease | 33,004,763 |
| Advances to finance single unit farms | 6,833,543 |
| Advances to effect improvements and for purchase of stock, &c. | 18,575 |
| Unpaid balances under Contracts of Sale | 135,151 |

In addition to the assets listed above, there is another item of substantial size in the Commission's books. This item, \$4,817,247, 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 repeatedly in recent years, 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 1970-71 shows :—

| <i>Expenditure—</i> | \$ | \$ |
|---|-----------|-----------|
| Interest | 2,577,067 | |
| <i>Less</i> Interest transferred and borne by the State | 927,955 | |
| | <hr/> | |
| | 1,649,112 | |
| Administrative Costs | 259,388 | |
| Provision for Long Service Leave | 5,543 | |
| Provision for Superannuation | 67,621 | |
| | <hr/> | |
| | | 1,981,664 |
| <i>Income—</i> | | |
| Interest earned | 875,551 | |
| Rents, Fees and Sundries | 266 | |
| | <hr/> | |
| | | 875,817 |
| Deficit for 1970-71 | | <hr/> |
| | | 1,105,847 |

The total accumulated deficit to 30th June, 1971, amounted to \$25,124,111. 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, 1971, have been calculated by the Commission to be \$26,172,611.

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 the Works and Services Account 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 \$31,645,356 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, 1971, was \$24,033,964—a reduction of \$7,611,392, made up as hereunder :—

| | To 30.6.70. | 1970-71. | Total. |
|---|-------------|----------|-----------|
| | \$ | \$ | \$ |
| Settlers' repayments to the Consolidated Fund | 3,708,550 | 740,715 | 4,449,265 |
| Borne by the State pursuant to Section 41 | 2,932,244 | 229,883 | 3,162,127 |
| | <hr/> | <hr/> | <hr/> |
| | 6,640,794 | 970,598 | 7,611,392 |

Assets of the Commission at 30th June, 1971, were :—

| | \$ | \$ |
|--|---------|------------|
| Estates purchased and developed not yet disposed of | .. | 8,954,310 |
| Unpaid balances under Contracts of Sale | .. | 317,660 |
| Land and improvements held under Purchase Lease—Division 4 | .. | 15,427,715 |
| Advances to Settlers—Division 6 | .. | 67,397 |
| Land and Improvements under mortgage—Division 4 | .. | 303,815 |
| Capital Expenses not allocated to Estates | .. | 109,237 |
| Other assets— | | |
| Buildings and working plant at cost <i>less</i> depreciation | 300,394 | |
| Plant, materials and services not yet allocated | 40,036 | |
| | <hr/> | 340,430 |
| | | <hr/> |
| | | 25,520,564 |

The Profit and Loss Account for the year ended 30th June, 1971, excluding livestock transactions, shows :—

| | \$ | \$ |
|--|---------|-----------|
| <i>Expenditure—</i> | | |
| Interest and Loan-raising Expenses | .. | 1,406,837 |
| <i>Less</i> Interest Capitalized | 418,619 | |
| „ Interest transferred and borne by the State under Section 41 | 179,064 | |
| | <hr/> | 597,683 |
| Administrative Costs | .. | 809,154 |
| Provision for Long Service Leave | .. | 254,529 |
| Provision for Superannuation | .. | 5,438 |
| Shire Rates | .. | 66,355 |
| | .. | 5,291 |
| | | <hr/> |
| | | 1,140,767 |
| <i>Income—</i> | | |
| Interest earned, agistment, &c. | .. | 602,814 |
| <i>Deficit</i> for year | .. | <hr/> |
| | | 537,953 |

The accumulated deficit to 30th June, 1971, before taking into account profits from livestock trading, amounted to \$3,630,618. 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 \$71,878, thereby increasing the accumulated profit from this activity to \$798,891 at 30th June, 1971.

