

1972

VICTORIA

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SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1972

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*Ordered by the Legislative Assembly to be printed, 7th December, 1972.*

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*By Authority:*

C. H. RIXON, GOVERNMENT PRINTER, MELBOURNE.

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# REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT OF 3rd NOVEMBER, 1972, IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1972.

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. 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.

It has been the practice to include in this Report the final accounts of these authorities accompanied by comments, wherever considered desirable, on the year's operations. This year, a funds statement has been provided to assist the reader to evaluate the State's involvement in the financing of the authorities collectively. The statement also shows the other forms of finance utilized by the authorities, including funds generated internally, and the various purposes to which the funds available to the authorities from the various sources were applied.

The statement set out below has been compiled from the balance sheets and subsidiary statements of fifteen State authorities\* whose accounts are included in this Report, and which were considered, on the basis of their methods of financing and operating, to be the most suitable for the purpose. The statement is presented in concise form by the use of broad heads of classification throughout, and by grouping and offsetting items of a similar nature within the scope of meaning of the broad heads used. This procedure has resulted in most of the items being shown at net figures but, it is considered, without detracting from the validity of conclusion to be drawn from the statement.

## FUNDS STATEMENT.

*Year Ended 30th June, 1972.*

During the year, funds to the extent shown became available from the following sources—

	\$
1. Loans, advances and grants from the State or other State authorities . . . . .	46,205,583
2. Public borrowing . . . . .	139,516,315
3. Short-term finance, bank overdraft accommodation, sundry creditors . . . . .	719,365
4. General operations, with funds so acquired retained within the undertakings . . . . .	44,687,974
	<hr/>
	231,129,237

These funds were applied to the following purposes—

	\$
1. Investment in fixed assets . . . . .	185,866,422
2. Investment in current assets (excluding cash and short-term investments) . . . . .	9,120,684
3. Long-term investments . . . . .	2,412,499
4. Financing of long-term debtors . . . . .	10,154,660
5. Financing costs of unproductive and intangible assets . . . . .	8,730,622
6. Increase cash held on current account, on short-term deposits and short-term investments . . . . .	14,844,350
	<hr/>
	231,129,237

Of the total funds available to the various authorities throughout the year, the State provided \$46,205,583, or 19·9 per cent. compared with \$139,516,315 or 60·4 per cent. obtained by public borrowings. Except for the relatively small amount of finance provided by means of bank overdraft or by sundry creditors, the remainder of the available funds, \$44,687,974 or 19·3 per cent., was generated as a result of the operations of the various authorities.

\* See Appendix.

The statement shows that the greatest part of the available funds was applied to investment in additional assets, to the extent of \$185·9 million of fixed assets and \$9·1 million of current assets, other than cash and short-term investments. Long-term investments, or those held for specific purposes and not for re-sale, absorbed \$2·4 million and sums of \$10·2 million and \$8·7 million were applied to finance, respectively, long-term debts and unproductive and intangible assets. The balance of the available funds, \$14·8 million, was deposited with the banks on current account or short-term deposit, or invested on the short-term money market.

The liquidity position of several State authorities was such that, during the year, funds surplus to immediate requirements were available for generation of income by means of dealings on the short-term money market. In the course of the audit of these transactions at one authority, it became apparent that short-term dealings had not been restricted to the use of the official market but had extended to the unofficial market. A limited investigation was undertaken to ascertain whether this position applied to authorities generally, and it was found that use of the unofficial market was not uncommon.

Two aspects of the short-term dealings on the unofficial market need consideration—the legality of the practice and the degree of risk involved.

In regard to the legal aspect, I can find no direct legislative authority for use of the unofficial market, except that, in the case of the Melbourne and Metropolitan Board of Works, amending legislation in 1969 opened the way to the use by the Board of the unofficial and the inter-company markets by allowing the Board to invest in such securities, amongst others, as might from time to time be approved by the Governor in Council. Under authority of this legislation, the Governor in Council has approved of the use of bank-accepted commercial bills.

Apart from the fact that the protection afforded by the lender of last resort is not present in the unofficial and inter-company markets, the terms under which securities are lodged make it clear that, in the event of default by the borrower, the lender could not withhold from the borrower the proceeds of any securities realized, but would be required to pass the proceeds to the borrower and then rank as an unsecured creditor.

I consider, therefore, that, while the policy of making otherwise “idle” money generate income is commendable, that policy should be examined in the light of the legal powers of investment of the authorities concerned and, also, from the point of view of whether the investment has been secured to the degree which has, up to the present at least, been considered necessary for the safe and prudent management of semi-public moneys.

This matter of short-term investment has been brought to the attention of Treasury.

### 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, 1972, amounted to \$3,228,000.

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

1970-71.		1971-72.
\$		\$      \$
	Nursing Services—	
430,619	Wards .. .. .	536,907
266,137	Other .. .. .	323,687
		<hr style="width: 100%;"/>
		860,594
1,620,783	Medical, Professional and Ancillary Services .. .. .	1,863,919
1,089,629	Administration and Ancillary Services .. .. .	1,212,958
168,201	Scientific and Research Departments .. .. .	215,645
		<hr style="width: 100%;"/>
<u>3,575,369</u>		<u>4,153,116</u>

The revenue for the past two years was :—

2,773,200	State Government Grant for Maintenance .. .. .	3,228,000
147,428	Commonwealth Pharmaceutical Benefits Grant .. .. .	169,774
51,513	Commonwealth Hospital Benefits Grant .. .. .	57,627
35,660	Commonwealth Home Nursing Subsidy .. .. .	35,502
482,281	Patients' Fees .. .. .	634,458
60,832	Miscellaneous .. .. .	58,430
		<hr style="width: 100%;"/>
<u>3,550,914</u>		<u>4,183,791</u>

The following abridged balance-sheets set out the financial position as at 30th June, 1971, and 1972 :—

30.6.71.		30.6.72.
\$		\$      \$
	ASSETS.	
	Maintenance Fund—	
..	Cash at Bank .. .. .	30,702
214,561	Sundry Debtors .. .. .	205,611
76,821	Stores on Hand .. .. .	81,095
		<hr style="width: 100%;"/>
		317,408
	Investment of Specific Purpose Funds and Trusts—	
109,458	Cash at Bank .. .. .	165,415
199,895	Other Investments .. .. .	172,300
		<hr style="width: 100%;"/>
		337,715
	Capital Funds—	
176,764	Cash at Bank .. .. .	205,352
3,796,458	Building Improvements .. .. .	4,107,768
1,879,054	Furniture, Plant and Equipment .. .. .	1,970,729
48,489	Motor Cars .. .. .	51,255
		<hr style="width: 100%;"/>
		6,335,104
<u>6,501,500</u>	Total Assets .. .. .	<u>6,990,227</u>

## LIABILITIES AND FUNDS.

Maintenance Fund—								
26,324	Bank Overdraft	..	..	..	..	..	..	..
70,292	Sundry Creditors (net)	..	..	..	..	..	..	76,512
101,220	Accrued Expenditure	..	..	..	..	..	..	126,855
63,737	Clearing Accounts, Salaries and Wages, &c.	..	..	..	..	..	..	53,557
29,809	Balance of Fund	..	..	..	..	..	..	60,484
								<u>317,408</u>
Specific Purpose Funds and Trusts—								
227,090	Research Investigation Fund	..	..	..	..	..	..	228,406
82,263	Other Funds	..	..	..	..	..	..	109,309
								<u>337,715</u>
5,900,765	Capital Funds	..	..	..	..	..	..	6,335,104
<u>6,501,500</u>								<u>6,990,227</u>
								<u>6,990,227</u>

**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 been the sole contributor. However, following an actuarial investigation in 1970, which showed that the Fund would probably be sufficient to meet its obligations, no further contribution in terms of Section 121 of the *Coal Mines Act* 1958 has been made by the Treasurer.

The amount required to be contributed by the Treasurer in terms of Section 5 of the *State Coal Mines (Winding Up) Act* 1968, \$15,023, was credited to the Fund in the year.

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

		INCOME.							
1970-71.								1971-72.	
\$								\$	
19,658	Government Contribution (Act No. 7715)	..	..	..	..	..	..	15,023	
45,708	Interest on Investments	..	..	..	..	..	..	40,052	
<u>65,366</u>								<u>55,075</u>	
		EXPENDITURE.							
150,361	Pensions	..	..	..	..	..	..	146,810	
18,601	Refunds of Contributions	..	..	..	..	..	..	7,332	
1,687	Mine Owners Contributions written off	..	..	..	..	..	..	..	
10,276	Administration	..	..	..	..	..	..	8,305	
<u>180,925</u>								<u>162,447</u>	
<u>115,559</u>	Deficit for year	..	..	..	..	..	..	<u>107,372</u>	

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

30.6.71.								30.6.72.	
\$								\$	
<u>810,992</u>	Accumulated Funds	..	..	..	..	..	..	<u>703,620</u>	
Represented by—									
15,327	Current Assets less Liabilities	..	..	..	..	..	..	7,955	
665	Fixed Assets	..	..	..	..	..	..	665	
795,000	Investments at cost..	..	..	..	..	..	..	695,000	
<u>810,992</u>								<u>703,620</u>	

### COUNTRY FIRE AUTHORITY.

The annual audit of the accounts of this Authority has been completed by an officer acting under my direction. A continuous audit of the Authority's receipts and payments is carried out by a firm of chartered accountants. This audit and that conducted by my officer are, by arrangement, complementary in character.

Finance to enable the Authority to carry out its functions is provided, 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, 1972, contributors provided \$4,493,706 towards the amount required to meet estimated net expenditure for the year, \$4,409,984, plus the deficit carried forward from 1970-71, \$83,806.

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 1971-72 totalled \$12,971.

A statement of transactions on Current Account, over the past two years, is as follows :—

	1970-71.	1971-72.
<i>Receipts.</i>	\$	\$
Surplus from previous year .. .. .	71,692	..
Statutory contributions—Section 76 .. .. .	3,926,061	4,493,706
—Section 80A .. .. .	7,305	12,971
Other receipts .. .. .	167,839	92,558
Cash deficit carried forward to next year .. .. .	83,806	20,270
	4,256,703	4,619,505
<i>Payments.</i>		
Deficit from previous year .. .. .	..	83,806
Salaries, wages and maintenance .. .. .	2,477,548	2,701,199
Loan repayments including sinking fund .. .. .	252,604	260,881
Loan interest .. .. .	216,352	249,274
Land, buildings, rolling-stock and equipment .. .. .	239,210	206,618
Brigade expenses .. .. .	119,687	108,201
Motor replacement fund .. .. .	315,683	342,196
Compensation fund .. .. .	30,000	10,000
Superannuation .. .. .	275,489	304,481
Other payments .. .. .	330,130	352,849
	4,256,703	4,619,505

Major factors contributing to the substantial reduction in income from other receipts were :—

- (a) re-organization of the Authority's workers compensation insurances which had resulted in a rebate of \$15,401 during 1970-71 ;
- (b) receipt in 1970-71 of the final contribution amounting to \$23,850 from the Sale of Property Account in respect of a loan raised on behalf of that Account ; and
- (c) a decision in 1971-72 to apply interest amounting to \$38,214 earned from the short-term investment of current funds to the Sale of Property Account instead of, as previously, to the Current Account.