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, 1970 | 1,195,330 | |
| <i>Less—</i> Transfer of surplus to Rural Finance and Settlement Fund | 195,330 | |
| | <hr/> | 1,000,000 |
| Premiums Raised 1970–71 | 232,423 | |
| Interest on Investments | 69,061 | |
| | <hr/> | 301,484 |
| Gross Income | .. | 1,301,484 |
| <i>Expenditure—</i> | | |
| Current Claims admitted—1970–71 | 23,042 | |
| Administration Expenses | 34,468 | |
| Statutory contribution to Country Fire Authority | 30,242 | |
| | <hr/> | 87,752 |
| Total Expenditure | .. | <hr/> |
| Balance at 30th June, 1971 | .. | 1,213,732 |

The transfer of \$195,330 to the Rural Finance and Settlement Fund from the balance brought forward at 1st July, 1970, was made on the basis of my certificate issued pursuant to the provisions of sub-section (11) of Section 29 of the *Rural Finance and Settlement Commission Act 1961*. This was the sum which, after due consideration of the claims reasonably likely to be made against the Rural Finance and Settlement Insurance Fund, was the surplus in the Fund at the close of business on 30th June, 1970.

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

| | \$ | \$ |
|--|-----------|-----------------------|
| Investments—Inscribed Stock, &c. held in Common Pool | 1,150,909 | |
| Accrued Interest | 18,691 | |
| Arrears of Premium | 34,768 | |
| Cash at Bank | 34,202 | |
| | <hr/> | 1,238,570 |
| <i>Less—</i> | | |
| Claims Admitted but not Paid | 18,426 | |
| Provision for Stamp Duty | 6,412 | |
| | <hr/> | 24,838 |
| Balance at 30th June, 1971 | | <hr/> 1,213,732 <hr/> |

STATE MOTOR CAR INSURANCE OFFICE.

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

The figures herein relating to the financial year 1970-71 in respect of Third-Party Insurance are submitted subject to completion of the audit. The assessment of the liability for Third-Party claims outstanding as at 30th June, 1971, was not finalized by the Insurance Commissioner and submitted for audit until just prior to the printing of this Report. The overall financial result for the year should, therefore, at this stage, be regarded as subject to audit.

The financial statements submitted by the Insurance Office disclose an overall loss of \$1,281,380 for the year compared with a loss of \$12,254,797 in 1969-70. The accumulated loss shown is \$17,587,760.

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

| | 1969-70. | | | 1970-71. | | |
|---------------------------|--------------|----------------|------------|--------------|----------------|------------|
| | Third-Party. | Comprehensive. | Total. | Third-Party. | Comprehensive. | Total. |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Net Premiums earned | 13,811,797 | 4,983,978 | 18,795,775 | 15,056,073 | 5,497,654 | 20,553,727 |
| Stamp Duty recouped | .. | 257,459 | 257,459 | .. | 291,759 | 291,759 |
| | 13,811,797 | 5,241,437 | 19,053,234 | 15,056,073 | 5,789,413 | 20,845,486 |
| Claims | 26,820,251 | 4,328,439 | 31,148,690 | 18,122,260 | 4,269,803 | 22,392,063 |
| Management | 429,176 | 1,042,736 | 1,471,912 | 503,815 | 1,126,409 | 1,630,224 |
| Licence Fee | .. | 257,640 | 257,640 | .. | 268,020 | 268,020 |
| | 27,249,427 | 5,628,815 | 32,878,242 | 18,626,075 | 5,664,232 | 24,290,307 |
| Operating Profit | .. | .. | .. | .. | 125,181 | 125,181 |
| Operating Loss | 13,437,630 | 387,378 | 13,825,008 | 3,570,002 | .. | 3,570,002 |

| | 1969-70. | | 1970-71. | |
|--|------------|------------|-----------|-----------|
| | \$ | \$ | \$ | \$ |
| Net Operating Loss | 13,825,008 | | | 3,444,821 |
| Add—Loss on Disposal of Property | .. | 13,825,008 | | 394 |
| | | 13,825,008 | | 3,445,215 |
| Less—Interest—Fund at Treasury | 1,570,211 | | 2,053,627 | |
| Adjustment Licence Fee in Advance for Previous Years | .. | | 110,208 | |
| | | 1,570,211 | | 2,163,835 |
| Net Loss | | 12,254,797 | | 1,281,380 |

| Loss ratio to earned premium income— | % | % |
|--------------------------------------|-------|-------|
| Third-party | 194.2 | 120.4 |
| Comprehensive | 86.8 | 77.7 |

Premium rates for Comprehensive Insurance were increased from 1st December, 1970, and those for Third Party Insurance from 1st March, 1971. Earned premiums have been calculated on the "time" basis, using the monthly method of apportionment.

The procedure for the calculation of the licence fee shown to be in advance as at the close of financial years from 1965-66 has resulted in an overstatement of the amount provided. The amount has been transferred to the Appropriation Account.

A significant reduction in the cost of Third Party incurred claims compared with that for the previous year is the major factor attributable to the substantial improvement in the year's financial result shown.

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

| | 1968-69. | 1969-70. | 1970-71. |
|--|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| Claims paid during the year | 8,551,939 | 10,484,421 | 12,350,834 |
| <i>Add</i> —Claims unpaid as at close of year | 28,255,959 | 44,591,789 | 50,363,215 |
| | <u>36,807,898</u> | <u>55,076,210</u> | <u>62,714,049</u> |
| <i>Less</i> Claims unpaid brought forward from previous year | 24,754,888 | 28,255,959 | 44,591,789 |
| Incurred claims | <u>12,053,010</u> | <u>26,820,251</u> | <u>18,122,260</u> |

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

| 30.6.70. | | | 30.6.71. |
|-------------------|--|---------|-------------------|
| \$ | | | \$ |
| | <i>Assets.</i> | | |
| | Current— | | |
| 8,643,959 | Cash at Treasury .. .. . | .. .. . | 9,953,878 |
| 2,938,154 | Sundry Debtors, less Bad Debts Provision .. .. . | .. .. . | 3,879,032 |
| 10,596 | Trust Account .. .. . | .. .. . | 17,265 |
| <u>11,592,709</u> | | | <u>13,850,175</u> |
| | Investments— | | |
| 28,184,942 | Government and Semi-Government Securities .. .. . | .. .. . | 31,667,365 |
| | Fixed— | | |
| 40,072 | Furniture and Office Machines <i>less</i> Depreciation .. .. . | .. .. . | 41,954 |
| | Profit and Loss Account— | | |
| 16,306,380 | Accumulated Loss .. .. . | .. .. . | 17,587,760 |
| <u>56,124,103</u> | | | <u>63,147,254</u> |
| | <i>Liabilities and Provisions.</i> | | |
| | Current— | | |
| 9,586,130 | Unearned Premiums .. .. . | .. .. . | 10,743,091 |
| 45,621,537 | Claims Outstanding .. .. . | .. .. . | 51,447,930 |
| 40,140 | Sundry Creditors .. .. . | .. .. . | 71,062 |
| 876,296 | Provision for Reinsurance Premiums .. .. . | .. .. . | 885,171 |
| <u>56,124,103</u> | | | <u>63,147,254</u> |

In respect of Third Party Insurance, the estimated liability for outstanding claims has been assessed by the "case" method. To the sum so determined, there have been added amounts to make provision for claims of the "Nominal Defendant" and for unreported claims. Outstanding claims on account of Comprehensive Insurance have been calculated 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 the Consolidated Fund.

SUPERANNUATION FUND.

This Fund, authorized under the provisions of the *Superannuation Act* 1958, provides, on a contributory basis, retiring benefits for the public and teaching services, the officers and employees of the railways service and certain statutory bodies and, in terms of the *Superannuation Act* 1963, certain members of the police force.

Amending legislation operative from 15th December, 1970—the *Superannuation (Amendment) Act* 1970—

- (i) raised from six to twenty the aggregate number of reserve units of pension for which a contributor may contribute ; and
- (ii) authorizes contributors who are over 54 years of age and whose contributions exceed 12 per cent. of gross fortnightly salary to elect to contribute for additional units at reduced rates as specified in Table D in the Fifth Schedule to the Act. The pension payable in respect of such units, except where the Act requires the pension to be actuarially determined, is \$71.50 per annum.

The audit of the accounts has been completed to 30th June, 1970, and the audit for the year ended 30th June, 1971, 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 :—