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

	1970-71.	1971-72.
	\$	\$
Balance, 1st July .. .. .	186,718	140,373
<i>Receipts—</i>		
Loan Proceeds .. .. .	570,000	565,000
Refunds, &c. .. .. .	11,544	12,388
	768,262	717,761
<i>Expenditure—</i>		
Buildings .. .. .	147,436	189,700
Vehicles .. .. .	470,832	448,627
Radio Equipment .. .. .	9,621	29,758
	627,889	668,085
Balance unexpended 30th June .. .. .	140,373	49,676



The analysis hereunder of the Authority's balance-sheets shows the financial position of the Authority at 30th June, 1971 and 1972 :—

30.6.71.		30.6.72.	
\$		\$	\$
	Source of Funds—		
	<i>External—</i>		
3,896,678	Loan Liability .. .. .	4,274,692	
140,373	Less unexpended .. .. .	49,676	
<hr/>			
3,756,305		4,225,016	
215,531	*Capital Works Building Account .. .. .	134,004	
<hr/>			
3,971,836			4,359,020
	<i>Internal—</i>		
276,271	Excess of assets over liabilities transferred from Country Fire Brigades Board .. .. .	276,271	
2,702,001	Income and Expenditure Account—accumulated balance .. .. .	2,938,214	
3,519,920	Reserves .. .. .	3,672,275	
<hr/>			
2,542,976	Funds .. .. .	3,177,984	
1,914,759	Less invested on account of Compensation, Superannuation and other Trust purposes .. .. .	2,250,330	
<hr/>			
628,217			927,654
<hr/>			
7,126,409			7,814,414
<hr/>			
11,098,245			12,173,434
	<i>Represented by—</i>		
	<i>Current Assets—</i>		
125,569	Sundry Debtors and Prepayments .. .. .	129,678	
211,547	Stocks—including uniforms issued .. .. .	163,946	
..	Works in Progress .. .. .	320,207	
<hr/>			
337,116			613,831
	<i>Less—</i>		
	<i>Current Liabilities—</i>		
138,393	Sundry Creditors .. .. .	156,320	
83,806	Bank Overdraft .. .. .	20,270	
<hr/>			
222,199			176,590
			437,241
	<i>Investments—</i>		
426,126	Motor Replacement .. .. .	640,941	
7,092	Sale of Property .. .. .	2,256	
189,076	Sinking Fund—Loans .. .. .	275,265	
5,923	Private Fire Appliances .. .. .	9,192	
<hr/>			
628,217			927,654
	<i>Fixed Assets—</i>		
3,821,144	Land and Buildings .. .. .	3,894,257	
5,757,978	Rolling-stock .. .. .	6,098,150	
718,076	Plant and Machinery .. .. .	748,232	
57,913	Other .. .. .	67,900	
<hr/>			
10,355,111			10,808,539
<hr/>			
11,098,245			12,173,434

\* Cash balances which are included in the general and specific funds have been set off against this figure. At 30th June 1972, there was a credit balance at the Bank of \$441,083.

**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 its catchment area 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, 1971.

Following is an abridged statement of the General Revenue Account for the years ended 30th September, 1970 and 1971 :—

1969-70.		1970-71.	
\$		\$	\$
	<b>Income—</b>		
552,703	Rating Precepts—Municipalities .. .. .	743,059	
117,204	Other .. .. .	160,679	
669,907			903,738
	<b>Expenditure—</b>		
89,438	Administration .. .. .	103,605	
125,520	Maintenance of Works .. .. .	182,072	
58,175	Survey, Investigation and Design .. .. .	74,370	
40,617	Depreciation Provision .. .. .	57,367	
166,094	Debt Services .. .. .	196,317	
479,844			613,731
190,063	Excess of Income over Expenditure .. .. .	..	290,007
20,500	Transfer from Plant Replacement Reserve .. .. .	..	37,612
210,563			327,619
10,341	Less Appropriation to Loan Repayment Sinking Fund .. .. .	..	11,061
200,222	Net Surplus for year .. .. .	..	316,558

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

30.9.70.		30.9.71.	
\$		\$	\$
	<b>Current Assets—</b>		
714,420	Cash at Bank .. .. .	1,132,258	
102,121	Debtors and Prepayments .. .. .	114,543	
9,239	Other .. .. .	10,824	
825,780			1,257,625
	<b>Fixed Assets—</b>		
241,331	Land and Buildings (at cost) .. .. .	285,637	
153,489	Plant, Vehicles and Equipment (at cost less depreciation) .. .. .	203,333	
12,109	Office Furniture and Machines (at cost less depreciation) .. .. .	13,628	
406,929			502,598
	<b>Capitalized Works Expenditure—</b>		
2,110,584	River Improvement Works .. .. .	2,374,945	
3,186,625	Piped or Lined Drainage Channels .. .. .	4,372,189	
1,813,564	Carrum Drainage District .. .. .	1,813,230	
759,710	Other .. .. .	1,328,936	
7,870,483		9,889,300	
94,473	Less Provision for Depreciation .. .. .	148,489	
7,776,010			9,740,811
174,619	Investments .. .. .	..	227,294
9,183,338		..	11,728,328



## ELECTRICITY COMMISSION.

The net income of the State Electricity Commission for the year ended 30th June, 1972, was \$1,907,662 compared with \$12,532,421 in 1970-71.

The decrease of \$10,624,759 in net income was due to increased costs which were not matched by increased earnings. Despite a further small reduction in the number of employees, payroll charges rose by approximately fourteen per cent. when compared with the previous year and were the major reasons for an increase in operating expenditure of \$16,047,719. Increases in interest charges of \$4,171,499 were slightly offset by a reduction in Miscellaneous and Loan Flotation charges of \$260,956. The increase in gross income was \$9,333,503.

## REVENUE ACCOUNT.

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

1970-71.		1971-72.	
\$		\$	\$
232,834,748	Income .. .. .	..	242,168,251
164,887,587	Operating Expenditure .. .. .	..	180,935,306
<u>67,947,161</u>	Excess of Income over Operating Expenditure .. .. .	..	<u>61,232,945</u>
111,014	Add—Miscellaneous Income .. .. .	..	125,907
<u>68,058,175</u>			<u>61,358,852</u>
<i>Deduct—</i>			
53,792,928	Interest .. .. .	57,964,427	
867,500	Loan Flotation Expenses .. .. .	554,752	
865,326	Miscellaneous Expenditure .. .. .	932,011	
<u>55,525,754</u>			<u>59,451,190</u>
<u>12,532,421</u>	Balance of Income before Appropriations .. .. .	..	<u>1,907,662</u>
<i>Appropriations—</i>			
2,750,000	Provision for accruing Long Service Leave and Retiring Allowances .. .. .	..	
	Provision for Statutory Transfers to the Consolidated Fund of Victoria—		
9,120,000	Based on Total Revenue for 1971-72 .. .. .	9,480,000	
538,466	Based on Brown Coal Production in 1971-72 .. .. .	555,934	
123,955	General Reserve—Surplus after Appropriations .. .. .	..	10,035,934
..	Deficit after Appropriations .. .. .	..	..
<u>12,532,421</u>			<u>8,128,272</u>
			<u>1,907,662</u>

The Public Authorities (Contributions) (Amendment) Act, which was proclaimed on 8th December, 1971, increased the levy imposed on the Commission's gross income from three to four per cent. Since the introduction of this levy in 1966, the sum of \$42,690,000 has been contributed to the State's revenue.

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 1971-72 compared with the previous year :—

1970-71.		1971-72.
\$		\$            \$
17,256,090	Profit on Electricity Supply .. .. .	6,247,458
240,381	Profit on Brown Coal Sales (Yallourn North Extension) ..	..
<hr/>		<hr/>
17,496,471		6,247,458
<hr/>		<hr/>
..	Loss on Brown Coal Sales (Yallourn North Extension) ..	163,050
3,632,847	Loss on Briquetting .. .. .	2,821,689
576,891	Loss on Tramways .. .. .	542,266
<hr/>		<hr/>
4,209,738		3,527,005
<hr/>		<hr/>
13,286,733		2,720,453
	<i>Less—</i>	
754,312	Excess of Miscellaneous Expenditure over Income .. ..	812,791
<hr/>		<hr/>
12,532,421	Income in excess of Expenditure for year .. .. .	1,907,662
<hr/>		<hr/>

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

*Electricity Supply.*—(Profit \$6,247,458). Operational statements for the past two years show :—

	1970-71.	1971-72.
	\$	\$
<i>Sales—</i>		
Domestic .. .. .	69,907,644	74,807,679
Commercial and General .. .. .	35,924,406	38,004,897
Industrial.. .. .	59,980,715	59,613,612
Bulk Supplies .. .. .	47,387,283	50,159,258
Traction .. .. .	3,606,952	3,598,392
Public Lighting and Increase in Unread Consumption ..	3,669,082	3,830,531
	<hr/>	<hr/>
	220,476,082	230,014,369
	<hr/>	<hr/>
<i>Operating Charges—</i>		
Power Generation .. .. .	88,469,119	97,252,001
Purchased Electricity .. .. .	13,400,776	14,284,465
Transmission .. .. .	37,803,269	41,897,386
Distribution .. .. .	63,546,828	70,333,059
	<hr/>	<hr/>
	203,219,992	223,766,911
	<hr/>	<hr/>
Profit .. .. .	17,256,090	6,247,458
	<hr/>	<hr/>

Significant matters affecting the operating result of electricity supply were an increase of 31,749 in the number of consumers in the year and an increase of \$20,546,919 or 10 per cent. in operating charges.

*Brown Coal Production and Distribution.*—Coal won for the year amounted to 22,237,000 tons, an increase of 698,000 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.

	1970-71. Tons.	1971-72. Tons.
Morwell .. .. .	11,800,000 (\$1.00)	13,278,000 (\$1.00)
Yallourn .. .. .	9,397,000 (\$0.98)	8,649,000 (\$1.17)
Yallourn North Extension .. .. .	342,000 (\$0.97)	310,000 (\$2.19)
	<u>21,539,000</u>	<u>22,237,000</u>

Distribution of the output was as follows :—

	1970-71. Tons.	1971-72. Tons.
Power Production .. .. .	17,248,000	18,352,000
Briquette Manufacture .. .. .	3,949,000	3,575,000
Sales to Public .. .. .	342,000	310,000
	<u>21,539,000</u>	<u>22,237,000</u>

The heavy increase in the ton cost at Yallourn North Extension was due mainly to the costs of removing overburden, 1,249,884 cubic yards of which was removed in 1971-72, compared with 15,921 cubic yards in the previous year.

*Briquetting.*—(Loss \$2,821,689). Trading results for the past two years, excluding costs charged on internal transfers to works, are shown in the following statement :—

	1970-71.		1971-72.	
	\$	\$	\$	\$
Sales—				
Domestic .. .. .	6,560,524		6,440,056	
Industrial .. .. .	4,977,230		5,086,124	
	<u>11,537,754</u>		<u>11,526,180</u>	
Manufacturing Costs .. .. .	9,187,821		9,489,414	
Distribution and Selling .. .. .	5,982,780		4,858,455	
	<u>15,170,601</u>		<u>14,347,869</u>	
Loss		<u>3,632,847</u>		<u>2,821,689</u>

During the year 1971-72, factors which had a significant influence on the year's result included :—

- (i) A net decrease of 16,000 tons in quantity sales.
- (ii) An increase of 13 cents in the average income per ton.
- (iii) A decrease of 44 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 \$542,266). Separate figures for 1971-72 in respect of operations at Ballarat and at Bendigo show :—

	Ballarat. \$	Bendigo. \$	Total. \$
Operating Charges .. .. .	196,571	441,124	637,695
Traffic Receipts, &c. .. .. .	26,930	68,499	95,429
Loss .. .. .	<u>169,641</u>	<u>372,625</u>	<u>542,266</u>

Provincial tramways services were discontinued in Ballarat on 21st September, 1971, and in Bendigo on 16th April, 1972. Agreements with the local municipal and transport authorities involved the Commission in the following additional expenditure during 1971-72.

	\$
Road Restoration Works—Ballarat .. .. .	275,000
Bendigo .. .. .	78,885
Pensioner Fares subsidy .. .. .	13,011
	366,896

Agreements were also entered into by the Commission whereby advances totalling \$453,231 were made to busline operators in Ballarat and Bendigo for the purchase of new buses.

#### Depreciation.

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

	1970-71.	1971-72.
	\$	\$
Normal provision—charged to operations .. .. .	45,017,283	46,424,476
Indirect—charged to Fixed Assets .. .. .	1,604,645	1,607,659
	46,621,928	48,032,135
Amortization—Development of Open Cuts—charged to operations	520,000	519,600
	47,141,928	48,551,735

The Balance-sheet discloses that at 30th June, 1972, the provision had increased by \$20,270,275 compared with the figure at 30th June, 1971. This net increase is explained hereunder :—

	\$
Balance—30th June, 1971 .. .. .	399,421,355
Add Provision for year as per statement above .. .. .	48,032,135
	447,453,490
Less Retirements .. .. .	27,761,860
	419,691,630

The placement in cold reserve of the Geelong Power Station (\$7,652,242), the Ballarat Power Station (\$6,203,674) and the Yallourn Briquette Factory (\$5,776,644) was the main reason for the increase in retirements from the 1971 figure of \$15,432,617.