| 1969-70. | | | | | | | 1970-71. | |
|-------------|---|----|----|----|----|----|------------|-------------|
| \$ | | | | | | | \$ | \$ |
| | <i>Receipts.</i> | | | | | | | |
| | Contributions— | | | | | | | |
| 16,192,605 | Current (net) | .. | .. | .. | .. | .. | 19,387,233 | |
| 498,365 | Deferred | .. | .. | .. | .. | .. | 499,091 | |
| | | | | | | | | 19,886,324 |
| 15,243,896 | Payments from the Consolidated Fund | .. | .. | .. | .. | .. | .. | 17,418,685 |
| 8,687,167 | Interest on Investments | .. | .. | .. | .. | .. | .. | 9,770,865 |
| 29,500 | Underwriting Commission | .. | .. | .. | .. | .. | .. | 22,500 |
| 286 | Valuation Fees on Property Loans (net) | .. | .. | .. | .. | .. | .. | 190 |
| 1,161 | Insurance Commission | .. | .. | .. | .. | .. | .. | 3,196 |
| 8,727 | Mortgage Reserve Account Premiums | .. | .. | .. | .. | .. | .. | 14,091 |
| 130,442 | Reserve Units Account (net) | .. | .. | .. | .. | .. | .. | 152,499 |
| .. | Assurance Premiums (net) | .. | .. | .. | .. | .. | .. | .. |
| 306 | Miscellaneous | .. | .. | .. | .. | .. | .. | 1,370 |
| 40,792,455 | | | | | | | | 47,269,720 |
| | <i>Disbursements.</i> | | | | | | | |
| 19,369,498 | Pensions | .. | .. | .. | .. | .. | .. | 21,870,540 |
| | Lump Sum Payments— | | | | | | | |
| 14,455 | Limited Contributors | .. | .. | .. | .. | .. | 28,882 | |
| 4,723,037 | Cash Options | .. | .. | .. | .. | .. | 6,742,368 | |
| | | | | | | | | 6,771,250 |
| 2,174,560 | Pensions Supplementation Fund—Statutory Transfer | .. | .. | .. | .. | .. | .. | 3,755,915 |
| 11,280 | The Consolidated Fund—Act 7081, Sec. 9 (3) (4) | .. | .. | .. | .. | .. | .. | .. |
| 3,484 | Interest on Refunds of Reserve Units Contributions | .. | .. | .. | .. | .. | .. | 3,383 |
| .. | Profits and Losses on Sales &c. of Securities (net) | .. | .. | .. | .. | .. | .. | 183,329 |
| 1,700 | Assurance Premiums (net) | .. | .. | .. | .. | .. | .. | 585 |
| 64 | Miscellaneous | .. | .. | .. | .. | .. | .. | 131 |
| 26,298,078 | | | | | | | | 32,585,133 |
| 14,494,377 | Surplus of Receipts over Disbursements | .. | .. | .. | .. | .. | .. | 14,684,587 |
| 150,344,692 | Balance (including Investments) 1st July | .. | .. | .. | .. | .. | .. | 164,839,069 |
| 164,839,069 | Balance, 30th June | .. | .. | .. | .. | .. | .. | 179,523,656 |
| 164,963,509 | Investments (at cost), 30th June | .. | .. | .. | .. | .. | .. | 179,624,169 |

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

Contributions—Current.—The increase of \$3,194,628 under this head was a net increase. Gross contributions rose by \$3,036,840 and refunds of contributions decreased by \$157,788. The main factor in this increase was the higher salaries of contributors generally which raised their pension entitlement, with consequent higher contributions.

Payments from the Consolidated Fund.—The rise of \$2,174,789 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 \$1,083,698 in interest received by the Fund in 1970–71 was the substantial net investment during the year of \$14,660,660.

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 ;
- (ii) interest earned on investments made out of the Fund ; and
- (iii) commencing at a date to be fixed by the Treasurer as provided by the *Superannuation (Amendment) Act* 1970 operative from 15th December, 1970, transfers from the Police Pensions Fund established under the *Police Regulation Act* 1958 to equal in value the amounts debited to the Pensions Supplementation Fund in respect of the supplementation of the pensions of police pensioners and police widow pensioners.

A summary is given below of the year's transactions of the Fund on an accrual basis, together with comparative figures for 1969–70 :—

| 1969-70. | | 1970-71. |
|-----------|--|-----------|
| \$ | | \$ |
| | Income— | |
| 2,277,110 | Statutory Transfer—Superannuation Fund | 3,751,570 |
| 51,982 | Interest on Investments | 20,150 |
| 1,883 | Appreciation of Investments, &c. | .. |
| 2,330,975 | | 3,771,720 |
| | Expenditure— | |
| 2,642,526 | Pensions | 4,301,044 |
| .. | Loss on Sale of Investments (net) | 28,270 |
| | | 4,329,314 |
| 311,551 | Deficit met from Accumulated Funds | 557,594 |