#### Interest.

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

	1970-71.	1971-72.
	\$	\$
On—Capital Liabilities .. .. .	52,485,524	56,954,034
Acquisition Loans from Municipalities .. .. .	193,599	165,256
Advances from Provident Fund .. .. .	3,412,679	3,442,710
Advances from Employees' Retirement Fund .. .. .	4,654	3,677
Advances for Capital Works .. .. .	2,826,854	2,768,911
Current Liabilities .. .. .	31,123	99,118
	58,954,433	63,433,706
Deduct Interest earned on Investments .. .. .	4,232,307	4,316,093
	54,722,126	59,117,613

These totals were allocated in the accounts as under :—

	\$	\$
Revenue Account .. .. .	53,792,928	57,964,427
Fixed Assets—Component of charges for services .. .. .	929,198	1,153,186
	54,722,126	59,117,613

The Commission's balances at 30th June, 1971, and 1972, are summarized hereunder—

30.6.71.		30.6.72.
\$		\$            \$
	<b>Current Assets—</b>	
824,012	Balances at Bank and Cash in Hand .. ..	853,632
20,244,990	Consumers' and Other Accounts Receivable ..	22,321,891
17,706,985	Estimated Income from Unread Electricity Consumption .. ..	18,636,197
14,199,075	Materials and Fuel—at cost .. ..	12,863,816
420,963	Miscellaneous Deferred Charges .. ..	224,711
<hr/>		<hr/>
53,396,025		54,900,247
<hr/>		
59,419,432	Investments—at cost .. ..	49,292,215
<hr/>		
4,216,483	Long Term Debtors (Real Estate Sales) .. ..	3,957,290
<hr/>		
	<b>Fixed Assets—</b>	
1,324,294,065	Assets in service—at cost .. ..	1,378,021,090
399,421,355	Deduct Provision for Depreciation .. ..	419,691,630
<hr/>		<hr/>
924,872,710		958,329,460
89,440,815	Assets not yet in service—at cost .. ..	94,253,157
12,942,284	Development of Open Cuts—balance of cost ..	12,548,376
<hr/>		<hr/>
1,027,255,809		1,065,130,993
<hr/>		
1,144,287,749		1,173,280,745
<hr/>		<hr/>
	<b>Current Liabilities—</b>	
351,734	Bank Overdraft .. ..	..
16,665,263	Accounts Payable and Miscellaneous Accruals ..	13,586,570
11,885,165	Interest Accrued .. ..	12,727,553
9,658,466	Provision for Transfers to State Revenue .. ..	10,035,934
1,520,439	Consumers' and Contractors' Deposits .. ..	1,755,548
<hr/>		<hr/>
40,081,067		38,105,605
<hr/>		
	<b>Deferred Liabilities—</b>	
48,430,489	Consumers' and other Advances for Capital Works	45,498,410
46,164,265	Advances from Provident Fund .. ..	48,282,610
2,856,070	Acquisition Loans from Municipalities .. ..	2,499,885
16,750,000	Provision for Long Service Leave and Retiring Allowances .. ..	16,750,000
<hr/>		<hr/>
114,200,824		113,030,905
<hr/>		
	<b>Reserves—</b>	
33,441,764	General Reserve .. ..	25,859,735
10,407,999	Consumers' and Other Contributions for Capital Works .. ..	11,449,135
<hr/>		<hr/>
43,849,763		37,308,870
<hr/>		
	<b>Capital Liabilities—</b>	
691,572,464	Inscribed Stock and Debentures .. ..	727,840,148
254,583,631	Victorian Government Advances .. ..	256,995,217
<hr/>		<hr/>
946,156,095		984,835,365
<hr/>		
1,144,287,749		1,173,280,745
<hr/>		<hr/>



The following is a re-statement (in abbreviated form) of the balance-sheets as at 30th June, 1971 and 1972, to show funds held by the Commission at the balance dates and the assets representing those funds—

	30.6.71.	30.6.72.	Variation.
	\$	\$	\$
<i>Funds held—</i>			
External Borrowings (net) .. .. .	997,442,654	1,032,833,660	+ 35,391,006
Provident Fund Advances .. .. .	46,164,265	48,282,610	+ 2,118,345
Internal Funds .. .. .	444,326,918	456,257,400	+ 11,930,482
	<u>1,487,933,837</u>	<u>1,537,373,670</u>	<u>+ 49,439,833</u>
<i>Represented by—</i>			
Gross Fixed Assets .. .. .	1,426,677,164	1,484,822,623	+ 58,145,459
Long Term Debtors .. .. .	4,216,483	3,957,290	— 259,193
Net Current Assets .. .. .	13,369,811	16,865,619	+ 3,495,808
Investments .. .. .	43,670,379	31,728,138	— 11,942,241
	<u>1,487,933,837</u>	<u>1,537,373,670</u>	<u>+ 49,439,833</u>

#### *Fixed Assets.*

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

	30.6.71.	30.6.72.
	\$	\$
Coal Production .. .. .	70,373,283	72,611,892
Briquette Production and Distribution .. .. .	39,749,004	34,179,637
<i>Power Production—</i>		
Thermal Stations .. .. .	459,866,362	481,643,617
Hydro Stations .. .. .	75,916,058	72,604,872
Transmission System .. .. .	318,349,455	327,573,609
Distribution System .. .. .	353,548,511	361,666,818
General Service Assets.. .. .	95,932,207	121,993,802
	<u>1,413,734,880</u>	<u>1,472,274,247</u>
Deduct Provision for Depreciation .. .. .	399,421,355	419,691,630
	<u>1,014,313,525</u>	<u>1,052,582,617</u>
<i>Development of Open Cuts—</i>		
Balance of Cost .. .. .	12,942,284	12,548,376
	<u>1,027,255,809</u>	<u>1,065,130,993</u>

#### *Investments.*

During the year, the Commission's investments, including deposits held on account of contractors and consumers, decreased by \$10,127,217.

Investments held at 30th June, 1971 and 1972, were as follows :—

	30.6.71.	30.6.72.
	\$	\$
<i>General—</i>		
Government and semi-Government Securities .. .. .	25,132,548	14,729,777
<i>Short Term—</i>		
Short Term Money Market, "Buy Back" Securities and		
Commercial Bills.. .. .	17,387,761	15,423,361
Bank and Building Society Deposits .. .. .	1,100,000	1,500,000
Shares in Australian Char Pty. Ltd .. .. .	50,070	75,000
	<u>43,670,379</u>	<u>31,728,138</u>
<i>Sinking Fund—</i>		
Government and semi-Government Securities .. .. .	15,694,200	17,493,100
Contractors' and Consumers' Deposits .. .. .	54,853	70,977
	<u>59,419,432</u>	<u>49,292,215</u>

*Consumers' and Other Advances for Capital Works.*

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

	Balance. 30.6.71.	Balance. 30.6.72.	Variation for Year.
	\$	\$	\$
Consumers' Advances for Capital Works (Self Help)	44,886,365	42,360,832	— 2,525,533
Advances for Construction of Offices and Showrooms	3,544,124	3,137,578	— 406,546
	<u>48,430,489</u>	<u>45,498,410</u>	<u>— 2,932,079</u>

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

	1970-71.		1971-72.	
	\$	\$	\$	\$
Contributions received .. .. .	4,602,637		4,324,459	
Interest credits .. .. .	2,569,074		2,506,014	
		<u>7,171,711</u>		<u>6,830,473</u>
Less refunds of instalments and expired deposits, and transfers to consumers' accounts as payment for supplies of electricity .. .. .		10,428,974		9,356,006
Net Decrease .. .. .		<u>3,257,263</u>		<u>2,525,533</u>

*Loans.*

The loan liability of \$256,995,217 to the Treasury at 30th June, 1972, was determined after the deduction of \$34,455,947, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1971-72 was \$2,629,796, in respect of which a credit of \$502,524 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 \$1,318,425 on account of loans authorized in 1970-71, loan moneys raised by the Commission during the year amounted to \$85,812,825. The sources of these moneys were—

	\$
Public Loans .. .. .	30,385,625
Private Loans .. .. .	53,529,500
Area Loans .. .. .	1,200
Retired Staff Loans .. .. .	1,896,500
	<u>85,812,825</u>

The net increase in Commission loans in 1971-72 was \$36,267,684. The difference of \$49,545,141 between the total raisings of \$85,812,825, 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, 1972, Reserves totalled \$37,308,870 compared with \$43,849,763 at 30th June, 1971.

(i) *General Reserve.*—The decrease of \$7,582,029 in the balance of this Reserve is accounted for as follows :—

	\$	\$	\$
Balance at 30th June, 1971 .. .. .			33,441,764
Less—Deficit from Revenue Appropriation Account		8,128,272	
Less—Credit on account of contributions to the National Debt Sinking Fund for 1971-72 not payable by the Comm- ission, less certain charges ..	502,524		
Surplus from major sales of real estate .. .. .	43,719		
		<u>546,243</u>	<u>7,582,029</u>
Balance at 30th June, 1972 .. .. .			<u>25,859,735</u>

(ii) *Consumers' and Other Contributions for Capital Works.*—The balances of this Reserve at 30th June, 1971 and 1972, 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, 1971 .. .. .		82,077,454
Add—Contributions—Commission .. .. .	5,148,898	
Officers .. .. .	3,425,834	
	<hr/>	
Investment Income .. .. .		8,574,732
		5,625,149
		<hr/>
Less—Benefit Payments .. .. .		96,277,335
		4,941,363
		<hr/>
Balance of Fund at 30th June, 1972 .. .. .		91,335,972
		<hr/>
The Fund was represented by—		
Assets—		
Investments in Commission—Loan Advances .. .. .	48,282,610	
Inscribed Stock (at cost) .. .. .	28,115,400	
	<hr/>	76,398,010
Other Investments (at cost)—Company Shares .. .. .	7,037,503*	
Company Debentures .. .. .	3,587,314	
Housing Societies .. .. .	328,064	
Property .. .. .	700,400	
Mortgages .. .. .	1,880,262	
	<hr/>	13,533,543
Accrued Income—Contributions .. .. .	34,150	
Interest .. .. .	1,482,374	
	<hr/>	1,516,524
Investment Sales Awaiting Settlement .. .. .		44,765
		<hr/>
		91,492,842
Less—Liabilities—		
Investment Purchases Awaiting Settlement .. .. .	81,639	
Benefits Accrued and Unpaid .. .. .	75,231	
	<hr/>	156,870
		<hr/>
		91,335,972

\* Market Valuation 30th June, 1972, \$7,429,259.

## 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 July, 1971, to 30th June, 1972, are :—

	\$	\$
Balance of Fund at 30th June, 1971 .. .. .		1,018,763
Add Contributions—Commission .. .. .	533,137	
Employees .. .. .	355,059	
	<hr/>	
Investment Income .. .. .		888,196
		109,848
		<hr/>
Less—Benefit Payments .. .. .		2,016,807
		309,189
		<hr/>
Balance of Fund at 30th June, 1972 .. .. .		1,707,618
		<hr/>
The Fund was represented by—		
Assets—		
Advances to Commission .. .. .		324
Investments (at Cost)—Company Shares .. .. .	220,579*	
Company Debentures, Notes, &c. .. .. .	1,092,176	
Property .. .. .	137,525	
Mortgages.. .. .	279,000	
	<hr/>	1,729,280
Accrued Income—Contributions .. .. .	28,800	
Interest .. .. .	24,758	
	<hr/>	53,558
		<hr/>
Less—Liabilities—		1,783,162
Benefits Accrued and Unpaid .. .. .		75,544
		<hr/>
		1,707,618

\* Market Valuation 30th June, 1972, \$211,461.

**GAS AND FUEL CORPORATION OF VICTORIA.**

By statutory direction, the accounts of the Gas and Fuel Corporation of Victoria have been audited jointly by the Auditor-General and auditors appointed by the Corporation.

The following statement shows income and expenditure of the Corporation for the year ended 30th June, 1972, and the consolidated figures of the Corporation and its subsidiary, the Geelong Gas Company, for the past two years.

Consolidated. 1970-71.		Gas and Fuel Corporation. 1971-72.	Consolidated. 1971-72.
\$		\$	\$
	Income—		
	Sales—		
39,907,043	Gas .. .. .	44,015,304	45,871,992
11,883,974	Residual Products and Appliances .. .. .	13,423,972	14,275,704
51,791,017		57,439,276	60,147,696
	Expenditure—		
5,379,146	Natural Gas .. .. .	7,020,828	7,308,314
4,817,657	Town Gas .. .. .	1,846,530	1,939,170
15,729,386	Distribution .. .. .	18,960,278	19,434,782
13,420,207	Residual Products, Appliances and Selling Expenses .. .. .	15,481,163	16,314,405
5,006,108	Management .. .. .	4,902,310	5,432,847
23,154	Audit Fees .. .. .	20,755	23,555
19,700	Directors' Fees .. .. .	16,050	16,050
585,020	Research and Development .. .. .	551,791	551,791
823,827	Superannuation and Retiring Allowances .. .. .	940,014	948,088
942,358	Long Service Leave .. .. .	870,700	925,380
1,382,283	Interest on Conversion and Redundant Plant .. .. .	2,885,716	2,885,716
111,785	Other costs .. .. .	120,345	120,345
48,240,631		53,616,480	55,900,443
3,128,982	Profit on Trading .. .. .	3,822,796	4,247,253
..	Net trading profit of subsidiary company .. .. .	384,057	..
3,128,982		4,206,853	4,247,253
1,125,000	<i>Less—</i> Contribution to Consolidated Fund—State of Victoria .. .. .	1,589,600	1,602,400
1,700,000	Amortisation of Natural Gas change-over costs .. .. .	2,163,466	2,191,066
50,000	Contingency Reserve .. .. .	50,000	50,000
..	Interest incurred on debentures issued to purchase subsidiary company shares .. .. .	206,260	206,260
253,982	Pre-acquisition Profit of subsidiary company .. .. .	..	..
3,128,982		4,009,326	4,049,726
421,404	Balance carried to Profit and Loss Appropriation Account .. .. .	197,527	197,527

The quantity of gas sold for the year was 240,574,613 therms returning 18·29 cents per therm compared with, in 1970-71, 174,613,330 therms for a unit return of 21·78 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 4 per cent. of the total revenue of the Corporation in the preceding financial year. In terms of the legislation, an amount of \$41,000,000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1970-71 and 4 per cent. thereof, \$1,640,000, was paid to the Consolidated Fund in June, 1972. A special grant of \$37,600 was made by the Treasury in connection with the takeover of the Ballarat works and this amount was offset in the Corporation's books against the contribution to the Consolidated Fund.

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

	\$	\$
Balance brought forward 1st July, 1971 .. .. .	124,845	
Net Profit for year from Profit and Loss Account .. .. .	197,527	
Available for Appropriation .. .. .	..	322,372
Preference Dividend at 4 per cent. per annum for half year ended 31st December, 1971 .. .. .	157,639	
Preference Dividend to be paid— 4 per cent. per annum for half year ended 30th June, 1972 .. .. .	157,639	
	..	315,278
Balance carried forward 30th June, 1972 .. .. .	..	7,094

The following is a consolidated statement of the balances of the Corporation and its subsidiary, the Geelong Gas Company, at the 30th June in each of the past two years, arranged to show the funds employed and the assets representing the total funds. The Corporation's balances at 30th June, 1972, are also shown.

Consolidated 30.6.71.		Gas and Fuel Corporation 30.6.72.		Consolidated 30.6.72.
\$		\$	\$	\$
	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—			
2,048,354	General Reserve .. .. .	2,118,643		2,118,643
1,766,316	Land Revaluation Reserve .. .. .	1,766,316		1,766,316
..	Asset Realization Reserve (Note No. 5) .. .. .	1,310,812		1,310,812
507,336	Contingencies Reserve .. .. .	557,336		557,336
			<u>5,753,107</u>	<u>5,753,107</u>
124,845	Profit and Loss Appropriation Account .. .. .		7,094	7,094
<u>20,328,803</u>			<u>21,642,153</u>	<u>21,642,153</u>
	Deferred Liabilities—			
10,090,690	Advances from State of Victoria .. .. .	10,093,373		10,093,373
1,157,356	Less securities purchased and cancelled by the National Debt Commission .. .. .	1,252,738		1,252,738
<u>8,933,334</u>			8,840,635	<u>8,840,635</u>
	Debentures and Debenture Stock (Secured)—			
10,257,837	Redeemable within twelve months .. .. .	7,227,680		7,227,680
122,690,439	Redeemable after twelve months .. .. .	156,855,367		162,250,367
2,902,100	Purchase consideration due to former shareholders of the Geelong Gas Company (Part) .. .. .	..		..
<u>135,850,376</u>	\$ Contingent Liabilities—	\$	164,083,047	169,478,047
165,112,513	1,499 Uncalled amount on Shares held in another company	1,499		194,565,835
	2,133,043 Commitments under Contracts for Capital Expenditure and Bank Guarantees	4,462,809		<u>199,960,835</u>
	Fixed Assets—			
134,302,202	Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in Progress (at cost or valuation)	153,279,686		158,988,883
28,997,543	Less Provision for Depreciation (see explanatory note No. 4 herein) .. .. .	28,231,965		29,426,544
<u>105,304,659</u>	Carried forward .. .. .		<u>125,047,721</u>	<u>129,562,339</u>

Consolidated 30.6.71.		Gas and Fuel Corporation 30.6.72.	Consolidated. 30.6.72.
\$		\$	\$
105,304,659	Brought forward	125,047,721	129,562,339
	<b>Current Assets—</b>		
349,674	Cash in Hand and at Banks	450,701	475,247
4,878,236	Short-term Deposits	6,250,000	6,250,000
11,219,269	Trade and Other Debtors ( <i>less</i> provision for Bad and Doubtful Debts and Consumers' Deposits)	11,206,916	11,760,075
4,100,675	Stocks at Cost or Valuation	4,356,297	4,597,235
245,300	Prepayments	183,741	187,923
20,793,154		22,447,655	23,270,480
	<b>Less Current Liabilities—</b>		
6,651,244	Amount owing to Subsidiary	2,167,917	7,412,765
2,445,413	Trade and Other Creditors	7,132,411	3,716,172
472	Bank Overdraft	3,716,172	192
2,052,550	State of Victoria (Balance of advances for purchase of preference shares)	192	192
	Purchase consideration due to the former shareholders of the Geelong Gas Company (Part)	..	..
3,061,952	<b>Provisions—</b>		
541,590	Long Service Leave	3,455,511	3,556,844
156,250	Retiring Allowances	456,175	513,709
157,639	Deferred Repairs	121,100	121,100
18,391	Preference Dividend	157,639	157,639
	Income Tax (Note No. 6)	..	..
15,085,501		17,207,117	15,478,421
5,707,653	Net Current Assets	5,240,538	7,792,059
	<b>Investments—</b>		
28,501	Company Shares (at cost)	27,000	27,000
..	In Subsidiary Company	5,390,707	..
		5,417,707	27,000
28,501		5,417,707	27,000
	<b>Intangibles—</b>		
1,875,949	Goodwill on consolidation	..	1,875,949
675,437	Unamortized Debenture Issue Expenses	634,116	634,116
51,520,314	Natural Gas Change-over Costs (see explanatory note No. 2 herein)	51,662,928	53,506,547
..	Pipeline Establishment Expenses (Note No. 3)	6,562,825	6,562,825
165,112,513		58,859,869	62,579,437
		194,565,835	199,960,835

DIRECTORS' EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1972.

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.*—The conversion to natural gas by the subsidiary company, The Geelong Gas Company, 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 fifteen years.

3. *Pipeline Establishment Expenses.*—The establishment expenses of the former Victorian Pipelines Commission, absorbed by the Corporation on 1st July, 1971, are being written off by annual charges to Profit and Loss Account on the basis of estimated increasing gas sales over a period of fourteen years.

4. *Provision for Depreciation.*—The cost of plant in normal course of retirement \$207,963 (1971 \$120,590) has been deducted from the provision for depreciation.

5. *Asset Realisation Reserve.*—Profits on sale of assets, including land, amounting to \$1,310,812 have been transferred to the Asset Realisation Reserve.

6. *Provision for Income Tax.*—No provision has been made for income tax on this year's profit of the subsidiary company, The Geelong Gas Company, as the balance of natural gas change-over costs, which is deductible for tax purposes, exceeds such profit.

7. *Debentures.*—The debentures of the subsidiary company, The Geelong Gas Company, are secured by floating charge over the assets of the Company and its subsidiary.

8. *Contingent Liabilities (Unsecured).*—These liabilities consisted of commitments under contract for capital expenditure and guarantees by the Corporation approximating \$4,333,839 (1971 \$863,043) and the Princes Gate long term lease. Commitments under contract for capital expenditure by the subsidiary company, The Geelong Gas Company, approximate \$128,970 (1971 \$1,270,000).

9. *Consolidated Accounts.*—Under the heading 'Consolidated' are the accounts for the Gas and Fuel Corporation of Victoria and its subsidiary, The Geelong Gas Company incorporated in Victoria.

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, 1971.	1971-72.	Total.
	\$	\$	\$
Acquisition of Shares—			
Subscription for 4,000,000 Ordinary Shares of \$2 ..	8,000,000	..	8,000,000
Purchase of Preference Shares .. .. .	7,418,894	20,000	7,438,894
	15,418,894	20,000	15,438,894
Advances—			
Advance for Capital Works .. .. .	10,000,000	2,000,000	12,000,000
Loan Flotation Expenses .. .. .	93,373	2,217	95,590
	10,093,373	2,002,217	12,095,590
Preference Share Dividend Guarantee—			
Advanced to the Corporation .. .. .	354,694	..	354,694
Less Repayments .. .. .	354,694	..	354,694
	..	..	..
<b>Total Investments and Advances by the State .. .. .</b>	<b>25,512,267</b>	<b>2,022,217</b>	<b>27,534,484</b>
<b>Cost to the State on account of the above—</b>			
Interest on Loans .. .. .	17,189,690	1,056,767	18,246,457
Sinking Fund Contribution .. .. .	1,136,346	63,664	1,200,010
	18,326,036	1,120,431	19,446,467
<i>Less</i> Recoups, &c., from Corporation—			
Interest on Advances .. .. .	7,833,496	515,000	8,348,496
Sinking Fund Contribution .. .. .	418,998	25,092	444,090
Dividends on Preference Shares .. .. .	4,865,362	296,461	5,161,823
	13,117,856	836,553	13,954,409
<b>Net Cost to the State .. .. .</b>	<b>5,208,180</b>	<b>283,878</b>	<b>5,492,058</b>

The above statement does not take into account the sum of \$1,640,000, already referred to, which was paid into the Consolidated Fund in 1971-72 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, 1972, namely, \$6,755,000.

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, 1972, the State was the registered owner of 3,717,697 shares. The transfer of a further 1,654 shares was in course and \$192 was held by the Corporation for future purchases.

**GEE LONG HARBOR TRUST.**

The net revenue for the year ended 31st December, 1971, was \$734,951, a decrease of \$627,781 compared with that of the previous year. The decline in the overall financial result was due to an increase of \$425,900 in expenditure and a decrease of \$201,881 in revenue, the fall-off in revenue being accounted for mainly by reduced wharfage received on crude oil imports. Appropriations to Sinking Fund, Insurance Fund, Port Development Fund and Long Service Leave Provision absorbed \$662,281, leaving a net surplus of \$72,670.