The Accumulated Funds as at 30th June, 1970 and 1971, respectively, were represented by—

| 30.6.70. | | 30.6.71. |
|----------|---|----------|
| \$ | | \$ |
| | Assets— | |
| 108,238 | Cash at Bank | 41,699 |
| | Accruals— | |
| 133,746 | Transfer from Superannuation Fund | 129,482 |
| 14,930 | Interest on Investments | 3,259 |
| 5 | Miscellaneous | .. |
| 32,854 | Sundry Debtors—Police Superannuation Fund | 132,741 |
| | | 32,854 |

| \$ | | \$ | \$ |
|---------|---|---------|---------|
| | Investments (at book value)— | | |
| 180,000 | Commonwealth Government Inscribed Stock | .. | |
| 487,954 | Melbourne City Council Inscribed Stock | 189,345 | |
| | | | 189,345 |
| 957,727 | | | 396,639 |
| | <i>Less Liabilities—</i> | | |
| 152,005 | Pensions Approved but Unpaid | .. | 148,511 |
| 805,722 | Accumulated Funds | .. | 248,128 |

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. The circumstances of the retention of \$32,854 in the Police Superannuation Fund were stated in the Supplementary Reports for 1968–69 and 1969–70. The position remains unaltered.

Income of the Fund was not sufficient to meet the cost of supplementary pensions. 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 the Consolidated Fund when benefits become due. Benefits on retirement consist of lump sum payments or annuities.

A statement of receipts and disbursements for the past two years is given hereunder—

| | | <i>Receipts.</i> | | | | | | | |
|------------|--|-----------------------|----|----|----|---------|-------------|-----------|--|
| 1969–70. | | | | | | | 1970–71. | | |
| \$ | | | | | | | \$ | \$ | |
| 943,950 | Balance 1st July, | .. | .. | .. | .. | .. | 1,064,801 | | |
| | Contributions— | | | | | | | | |
| 167,033 | Officers and the Consolidated Fund | .. | .. | .. | .. | 356,721 | | | |
| 1,076 | The Consolidated Fund—Lump Sums | .. | .. | .. | .. | 9,713 | | | |
| | | | | | | | | 366,434 | |
| 56,691 | Interest on Investments | .. | .. | .. | .. | .. | 71,390 | | |
| 1,168,750 | | | | | | | | 1,502,625 | |
| | | <i>Disbursements.</i> | | | | | | | |
| 61,034 | Lump Sum Payments | .. | .. | .. | .. | .. | 67,928 | | |
| 8,736 | Annuities | .. | .. | .. | .. | .. | 8,684 | | |
| | Contribution Refunded to— | | | | | | | | |
| 4,311 | Officers | .. | .. | .. | .. | 47,909 | | | |
| 20,628 | The Consolidated Fund | .. | .. | .. | .. | 15,132 | | | |
| | | | | | | | | 63,041 | |
| 9,240 | Net Loss on Realisation of Investments | .. | .. | .. | .. | .. | .. | | |
| 1,064,801* | Balance 30th June | .. | .. | .. | .. | .. | * 1,362,972 | | |
| 1,168,750 | | | | | | | | 1,502,625 | |
| | <i>*Represented by—</i> | | | | | | | | |
| 1,046,695 | Investments (at cost) | .. | .. | .. | .. | .. | 1,364,695 | | |
| 18,106 | Cash at Bank | .. | .. | .. | .. | .. | O/D 1,723 | | |
| 1,064,801 | | | | | | | | 1,362,972 | |

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, the Consolidated Fund is applied to enable the Fund to meet its liabilities.

Amending legislation operative from 15th December, 1970—the *Superannuation (Amendment) Act* 1970—established within the Fund an Account called the “Supplementary Retirement Account.” A member may make contributions to the Account by way of deduction from salary, not exceeding 10 per cent. of gross. Withdrawals from the Account by a member of the whole or part of the moneys standing to his credit in the Account may be made at five-yearly intervals. Where a contributor ceases to be a member, there is payable to him or his personal representative the amount standing to his credit in the Account together with compound interest thereon at a rate determined by the Trustees of the Fund.