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

	<i>Revenue.</i>	1970.	1971.
		\$	\$
<i>Operating Revenue—</i>			
Harbor Revenue .. .. .		2,937,007	2,724,160
Shipping Services .. .. .		909,021	852,531
Other .. .. .		185,894	217,599
<i>Non-operating Revenue—</i>			
Interest .. .. .		19,746	57,396
Sale of Scrap Materials .. .. .		2,450	551
Total Revenue .. .. .		4,054,118	3,852,237
 <i>Expenditure.</i>			
<i>Operating Expenses—</i>			
Administration, &c. .. .. .		417,722	494,256
Shipping Services .. .. .		774,661	841,460
Maintenance .. .. .		271,930	437,264
Depreciation and Amortization .. .. .		740,180	861,181
<i>Non-operating Expenses—</i>			
Superannuation .. .. .		71,503	76,307
Interest .. .. .		387,995	376,115
Miscellaneous .. .. .		27,395	30,703
Total Expenditure .. .. .		2,691,386	3,117,286
Net Revenue .. .. .		1,362,732	734,951
 <i>Appropriations—</i>			
Sinking Fund .. .. .		79,601	69,283
Insurance Fund .. .. .		69,000	76,000
Port Development Fund .. .. .		500,000	500,000
Long Service Leave .. .. .		16,652	16,998
Total Appropriations .. .. .		665,253	662,281
Net Surplus .. .. .		697,479	72,670



The following statement summarizes the Trust's financial position as at 31st December, 1970 and 1971 :—

31.12.70.		\$	31.12.71.	\$	\$
	Source of Funds—				
	External—				
7,062,715	Loan Liability .. .. .				6,928,316
	Internal—				
5,518,204	Endowments .. .. .			5,543,204	
12,423,539	Net Revenue Account—Accumulated Surplus .. .. .			12,496,209	
2,331,908	General Reserve .. .. .			2,350,371	
	Specific Reserves and Funds				
5,206,114	Less Investments .. .. .		6,194,191		
5,048,843			6,018,963		
				175,228	
157,271					
20,430,922					20,565,012
27,493,637					27,493,328
	Represented by—				
	Current Assets—				
46,641	Cash .. .. .			3,456	
477,341	Investments .. .. .			1,172,580	
275,095	Sundry Debtors and Prepayments .. .. .			310,500	
42,647	Stores (at cost) .. .. .			41,867	
841,724				1,528,403	
	Less—Current Liabilities—				
189,304	Sundry Creditors and Accruals .. .. .		207,565		
29,539	Contractors' Deposits and Retentions .. .. .		4,422		
218,843				211,987	
622,881					1,316,416
	Deferred Assets—				
69,550	Various Advances, &c. .. .. .				61,314
	Fixed Assets (at Cost less Depreciation)—				
217,916	Land (Purchased and Vested) .. .. .			226,324	
1,900,682	Buildings and Improvements .. .. .			1,808,303	
22,469,030	Harbor Works .. .. .			22,005,422	
1,994,093	Floating Plant .. .. .			1,870,366	
193,810	Other Plant and Vehicles .. .. .			180,391	
25,675	Furniture and Fittings .. .. .			24,792	
26,801,206					26,115,598
27,493,637					27,493,328

*Specific Reserves and Funds.*—Transactions within the respective Reserves and Funds under this heading during 1971 are given hereunder :—

	Port Development Fund.	Sinking Fund.	Insurance Reserve Fund.	Provision for Long Service Leave.
	\$	\$	\$	\$
Balance forward 1st January, 1971 .. .. .	3,324,905	205,270	1,518,668	157,271
Allocation from Revenue .. .. .	500,000	69,283	76,000	45,712
Interest on Investments .. .. .	218,545	13,669	92,623	..
	4,043,450	288,222	1,687,291	202,983
Less—				
Expenditure for year .. .. .	..	..	..	27,755
Balance 31st December, 1971 .. .. .	4,043,450	288,222	1,687,291	175,228
	6,194,191			

## GRAIN ELEVATORS BOARD.

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

- (a) Sunshine
  - (i) Operating and maintenance costs.
  - (ii) Interest at  $6\frac{1}{4}$  per cent. per annum calculated on the capital expenditure.
  - (iii) Depreciation.
  - (iv) A hiring charge at  $1\frac{1}{4}$  per cent. calculated on the capital cost on which depreciation is calculated.
- (b) Portland. All operating and maintenance costs incurred in handling barley at Portland Terminal.
- (c) A charge per bushel of barley receivals for administration and for the use of all other facilities.

Wheat receivals for the 1970–71 season totalled 32,957,129 bushels while 9,786,467 bushels of barley were handled. The comparable totals for the 1969–70 season were 85,810,203 bushels and 7,270,489 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 1970–71 accounting period of \$79,489 compared with a surplus of \$99,719 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.

*Revenue.*

1969-70.		1970-71.
\$		\$      \$      \$
	Australian Wheat Board—	
4,459,432	Wheat Handling Charges .. .. .	4,575,722
	Australian Barley Board—	
600,414	Barley Handling Charges .. .. .	929,843
<u>5,059,846</u>	Total Revenue—Grain Handling .. .. .	<u>5,505,565</u>

*Expenditure.*

	Operating and Maintenance—	
555,339	Geelong Terminal .. .. .	670,694
1,142,999	Country Elevators .. .. .	1,237,449
167,822	Bulk Wheat Storages .. .. .	140,239
38,253	Sunshine Sub-terminal .. .. .	43,005
48,957	Portland Terminal .. .. .	237,367
		<u>2,328,754</u>
504,717	Administration Expenses .. .. .	581,921
<u>2,458,087</u>		<u>2,910,675</u>
619,501	*Depreciation .. .. .	576,002
1,590,121	Interest on Loans .. .. .	1,637,999
	Sinking Fund Charges—	
5,313	National Debt Sinking Fund .. .. .	5,313
287,105	Debentures and Inscribed Stock Sinking Fund .. .. .	296,087
<u>4,960,127</u>		<u>5,426,076</u>
99,719	Net Surplus .. .. .	79,489
461,222	Add—Net Accumulation brought forward .. .. .	460,901
78,573	Interest earned on General Reserve Fund Investment .. .. .	39,203
20,462	Interest earned on Insurance Reserve Fund Investment .. .. .	24,169
36,113	Interest earned on Renewals Reserve Fund Investment .. .. .	43,532
378,783	Interest earned on Depreciation Reserve Fund Investment .. .. .	451,281
69,960	Interest—Other Investments .. .. .	90,889
53,875	Reserve Fund Interest Equity relating to Assets written off .. .. .	34,528
<u>1,198,707</u>		<u>1,223,992</u>
	Less Appropriations—	
378,783	*Depreciation Reserve Fund .. .. .	451,281
78,573	*General Reserve Fund .. .. .	39,203
20,462	*Insurance Reserve Fund .. .. .	24,169
206,113	*Renewals Reserve Fund .. .. .	43,532
53,875	Debentures and Inscribed Stock Sinking Fund .. .. .	34,528
..	Adjustment in hire charge, previous years .. .. .	40,815
<u>737,806</u>		<u>633,528</u>
<u>460,901</u>	Net Accumulation at 31st October .. .. .	<u>590,464</u>

\* Approved by the Honorable the Treasurer.

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

31.10.70.		31.10.71.
\$		\$      \$      \$
	<b>Current Assets—</b>	
1,585,674	Sundry Debtors, and Advances .. .. .	415,354
24,996	Cash .. .. .	65,526
<hr/>		<hr/>
1,610,670		480,880
12,257,642	Investments .. .. .	14,826,703
	<b>Fixed Assets—at Cost—</b>	
	<b>Construction—</b>	
18,788,399	Country Elevators .. .. .	18,797,886
3,615,488	Geelong Terminal .. .. .	3,615,488
1,467,890	Sunshine Sub-Terminal .. .. .	1,467,890
		<hr/>
		23,881,264
	<b>Equipment and Plant—</b>	
6,246,954	Country Elevators .. .. .	5,060,708
1,650,673	Geelong Terminal .. .. .	1,651,439
199,406	Sunshine Sub-Terminal .. .. .	199,607
		<hr/>
		6,911,754
4,840	Marmalake No. 1 Emergency Store .. .. .	4,840
320,982	Motor Vehicles, Office Furniture and Equipment .. .. .	339,913
534,798	Freehold Land and Buildings .. .. .	534,798
		<hr/>
		879,551
		<hr/>
		31,672,569
1,771,820	Horizontal Emergency Storages .. .. .	2,856,986
5,790	National Debt Sinking Fund—Cash in Fund .. .. .	5,302
<hr/>		<hr/>
48,475,352		49,842,440
	<b>Current Liabilities—</b>	
1,340,308	Sundry Creditors .. .. .	593,189
	<b>Loans—</b>	
1,630,513	Government of Victoria .. .. .	1,597,726
26,733,816	Public .. .. .	27,232,927
		<hr/>
		28,830,653
	<b>Reserves and Funds—</b>	
	<b>Cancelled Securities Reserves—</b>	
530,754	National Debt Sinking Fund .. .. .	563,536
1,197,944	Debentures and Inscribed Stock .. .. .	1,387,532
779,660	Matured Public Loans .. .. .	989,660
8,054,236	Depreciation Reserve Fund .. .. .	8,901,968
4,840	Marmalake No. 1 Emergency Storage Reserve .. .. .	4,840
500,000	Office Building Reserve .. .. .	500,000
423,161	Insurance Reserve Fund .. .. .	471,030
2,531,027	General Reserve Fund .. .. .	2,570,229
1,176,922	Debentures and Inscribed Stock Sinking Fund .. .. .	1,169,334
1,156,643	Renewals Reserve Fund .. .. .	1,155,750
132,874	Provision for Long Service Leave and Retiring Gratuities .. .. .	169,599
623,637	Superannuation Fund .. .. .	703,676
		<hr/>
		18,587,154
1,175,720	Reserve Fund Contribution for Renewal of Assets .. .. .	1,220,145
	<b>Suspense Accounts—</b>	
16,920	Border Wheat Agreements and Tenderers' Deposits .. .. .	16,850
5,312	Rebagging Wheat .. .. .	3,985
164	Unclaimed Interest .. .. .	..
		<hr/>
		20,835
460,901	Revenue Account—Net Accumulation .. .. .	590,464
<hr/>		<hr/>
48,475,352		49,842,440

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 Funds of the Board totalled \$18,587,154 at 31st October, 1971, compared with \$17,111,698 at the close of the previous year.

Particulars of the operations of the Renewals Reserve Fund for the year are as follows :—

	\$
Balance 1st November, 1970 .. .. .	1,156,643
<i>Add</i> —Interest on Investments Appropriated .. .. .	43,532
	<hr/>
	1,200,175
<i>Less</i> —Renewals and Improvements—	
Electrification Country Silos and Belting .. .. .	44,425
	<hr/>
Balance 31st October, 1971 .. .. .	1,155,750
	<hr/>

## 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, 1972, was \$29,450,000 compared with \$28,600,000 at 30th June, 1971. Of the amount of \$29,450,000, a sum of \$1,900,000 has been deposited or lent for the purpose of loans by the Trust on the security of second mortgage. Details are :—

	\$	\$
The Commissioners of the State Savings Bank of Victoria .. .. .	..	10,750,000
Other Savings Banks .. .. .	14,710,000	
Trading Banks .. .. .	1,150,000	
	<hr/>	15,860,000
Insurance Companies .. .. .	..	2,490,000
Other .. .. .	..	350,000
		<hr/>
		29,450,000
		<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 .. .. .	..	29,450,000
Less—Amount not yet drawn by Trust .. .. .	1,147,239	
Amount repaid to lending institutions .. .. .	4,343,758	
	<hr/>	5,490,997
Total liability of Trust to lending institutions .. .. .	..	23,959,003
		<hr/>

Loans approved by the Trust to borrowers amounted to \$37,422,759, of which sum \$3,956,390 related to second mortgages. Discharged mortgages, including mortgages on repossessed properties sold under contracts of sale, amounted to \$9,059,790. Advances secured by first mortgage at 30th June, 1972, amounted to \$21,927,102 (net) and, by second mortgage, to \$1,318,048 (net).

The net surplus for the year on account of transactions relating to first mortgages (Home Finance Fund No. 1) was \$85,558. The surplus on account of second mortgages (Home Finance Fund No. 2) was \$6,807.

A summary of the income and expenditure of the Trust for 1970-71 and 1971-72 is furnished below. The figures for 1971-72 are subject to audit.

1970-71.		1971-72.	
\$	<i>Income.</i>	\$	\$
1,410,458	Interest Receivable from Mortgagors and on Sales, &c. ..	1,508,800	
1,311,465	Less Interest Payable to Depositors (including Overdraft Interest) ..	1,399,715	
		<hr/>	
98,993			109,085
11,473	Insurance Commission .. .. .	..	11,149
1,186	Other .. .. .	..	625
			<hr/>
111,652			120,859
			<hr/>
	<i>Expenditure.*</i>		
6,400	Fees—Members of Trust .. .. .	..	6,400
2,000	Rent—Office Premises at 191 Queen Street .. .. .	..	834
1,218	Printing and Stationery .. .. .	..	2,207
1,566	Postage and Telephone .. .. .	..	1,261
15,000	Contribution to Treasury .. .. .	..	17,500
1,571	Sundry .. .. .	..	292
			<hr/>
27,755			28,494
			<hr/>
83,897	Operating Surplus .. .. .	..	92,365
			<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, 1971, and 1972.

30.6.71.		30.6.72.
\$	<i>Assets.</i>	\$
26,279,554	Current ordinary loans secured by first mortgage .. ..	25,747,499
3,499,997	Less repayments by mortgagors .. ..	3,820,397
		<hr/> 21,927,102
2,413,660	Current ordinary loans secured by second mortgage .. ..	2,263,010
918,920	Less repayments by mortgagors .. ..	944,962
		<hr/> 1,318,048
149,670	Repossessed properties sold under contracts of sale .. ..	133,620
32,188	Less payments of instalments of principal .. ..	40,965
		<hr/> 92,655
169,906	Arrears—(net) under mortgages and contracts of sale .. ..	177,539
3,339	Sundry Debtors .. ..	11,244
139,979	Cash at Bank .. ..	52,269
50,000	Cash on Fixed Deposit .. ..	970,000
40	Cash on Hand .. ..	40
<hr/> 24,755,043		<hr/> 24,548,897
	<i>Liabilities.</i>	
24,257,491	Deposits by lending institutions and accommodation by way of overdraft—repayment guaranteed by Treasurer of Victoria .. ..	23,959,003
976	Prepayments by mortgagors of valuation and inspection fees .. ..	1,569
11,153	Mortgagors' equities in properties repossessed and sold .. ..	11,890
1,373	Sundry Creditors .. ..	20
484,050	Accumulated Surplus—Home Finance Funds Nos. 1 and 2 .. ..	576,415
<hr/> 24,755,043		<hr/> 24,548,897

**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".

The Board is further empowered, 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 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.

At the date of preparation of this Report, final figures of the Fund for 1971-72 were not available to me, as the computer processing of the accounts of members of the Fund was not complete.





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

1970-71.		1971-72.	
\$		\$	
120,404	Profit—Rental Operations .. .. .	..	..
*274,789	Surplus—Miscellaneous Funds .. .. .	..	*267,644
17,102	Net Profit—Residential Land Sales .. .. .	..	146,905
809,480	Realized Profit—House Sales .. .. .	..	1,068,644
<u>1,221,775</u>			<u>1,483,193</u>
<i>Less—</i>			
..	Loss—Rental operations .. .. .	..	145,503
87,612	Cost of Statutory Functions—non-revenue producing .. .. .	..	33,694
			<u>179,197</u>
<u>1,134,163</u>	Balance—Profit—General Revenue Account as at close of year		<u>1,303,996</u>

\* Includes notional interest on interest-free loans—1970-71, \$100,982 ; 1971-72, \$98,221.

*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 :—

		1970-71.		1971-72.	
		\$	\$	\$	\$
Gross rental charges	.. .. .	..	21,060,386	..	22,905,825
<i>Deduct—</i>					
Rental rebates allowed	.. .. .	1,834,030		1,890,410	
Losses from vacancies	.. .. .	182,415		255,385	
		<u>2,016,445</u>		<u>2,145,795</u>	
			19,043,941		20,760,030
<i>Add—</i>					
Commonwealth Assistance to offset rebates allowed	.. .. .	..	..	..	331,250
Credit for Rentals—General Revenue Account			<u>19,043,941</u>		<u>21,091,280</u>

The increase of \$1,845,439 in gross rental charges was due to additional units becoming available for tenancy and to higher current rentals charged when vacated units were re-let.

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, 1,888 units were sold for a total sum of \$20,643,396. Details are :—

	No.	Cost.	Selling Price.	Surplus.
		\$	\$	\$
<i>Cash Sales—</i>				
State .. .. .	5	13,225	44,264	31,039
Commonwealth—State Housing Agreement 1945 ..	16	93,175	142,919	49,744
Commonwealth—State Housing Agreement 1956 ..	3	25,994	30,042	4,048
Works and Services Account .. .. .	..	..	..	..
<i>Sales per War Service Homes Commission—</i>				
Commonwealth—State Housing Agreement 1945 ..	32	191,849	306,324	114,475
Commonwealth—State Housing Agreement 1956 ..	3	20,172	25,979	5,807
<i>Terms Sales—</i>				
State .. .. .	15	38,582	120,378	81,796
Commonwealth—State Housing Agreement 1945 ..	404	2,534,997	3,831,259	1,296,262
Commonwealth—State Housing Agreement 1956 ..	540	5,556,363	6,072,223	515,860
Works and Services Account .. .. .	662	7,415,401	7,824,119	408,718
<i>Repossessions Resold—</i>				
State .. .. .	9	61,745	86,521	24,776
Commonwealth—State Housing Agreement 1945 ..	22	152,601	218,816	66,215
Commonwealth—State Housing Agreement 1956 ..	175	1,644,435	1,916,145	271,710
Works and Services Account .. .. .	2	22,191	24,407	2,216
	<u>1,888</u>	<u>17,770,730</u>	<u>20,643,396</u>	<u>2,872,666</u>

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

	\$	\$
Gross Surplus on Sales .. .. .	2,872,666	
<i>Less</i> Transfer to House Sales Unrealized Profit Suspense Account	1,273,057	
	<hr/>	1,599,609
Interest receivable on terms Sales .. .. .	10,030,118	
<i>Less</i> Interest payable on houses sold .. .. .	7,893,693	
	<hr/>	
Interest on House Sales (net) .. .. .	2,136,425	
<i>Less</i> Appropriation to House Purchasers' Death Benefit Fund	463,841	
	<hr/>	1,672,584
Other House Sales revenue (included in Miscellaneous in General Revenue Account) .. .. .		152,134
		<hr/>
		3,424,327
<i>Less</i> Administration—House Sales .. .. .	1,102,498	
Maintenance and repairs on houses sold .. .. .	299,162	
Miscellaneous .. .. .	1,661	
	<hr/>	1,403,321
		<hr/>
		2,021,006
<i>Less</i> Appropriation to Interest Receivable Reserve—House Purchasers .. .. .		952,362
		<hr/>
Net Credit to General Revenue on account of House Sales ..		1,068,644
		<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 \$146,905 compared with \$17,102 for 1970–71.

The financial position of the Commission as at 30th June, 1971 and 1972, is summarized hereunder :—

30. 6. 71.		30. 6. 72.
\$		\$            \$
	<i>Current Assets—</i>	
2,286,840	Sundry Debtors .. .. .	2,915,795
252,163	Cash at Bank and in Transit .. .. .	1,204,908
<u>2,539,003</u>		4,120,703
10,428,151	<i>Investments</i> .. .. .	13,841,780
	<i>Deferred Assets—</i>	
203,823,255	House Purchase Debtors .. .. .	214,237,108
	<i>Fixed Assets—</i>	
50,348,457	Estates—Cost of land, developmental and incidental expenses	53,819,013
266,399,571	Dwellings and Shops .. .. .	279,601,689
721,411	Holmesglen Housing Factory—Land and Buildings .. .. .	724,800
19,974,546	Properties acquired for Slum Reclamation .. .. .	21,456,061
397,749	Store-rooms, Offices, &c. .. .. .	493,608
724,819	Plant, Vehicles, Office Furniture and Equipment .. .. .	882,780
680,531	Concrete House Project .. .. .	528,726
400	Shares—31 Melrose Street Pty. Ltd. .. .. .	400
<u>339,247,484</u>		357,507,077
637,366	<i>Deposit and Trust Account—Cash at Bank and Securities</i> .. .. .	767,448
	<i>Intangibles—</i>	
208,218	Plans and Designs, &c. .. .. .	211,429
35,148	Electronic Data Processing—Planning Costs .. .. .	..
<u>243,366</u>		211,429
<u>556,918,625</u>	Total .. .. .	<u>590,685,545</u>
	<i>Current Liabilities—</i>	
1,339,867	Sundry Creditors .. .. .	1,746,045
	<i>Loans—</i>	
452,012,686	Government advances .. .. .	475,498,769
400,000	Debenture issues .. .. .	400,000
4,522,000	Death Benefit Fund advances .. .. .	5,240,927
<u>456,934,686</u>		481,139,696
	<i>Advances and Subsidies—</i>	
2,480,056	Subsidy from Loan for Slum Reclamation .. .. .	2,475,421
1,725,650	Subsidy from Municipalities .. .. .	1,725,650
84,316	Gift of Flats—City of Prahran .. .. .	84,316
2,129,475	Commonwealth Grant—Dwellings for Aged Pensioners .. .. .	4,372,247
<u>6,419,497</u>		8,657,634
	<i>Reserves and Sinking Funds, &amp;c.—</i>	
..	Interest Equalization Reserve .. .. .	177,447
100,000	Debenture Loans Redemption .. .. .	100,000
654,399	Cancelled Securities—National Debt Sinking Fund .. .. .	779,117
118,282	Debenture Loan Sinking Fund .. .. .	132,560
25,062,465	Loan Redemption—Commonwealth—State Agreements .. .. .	26,659,107
3,564,148	Accruing Maintenance Provision .. .. .	3,046,889
50,000	Irrecoverable Rents Provision .. .. .	100,000
27,607,996	Unrealized Profit Suspense Account—House Sales .. .. .	28,792,393
242,054	Unrealized Profit Suspense Accounts—Land and Shops .. .. .	381,278
8,435,784	House Purchasers' Death Benefit Fund .. .. .	9,338,804
6,821,881	Realized Profit Reserves .. .. .	6,658,319
11,685,738	Interest Receivable Reserve—House Purchasers .. .. .	13,122,714
2,700,000	Appropriation of House Sales Profits for Slum Reclamation Works .. .. .	2,700,000
5,000	Provision for Loan Flotation Expenses .. .. .	5,000
<u>87,047,747</u>		91,993,628
4,539,462	<i>Accumulated Surplus</i> .. .. .	6,381,094
	<i>Deposit and Trust Account—</i>	
637,366	Contractors' deposits and other trust moneys .. .. .	767,448
<u>556,918,625</u>	Total .. .. .	<u>590,685,545</u>

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

*Sundry Debtors*, \$2,915,795. Details are :—

	\$
Rental Arrears .. .. .	547,134
Tenants' Maintenance Arrears .. .. .	163,291
Works and Materials, &c., for other bodies and adjoining owners, &c. ..	588,813
Debtors on account of Shop and Land Sales (net) .. .. .	1,471,001
Revenue Accruals, Prepayments and Advances, &c. .. .. .	145,556
	<u>2,915,795</u>

*Investments*.—The book value of investments increased during the year from \$10,428,151 to \$13,841,780. Relevant details as at 30th June, 1972, are :—

	\$
Short-term Investments .. .. .	2,500,000
Interest-free advances—to other Public Authorities .. .. .	1,975,998
Loan to a Public Authority .. .. .	29,677
Investments—Sinking Fund .. .. .	132,560
Investments—Death Benefit Fund .. .. .	9,203,545
	<u>13,841,780</u>

*Concrete House Project*.—The amounts, \$680,531 as at 30th June, 1971, and \$528,726, as at 30th June, 1972, 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, 1971 .. .. .		680,531
<i>Deduct—</i>		
Decrease in Current Assets .. .. .	89,736	
Decrease in book value of Equipment, Plant, Tools, &c. ..	56,109	
Increase in Reserve for Long Service Leave .. .. .	29,230	175,075
		<u>505,456</u>
<i>Add—</i> Decrease in Current Liabilities .. .. .		23,270
Item—"Concrete House Project" as at 30th June, 1972 .. .. .		<u>528,726</u>

The Project was charged notional interest at the rate of 5 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 1971-72 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.