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

Transactions for 1969–70 and 1970–71 were :—

| 1969–70. | | | | 1970–71. | |
|----------|--|-----------------------|----|----------|-----------|
| \$ | | <i>Receipts.</i> | | \$ | \$ |
| 428,468 | Balance 1st July, | .. | .. | .. | 475,093 |
| | Contributions— | | | | |
| 112,686 | Members | .. | .. | 120,975 | |
| 351,700 | The Consolidated Fund | .. | .. | 429,326 | |
| | | | | <hr/> | 550,301 |
| .. | Repayment of Retiring Allowances | .. | .. | .. | 1,300 |
| 28,579 | Interest on Investments | .. | .. | .. | 31,589 |
| .. | Supplementary Retirement Account | .. | .. | .. | 178 |
| <hr/> | | | | <hr/> | |
| 921,433 | | | | | 1,058,461 |
| <hr/> | | | | <hr/> | |
| | | <i>Disbursements.</i> | | | |
| 215,566 | Pensions | .. | .. | .. | 283,832 |
| 199,980 | Retiring Allowances | .. | .. | .. | 136,763 |
| 30,666 | Refund of Contributions | .. | .. | .. | .. |
| 128 | Legal Costs | .. | .. | .. | .. |
| 475,093* | Balance 30th June, | .. | .. | .. | *637,866 |
| <hr/> | | | | <hr/> | |
| 921,433 | | | | | 1,058,461 |
| <hr/> | | | | <hr/> | |
| | *Represented by— | | | | |
| 425,000 | Investments (at cost) | .. | .. | .. | 603,750 |
| 50,093 | Cash at Bank | .. | .. | .. | 34,116 |
| <hr/> | | | | <hr/> | |
| 475,093 | | | | | 637,866 |
| <hr/> | | | | <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 *Racing (Amendment) Act 1969*, effective from 1st August, 1969, requires the accounts of the Board to be audited by the Auditor-General. The Board's balancing date is the 31st July in each year and the accounts have been audited to 31st July, 1971.

Turnover for the year ended 31st July, 1971, amounted to \$231,722,362 compared with \$203,771,215 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, 1970 and 1971 :—

| 1970. | | 1971. |
|------------|---|------------|
| \$ | | \$ \$ |
| 16,301,697 | Revenue— | |
| | Board income from totalizator investments | 18,537,789 |
| | Less Expenditure— | |
| 7,443,973 | Employees' remuneration and agency fees | 8,143,213 |
| 1,258,481 | Rentals, rates, repairs, maintenance and communications .. | 1,393,937 |
| 964,787 | Depreciation | 1,184,787 |
| 653,096 | Administration, printing, stationery and other operating expenses | 753,850 |
| 10,320,337 | | 11,475,787 |
| 5,981,360 | Net Commission Residue | 7,062,002 |
| 952,988 | Dividends not paid after six months | 1,104,786 |
| 175,000 | Less transferred to Reserve | 745,000 |
| 777,988 | | 359,786 |
| 234,035 | Miscellaneous Income | 291,772 |
| 1,012,023 | | 651,558 |
| 6,993,383 | Total Surplus Funds | 7,713,560 |
| 772,137 | <i>Deduct</i> —Advances of first charge administration costs | 876,637 |
| 6,221,246 | Balance of Surplus Funds | 6,836,923 |
| | Proposed Distribution to Participating Clubs for the period to 31st July, 1971— | |
| 772,137 | (a) First Charge administration costs | 887,637 |
| 772,137 | Less Advances | 876,637 |
| .. | | 11,000 |
| 5,209,223 | (b) Net Commission Residue—Balance | 6,174,365 |
| 1,012,023 | (c) Other Income | 651,558 |
| 6,221,246 | | 6,836,923 |

The item—"First Charge administration costs \$887,637"—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 provisions of Section 1160 of the *Racing Act 1958*.

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 :—

| 1970. | | 1971. | |
|------------------|-----------------------------|-------|----------------|
| \$ | | \$ | \$ |
| 777,988 | Unclaimed Dividends | .. | 359,786 |
| | Miscellaneous Income— | | |
| 154,770 | Interest | .. | 206,876 |
| 70,252 | Rents | .. | 73,057 |
| 9,013 | Other | .. | 11,839 |
| | | | <u>291,772</u> |
| <u>1,012,023</u> | | | <u>651,558</u> |

The Board's balances as at 31st July, 1970 and 1971, are summarized hereunder :—

| 1970. | | 1971. | |
|------------|---|-------|-------------------|
| \$ | | \$ | \$ |
| 3,709,807 | Contributed Capital | .. | <u>4,559,807</u> |
| | Represented by— | | |
| | Fixed Assets— | | |
| 2,972,760 | Freehold land and buildings (at cost) | .. | 4,118,079 |
| 508,241 | Less provision for depreciation | .. | 710,140 |
| | | | <u>3,407,939</u> |
| 2,464,519 | | | |
| 1,837,204 | Leasehold improvements (at cost) | .. | 2,006,213 |
| 1,449,737 | Less provision for depreciation | .. | 1,626,984 |
| | | | <u>379,229</u> |
| 387,467 | | | |
| 4,740,701 | E.D.P. equipment (at cost) | .. | 6,999,308 |
| 812,688 | Motor vehicles, plant, machinery, fixtures and fittings (at cost) | .. | 857,938 |
| | | | <u>7,857,246</u> |
| 5,553,389 | Less provision for depreciation | .. | 2,097,627 |
| 1,376,257 | | | <u>5,759,619</u> |
| 4,177,132 | | | |
| 7,029,118 | | | <u>9,546,787</u> |
| | Other Assets— | | |
| 265,866 | Sundry Debtors | .. | 258,170 |
| 6,937,094 | Cash on hand and at bank (including funds on term deposit) | .. | 8,809,793 |
| | | | <u>9,067,963</u> |
| 7,202,960 | | | |
| 14,232,078 | | | <u>18,614,750</u> |
| | Deduct Liabilities— | | |
| 6,221,246 | Proposed distribution of surplus funds | .. | 6,836,923 |
| 331,958 | Amounts payable to Treasurer of Victoria | .. | 328,183 |
| 2,932,887 | Dividends payable on totalizator investments and telephone betting deposits held (NOTE No. 1) | .. | 5,100,076 |
| 1,036,180 | Sundry Creditors, Provisions and Accruals (NOTE No. 2) | .. | 1,789,761 |
| | | | <u>14,054,943</u> |
| 10,522,271 | | | |
| 3,709,807 | | | <u>4,559,807</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 \$4,174,561 dividends not paid included in the distribution to participating clubs since 1963/64.
2. Includes \$249,849 levied on dog racing since 1965/66 and \$241,200 computer rights reserve.
3. Contingent liability on uncompleted capital projects \$3,780,000.

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, 1971, to \$4,559,807. At that date, recoups of contributions paid to the Clubs by the

Treasurer out of the Totalizator Agency Board Trust Account, including interest, totalled \$3,712,487. 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, \$1,789,761 ", is a provision of \$126,525 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 1160 of the *Racing Act* 1958.

In accordance with the provisions of that Section, the Minister has approved of interim payments to the Contributing Clubs for interest not exceeding \$123,000.

VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1971, is in course, and the figures given below are subject to the completion thereof.

After making provision for long service leave, \$46,185, annual leave, \$178,138, sick pay, \$60,110 and for final loss on operations at Shepparton, \$16,900, transactions for 1970-71 resulted in a loss of \$170,830 compared with a loss of \$458,801 in 1969-70.

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

| REVENUE. | | 1970-71. |
|--------------|--|-----------|
| 1969-70. | | \$ |
| 9,444,786 | Net Sales and Treatment Charges | 9,380,206 |
| 436 | Interest on Investments | 9,651 |
| 2,782 | Profit on sale of fixed assets | .. |
| 9,448,004 | | 9,389,857 |
| 458,801 | Loss | 170,830 |
| 9,906,805 | | 9,560,687 |
| EXPENDITURE. | | |
| 9,318,550 | Purchases of Livestock and Meat, Working Expenses, General Expenses and Administration costs | 8,967,312 |
| 98,755 | Depreciation | 138,094 |
| 9,417,305 | | 9,105,406 |
| 112,578 | Interest—Treasurer of Victoria | 115,878 |
| .. | Interest—Rural Finance Commission | 9,822 |
| 118,641 | Provision for Long Service Leave | 46,185 |
| 24,175 | Provision for Bad Debts | .. |
| 112,288 | Provision for Annual Leave | 178,138 |
| 104,461 | Provision for Sick Pay | 60,110 |
| 15,638 | Preliminary Expenses, Shepparton—written off | .. |
| 1,719 | Amortisation of leasehold improvements—Shepparton | 14,477 |
| .. | Additional Depreciation on smallgoods fixed assets | 13,771 |
| .. | Provision for loss to termination of operations—Shepparton | 16,900 |
| 9,906,805 | | 9,560,687 |