*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 1970-71 and 1971-72 are :—

	1970-71.		1971-72.	
	\$	%	\$	%
Rates .. .. .	284,554	8·7	270,438	7·35
Interest .. .. .	1,213,614	7·3	962,903	5·33
Administration .. .. .	1,584,742	33·1	1,764,433	30·77
	<u>3,082,910</u>		<u>2,997,774</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 \$27,838,796 was made available to the Commission by the Treasurer of Victoria from the Works and Services Account of which \$25,550,000 was for housing generally and \$2,288,796 for slum reclamation. In addition \$1,164,539 was provided by the Commonwealth for defence housing under the terms of the Commonwealth–State Housing Agreement (Servicemen) 1972. Total loans from all sources at the close of the year amounted to \$546,728,102. At 30th June, 1972, the liability in respect of loans was \$481,139,696. Details are :—

	\$	\$
<i>State Housing.</i>		
From the Government of Victoria—Housing .. .. .	27,882,023	
"    "    "    "    "    "    Slum Reclamation .. .. .	23,990,431	
"    Debenture issues of the Commission .. .. .	1,040,000	
	<hr/>	
	52,912,454	
Government Loan transferred to the Commission .. .. .	60,000	
	<hr/>	52,972,454
Less Securities purchased out of National Debt Sinking Fund and cancelled .. .. .	1,374,986	
Debentures redeemed under Housing Act .. .. .	640,000	
Repayments on Slum Reclamation .. .. .	7,149,547	
	<hr/>	9,164,533
		<hr/>
		43,807,921
 <i>Commonwealth–State Housing Agreements.</i>		
Loan Advances received from the Commonwealth of Australia	488,514,721	
Less Repayments .. .. .	56,423,873	
	<hr/>	432,090,848
 <i>House Purchasers' Death Benefit Fund.</i>		
Loan to Commission .. .. .		*5,240,927
		<hr/>
<i>Loan Liability as per Balance-sheet</i> .. .. .		481,139,696
		<hr/>

\* 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 1971–72, \$2,242,272 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, 1972, \$3,147,962 had been spent on this project.

*Provision for Maintenance.*—As at 30th June, 1971, the balance of the Accruing Maintenance Provision was \$3,564,148. To this amount there was added in 1971–72 the sum of \$2,914,048 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the account in 1971–72 was \$3,431,307 leaving a balance at credit of the account at the close of the year of \$3,046,889.

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, 1971 .. .. .	..	27,607,996
<i>Add—</i>		
Transfer from General Revenue Account .. .. .	1,273,057	
Increase in profits from adjustment of capital costs of former years' sales .. .. .	203,317	
	<hr/>	1,476,374
		<hr/>
		29,084,370
<i>Less—</i>		
Sundry adjustments arising from cancellation of sales, reduction of sale prices, &c. .. .. .	..	291,977
		<hr/>
Balance at credit 30th June, 1972 .. .. .	..	28,792,393
		<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, 1972, are summarized below :—

	\$	\$
Balance as at 1st July, 1971 .. .. .	..	8,435,784
<i>Add Appropriation for year (section 109 Act No. 6275)</i>		
Income from Investments .. .. .	463,841	
Premiums .. .. .	516,195	
	16,012	
	<hr/>	996,048
		<hr/>
		9,431,832
<i>Deduct Payments on Account of Deceased Purchasers</i>		
Administration Expenses .. .. .	77,606	
	15,422	
	<hr/>	93,028
		<hr/>
Balance as at 30th June, 1972 .. .. .	..	9,338,804
		<hr/>

The sum of the investments of the Fund, \$9,203,545, includes an amount of \$5,240,927 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 \$13,841,780".

In respect of the advance of \$5,240,927, 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.

Under the provisions of the *Housing (Amendment) Act 1971*, which came into operation on 14th December, 1971, administration expenses were charged against the Fund for the first time in 1971–72.

*Realized Profit Reserves, \$6,658,319.*—This balance comprises profit on land, \$6,474,981, and on shops \$183,338. During the year there was a reduction of \$161,727 in the Land Realized Profit Reserve, being the resultant net realized loss 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 \$1,835 being the net realized loss on shop sales during the year.

*Interest Receivable Reserve—House Purchasers, \$13,122,714.*—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, 1971 .. .. .	..	11,685,738
<i>Add—</i>		
Appropriation House Sales Trading Account .. ..	952,362	
Interest received—Rental Revenue Account .. ..	484,614	1,436,976
	<hr/>	<hr/>
Balance at credit 30th June, 1972 .. .. .	..	13,122,714
		<hr/>

*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, \$6,381,094.*—The variations in this account during the year are explained below :—

	\$	\$
Balance 1st July, 1971 .. .. .	..	4,539,462
<i>Add—</i>		
Amount written back to Revenue from Loan Redemption Reserve .. .. .	438,492	
Adjustment of realized profit of former years due to capital cost variations and cancellation of sales contracts, &c. ..	99,144	
Credit Balance, General Revenue Account .. .. .	1,303,996	1,841,632
	<hr/>	<hr/>
Balance 30th June, 1972 .. .. .	..	6,381,094
		<hr/>



## LATROBE VALLEY WATER AND SEWERAGE BOARD.

Functions of the Latrobe Valley Water and Sewerage Board include the maintenance of adequate supplies of water and the disposal of industrial and domestic waste.

Expenditure on capital works has been mainly from State loan moneys. Treasury records show that the total advances to the Board from the State to 30th June, 1972, amounted to \$18,868,082.

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

## DISPOSAL AREA REVENUE ACCOUNT.

1970-71. \$		1971-72. \$	\$
	<i>Income—</i>		
3,418	Rental, Board Properties .. .. .	3,512	
1,805	Sundry .. .. .	1,759	
29,072	Profit—Cattle Trading Account .. .. .	26,995	
13,186	Profit—Sheep Trading Account .. .. .	42,776	
32,083	Contribution—State Electricity Commission to Pasture Depreciation .. .. .	35,000	
<u>79,564</u>			<u>110,042</u>
	<i>Expenditure—</i>		
100,393	Farm Operation and Maintenance .. .. .	114,905	
68,390	Interest on Loans and on Overdraft .. .. .	67,451	
14,726	Administrative and Sundry Expenses .. .. .	15,747	
1,826	Maintenance Farm Dwellings .. .. .	3,039	
<u>185,335</u>			<u>201,142</u>
105,771	Deficit on Disposal Area Account transferred to General Revenue Account		<u>91,100</u>

## GENERAL REVENUE ACCOUNT.

\$		\$	\$
	<i>Income—</i>		
819,606	Water Charges .. .. .	859,412	
480,561	Disposal Charges .. .. .	407,027	
45,399	Other .. .. .	59,767	
<u>1,345,566</u>			<u>1,326,206</u>
	<i>Expenditure—</i>		
419,707	Interest on Loans .. .. .	421,314	
54,233	Depreciation .. .. .	54,477	
257,776	Maintenance and Operation of Works .. .. .	277,783	
244,556	Overhead Services .. .. .	289,343	
21,250	Other Expenses .. .. .	17,500	
<u>997,522</u>			<u>1,060,417</u>
348,044	Surplus for year .. .. .		265,789
105,771	Deficit on Disposal Area Revenue Account .. .. .		<u>91,100</u>
<u>242,273</u>	<i>Net surplus for year</i> .. .. .		<u>174,689</u>

The Board's balances at 30th June, 1971 and 1972, are summarized hereunder :—

30.6.71.		30.6.72.
\$		\$      \$
	<b>Current Assets—</b>	
62,228	Cash at Bank .. .. .	..
15,146	Stores, Tools, &c. .. .. .	14,599
134,108	Livestock, Wool and Ensilage on Hand .. .. .	124,866
175,051	Debtors and Prepayments, &c. .. .. .	197,661
<hr/>		<hr/>
1,317,634	Investments .. .. .	337,126 1,964,196
	<b>Fixed Assets—</b>	
16,862,279	Works (including Works in Progress) .. .. .	16,914,179
258,047	Plant and Equipment .. .. .	267,634
482,771	Land, Buildings, Residences .. .. .	491,413
98,690	Office and Laboratory Equipment .. .. .	109,849
<hr/>		<hr/>
17,701,787		17,783,075
1,402,692	Less Depreciation .. .. .	1,561,696
<hr/>		<hr/>
16,299,095		16,221,379
	<b>Intangibles—</b>	
523,709	Interest on Works during Construction .. .. .	523,709
161,235	Accumulated Deficit .. .. .	..
<hr/>		<hr/>
18,688,206		523,709 <hr/> 19,046,410
	<b>Current Liabilities—</b>	
..	Bank Overdraft .. .. .	216,517
10,042	Sundry Creditors .. .. .	10,473
35,597	Long Service Leave Provision .. .. .	51,334
		<hr/> 278,324
	<b>Loan Liability—</b>	
16,963,308	State of Victoria .. .. .	17,041,931
113,750	Rural Finance and Settlement Commission .. .. .	96,250
<hr/>		<hr/>
17,122,697		17,138,181
	<b>Excess of Assets over Liabilities—</b>	
155,001	Capital Expenditure borne by the State .. .. .	155,001
5,000	Grant by Government of Victoria .. .. .	5,000
393,521	Appropriation for Plant Renewals, &c. .. .. .	444,462
875,987	Loans Redeemed Reserve .. .. .	875,987
136,000	Capital Facility Reserve .. .. .	148,000
..	Accumulated Surplus .. .. .	1,455
<hr/>		<hr/>
18,688,206		1,629,905 <hr/> 19,046,410

## LOCAL AUTHORITIES SUPERANNUATION BOARD.

The Board operates under the provisions of the *Local Authorities Superannuation Act 1958* and is responsible for the administration of separate schemes to provide retiring allowances and disability benefits for permanent employees of local governing bodies. Under the provisions of the *Local Authorities Superannuation (Disability Benefits) Act 1970* as amended by the *Local Authorities Superannuation (Disability Benefits) (Commencement) Act 1971* provision was made for the granting of disability benefits to all permanent employees with at least three years service. The legislation also provided that no further contributions should be paid into the Provident Fund. 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 it has been superseded by the Benefit Contracts scheme.

*Provident Fund.*—The purpose of the Fund was to provide a lump sum, payable to or in respect of any employee upon his withdrawal, retirement or prior death where he was ineligible, in whole or in part, to contribute to the Benefit Contracts scheme. The annual contribution payable in respect of any such employee was 7 per cent. of so much of his salary as was subject to the Provident Fund scheme. As mentioned above, no further contributions will be received into this Fund.

*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.

*Disability Fund.*—The scheme came into operation from 1st October, 1971, and employing authorities were required to make contributions equal to 1.75 per cent. of the salaries of eligible employees. The Board is authorised to make payments to a disability beneficiary in such amounts and at such times as it decides.

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 allocations from the Benefit Contracts Account and the Disability Fund, and from interest received from investments, rent and computer bureau fees.

The accounts for the year ended 29th February, 1972, are compared hereunder with those for the previous year.