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

| | At 30th June— | | |
|--|---------------|-----------|-----------|
| | 1969. | 1970. | 1971. |
| | \$ | \$ | \$ |
| Current Liabilities | 1,552,917 | 1,447,010 | 2,324,327 |
| Loan for Fixed Assets | 2,639,351 | 2,748,828 | 2,873,922 |
| Capital | 580,069 | 580,069 | 580,069 |
| Reserves | 207,477 | 266,803 | 309,074 |
| Accumulated Profit | .. | .. | .. |
| | 4,979,814 | 5,042,710 | 6,087,392 |
| Current Assets | 1,058,889 | 570,484 | 1,388,089 |
| Fixed Assets less Depreciation | 3,717,653 | 3,810,153 | 3,866,400 |
| Accumulated Loss | 203,272 | 662,073 | 832,903 |
| | 4,979,814 | 5,042,710 | 6,087,392 |

The State has provided working capital for the Authority and, at 30th June, 1971, 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 \$2,723,922.

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, 1971, shows :—

| Income— | \$ | \$ |
|---|-----------|------------------|
| Transmission Tariffs | | 1,055,244 |
| Interest on Investments | | 87,326 |
| Other | | 296 |
| | | <u>1,142,866</u> |
| Expenditure— | | |
| Operating Expenses | | 847,693 |
| Management Expenses— | | |
| Administration | 220,671 | |
| Interest | 1,357,563 | |
| Provision for Long Service Leave &c... .. . | 115,758 | |
| | | <u>1,693,992</u> |
| | | <u>2,541,685</u> |
| Loss for the period | | <u>1,398,819</u> |

The following is a statement of the Commission's balances as at 30th June, 1970 and 1971 :—

| 30.6.70. | | 30.6.71. |
|-------------------|---|-------------------|
| \$ | | \$ |
| | Current Liabilities— | |
| 52,218 | Bank Overdraft | 145,011 |
| 31,773 | Tender and Security Deposits | 10,146 |
| 2,802,446 | Sundry Creditors and Accruals | 195,534 |
| | | <u>350,691</u> |
| | Deferred Liabilities— | |
| 79,711 | Provision for Long Service Leave | 184,575 |
| | Fixed Liabilities— | |
| 20,400,000 | Loans | 24,600,000 |
| <u>23,366,148</u> | | <u>25,135,266</u> |
| | Current Assets— | |
| 31,978 | Cash at Bank and on Hand | 10,526 |
| 2,082,956 | Short Term Investments | .. |
| 127,461 | Stocks | 304,565 |
| 4,984 | Deposits | 5,219 |
| 98,773 | Sundry Debtors and Accruals | 152,853 |
| | | <u>473,163</u> |
| | Fixed Assets (At Cost less Depreciation)— | |
| 27,230 | Plant | 29,030 |
| 14,340 | Furniture and Fittings | 6,298 |
| 9,652 | Office Machines | 8,163 |
| 23,118 | Motor Vehicles | 28,656 |
| 15,562,469 | Pipeline and Ancillary Works | 17,125,230 |
| 252,510 | Easements | 310,279 |
| 179,997 | Freehold Land and Improvements | 333,192 |
| 4,822 | Other | .. |
| | | <u>17,840,848</u> |
| | Intangible Assets— | |
| 2,960,255 | Preliminary Expenses | 3,436,833 |
| 1,985,603 | Loss on Operations | 3,384,422 |
| | | <u>6,821,255</u> |
| <u>23,366,148</u> | | <u>25,135,266</u> |

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

1. Contingent liabilities, represented by commitments under contracts for capital expenditure, and compensation for easement right of way, approximated \$10,000.

Under the provisions of the *Gas and Fuel Corporation (Pipelines) Act 1971* which came into operation on the 1st July, 1971, the Commission was abolished and the powers and functions which it previously exercised were taken over, together with all assets and liabilities at that date, by the Gas and Fuel Corporation.

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, 1971