INSURANCE ACCOUNT.							1970-71.	1971-72.
							\$	\$
<i>Receipts.</i>								
Balance at Bank, 1st March	..	..	..	..	..	1,591	1,883	
Surrender Values	..	..	..	..	..	6,667	1,634	
Death Claims	..	..	..	..	..	2,302	..	
Matured Policies	..	..	..	..	..	7,155	3,630	
Other	..	..	..	..	..	5	..	
						17,720	7,147	
 <i>Payments.</i>								
Death Claims	..	..	..	..	..	1,440	863	
Matured Policies	..	..	..	..	..	7,721	3,071	
Surrender Values	..	..	..	..	..	6,667	1,634	
Other	..	..	..	..	..	9	..	
Balance at Bank at end of year	..	..	..	..	..	1,883	1,579	
						17,720	7,147	

## PROVIDENT FUND.

						1970-71.	1971-72.
						\$	\$
<i>Receipts.</i>							
Balance at Bank, 1st March .. .. .	..	..	..	..	..	62,222	50,334
Contributions .. .. .	..	..	..	..	..	677,831	762,441
Interest on Investments .. .. .	..	..	..	..	..	201,679	207,704
Investments Redeemed .. .. .	..	..	..	..	..	587,804	654,873
						<u>1,529,536</u>	<u>1,675,352</u>
<i>Payments.</i>							
Death Claims .. .. .	..	..	..	..	..	36,140	41,013
Resignations and Retirements .. .. .	..	..	..	..	..	550,395	482,208
Additional Interest .. .. .	..	..	..	..	..	12,540	9,852
Refunds of Contributions .. .. .	..	..	..	..	..	8,374	7,802
Investments .. .. .	..	..	..	..	..	855,753	396,000
Transfer of Contributions to Benefits Contracts Account .. .. .	..	..	..	..	..	..	728,335
Contribution to Administration .. .. .	..	..	..	..	..	16,000	..
Balance at Bank at end of year .. .. .	..	..	..	..	..	50,334	10,142
						<u>1,529,536</u>	<u>1,675,352</u>

The position of the Fund at 28th February, 1971 and 29th February, 1972, was :—

						1971.	1972.
						\$	\$
Contributors' Credits .. .. .	..	..	..	..	..	3,363,555	3,044,230
Unallotted Interest .. .. .	..	..	..	..	..	242,834	244,308
Sundry Creditors .. .. .	..	..	..	..	..	4,982	7,635
						<u>3,611,371</u>	<u>3,296,173</u>
Represented by—							
Cash at Bank .. .. .	..	..	..	..	..	50,334	10,142
Investments .. .. .	..	..	..	..	..	3,472,752	3,214,421
Sundry Debtors .. .. .	..	..	..	..	..	15,840	2,363
Accrued Interest .. .. .	..	..	..	..	..	72,445	69,247
						<u>3,611,371</u>	<u>3,296,173</u>

## BENEFIT CONTRACTS ACCOUNT.

						1970-71.	1971-72.
						\$	\$
<i>Income.</i>							
Contract Premiums .. .. .	..	..	..	..	..	3,626,825	5,401,229
Interest on Investments .. .. .	..	..	..	..	..	1,429,856	1,750,691
						<u>5,056,681</u>	<u>7,151,920</u>
<i>Expenditure.</i>							
Death Benefits .. .. .	..	..	..	..	..	393,373	463,987
Withdrawal Benefits .. .. .	..	..	..	..	..	840,722	907,966
Retirement Benefits .. .. .	..	..	..	..	..	559,295	766,744
Contribution to Administration .. .. .	..	..	..	..	..	302,273	421,879
Other .. .. .	..	..	..	..	..	90	1,797
						<u>2,095,753</u>	<u>2,562,373</u>
Surplus .. .. .	..	..	..	..	..	<u>2,960,928</u>	<u>4,589,547</u>

As at 28th February, 1971, and 29th February, 1972, the funds of the Benefit Contracts Account amounted to \$24,802,960 and \$29,352,507 respectively, and were represented by—

	1971.	1972.
	\$	\$
Investments .. .. .	24,605,519	29,234,472
Less Mortgage Reserve Account .. .. .	1,266	4,710
	<u>24,604,253</u>	<u>29,229,762</u>
Plus Excess of Other Assets over Current Liabilities .. .. .	198,707	162,745
	<u>24,802,960</u>	<u>29,392,507</u>

#### DISABILITY FUND ACCOUNT.

The operations of the Account for the period 1st October, 1971, to 29th February, 1972, are detailed hereunder:—

	<i>Income.</i>	1971-72.
		\$
Contributions .. .. .		349,399
Withdrawal Benefits .. .. .		4,125
Investment Income .. .. .		4,653
		<u>358,177</u>

	<i>Expenditure.</i>	
Contributions Refunded .. .. .		2,946
Benefits .. .. .		8,409
Contribution to Administration .. .. .		21,243
		<u>32,598</u>
Surplus .. .. .		<u>325,579</u>

As at 29th February, 1972, the funds of the Disability Fund Account amounted to \$325,579 and were represented by:—

	\$
Investments .. .. .	290,000
Plus Excess of other Assets over Current Liabilities .. .. .	35,579
	<u>325,579</u>

#### MANAGEMENT ACCOUNT.

	1970-71.	1971-72.
	\$	\$
Interest on Investments .. .. .	5,685	5,483
Contribution to Administration—		
From Benefit Contracts Account .. .. .	302,273	421,879
From Provident Fund .. .. .	16,000	..
From Disability Fund .. .. .	..	21,243
Rent .. .. .	16,643	13,686
Computer Bureau Fees .. .. .	146,406	178,188
	<u>487,007</u>	<u>640,479</u>

*Expenditure.*

Board Members' Fees .. .. .	1,287	1,315
Salaries .. .. .	187,623	218,207
Hire of Computer and other Office Machines .. .. .	197,451	208,265
Other Administration Charges .. .. .	99,660	109,421
Rates, &c. .. .. .	7,065	8,576
Depreciation .. .. .	23,394	24,318
	<u>516,480</u>	<u>570,102</u>
Surplus (Deficit) .. .. .	(29,473)	70,377

As at 28th February, 1971 and 29th February, 1972, accumulated funds of the Management Account were :—

	1971.	1972.
	\$	\$
Accumulated Funds .. .. .	607,599	646,767
Asset Replacement Reserve .. .. .	137,891	159,772
	<u>745,490</u>	<u>806,539</u>
Represented by—		
Investments .. .. .	57,956	58,018
Freehold Property .. .. .	590,793	581,990
Furniture, Equipment and Office Machines .. .. .	52,204	52,362
Motor Vehicles .. .. .	12,034	10,439
Prepayments, &c. .. .. .	5,205	3,074
	<u>718,192</u>	<u>705,883</u>
Plus Excess of Current Assets over Current Liabilities .. .. .	27,298	100,656
	<u>745,490</u>	<u>806,539</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, and, by statutory direction, their accounts are subject to audit by the Auditor-General. Comments on and summaries of the accounts follow, with the exception of the accounts of the Tobacco Leaf Marketing Board, which were not available at the time of preparation of this Report.

### *Chicory Marketing Board.*

Financial accounts in respect of the pool period ended on 31st March, 1972, have been audited. Details of the operations in this and the previous pool are :—

1970-71. tons.		1971-72. tons.
120	Total Chicory acquired .. .. .	123
\$		\$
25,657	Proceeds from sales .. .. .	29,232
2,676	Chicory Stock on hand .. .. .	..
<hr/> 28,333		<hr/> 29,232
	Applied to :—	
405	Freight and Cartage .. .. .	399
501	Storage .. .. .	..
823	Salaries .. .. .	1,021
428	Other Expenses .. .. .	168
25,340	Payments to Growers .. .. .	26,065
836	Proceeds held .. .. .	1,579
<hr/> 28,333		<hr/> 29,232

The Board's balances are summarized hereunder :—

31.3.71.		31.3.72.
\$	Assets—	\$
2,628	Cash at Bank .. .. .	5,693
5,000	Investments .. .. .	5,000
2,873	Stock on Hand .. .. .	75
813	Sundry Debtors .. .. .	2,118
593	Plant (at Cost less Depreciation) .. .. .	395
<hr/> 11,907		<hr/> 13,281
	Liabilities—	
759	Sundry Creditors .. .. .	423
10,312	Reserve Fund .. .. .	10,312
836	Pool Balance .. .. .	2,546
<hr/> 11,907		<hr/> 13,281

*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 \$4,270,770 (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 1971-72 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 :—

1970-71.		1971-72.	
\$		\$	\$
22,061,773	Advances to Producers (Current production) .. .. .	21,509,441	
16,219	Purchases of Eggs and Pulp from other sources .. .. .	2,124	
22,077,992		21,511,565	
2,684,913	Less Producers' Contributions on Account of Local Marketing Charges .. .. .	2,737,354	
*19,393,079	Net Advances to Producers .. .. .	..	*18,774,211
	Disposal of Eggs—		
17,053,584	Sold in Shell on Local Market .. .. .	16,472,067	
80,421	Sold in Shell on Overseas Market .. .. .	68,131	
†4,098,130	Converted to Egg Products and Sold .. .. .	†3,473,648	
21,232,135		20,013,846	
Dec. 89,078	Increase or Decrease in Stock on Hand .. .. .	Inc. 73,056	
21,143,057	Total Value of Disposals .. .. .	20,086,902	
3,064,173	Add—Distribution from Poultry Industry Trust Fund .. .. .	4,270,770	
24,207,230		24,357,672	
4,755,379	Less—Grading, Selling, Manufacturing and Administrative Costs .. .. .	5,432,787	
19,451,851	Net Proceeds of Pool .. .. .	..	18,924,885
58,772	Net Pool Surplus .. .. .	..	150,674
216,942	Accumulated Surplus brought forward .. .. .	164,676	
..	Add Adjustments not applicable to 1971-72 Pool Account (Net) .. .. .	43,310	
216,942		207,986	
10,871	Less Adjustments not applicable to 1970-71 Pool Account (Net) .. .. .	..	
100,167	Transfer to Reserve Fund .. .. .	110,371	
111,038		..	97,615
105,904		..	
164,676	Accumulated Surplus at close of Pool Period .. .. .	..	248,289

\*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 1st July, 1972. Comparative figures at the end of the preceding pool period are also given.

The Board's funds were—

3.7.71.		1.7.72.
\$		\$
788,312	Reserve Fund .. .. .	898,681
40,791	Capital Profit—Sales of Land .. .. .	93,713
468,131	Surplus Distribution 1947-48 ( <i>ex</i> Commonwealth) .. .. .	468,131
	Accumulated Surplus—	
164,676	1970-71 .. .. .	..
..	1971-72 .. .. .	248,289
<u>1,461,910</u>		<u>1,708,814</u>

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

3.7.71.		1.7.72.
\$		\$
	Current Assets—	
803	Cash on Hand and at Bank .. .. .	†5,775
40,702	Claim on Poultry Industry Trust Fund .. .. .	143,570
	Stock on Hand—	
505,930	Eggs and Egg Products at valuation .. .. .	578,986
105,556	Packing materials at cost .. .. .	121,553
27,246	Supplies at cost or valuation .. .. .	38,163
<u>638,732</u>		<u>738,702</u>
	Debtors—	
678,885	Trade .. .. .	796,581
*837,028	Australian Egg Board .. .. .	*451,681
58,650	Amount due under Contracts of Sale .. .. .	161,554
<u>1,574,563</u>		<u>1,409,816</u>
50,000	Less Provision for Doubtful Debts .. .. .	45,000
<u>1,524,563</u>		<u>1,364,816</u>
<u>2,204,800</u>		<u>2,252,863</u>
	Less Current Liabilities—	
403,512	Creditors .. .. .	617,205
1,289,237	Reserve Bank of Australia .. .. .	780,482
113,636	Department of Primary Industry (Hen Levy) .. .. .	186,931
84,545	Provision for Employees Long Service Leave, Annual Leave and Sick Pay .. .. .	121,013
<u>1,890,930</u>		<u>1,705,631</u>
313,870	Working Capital .. .. .	547,232
	Fixed Assets—(at cost less depreciation)	
204,335	Freehold Properties .. .. .	124,942
327,205	Leasehold Properties .. .. .	393,158
549,208	Plant and Equipment .. .. .	582,324
28,932	Motor Vehicles .. .. .	24,155
38,360	Office Machinery and Equipment .. .. .	37,003
<u>1,148,040</u>		<u>1,161,582</u>
<u>1,461,910</u>		<u>1,708,814</u>

† Includes \$4,972 (U.S.\$5,967) held at credit First National City Bank, New York.

\* 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 \$578,986 has been valued at current local market prices after providing for storage and other applicable charges and after deducting an additional \$100,000 from the valuation of the stocks of egg products. This arbitrary reduction has resulted in the understatement of the value of stocks on hand, compared with current local market prices, as at 1st July, 1972, and has the effect of providing a reserve of \$100,000 not disclosed in the accounts.

*Oats Marketing Board.*

The Governor-in-Council on 23rd June, 1970, declared Oats to be a commodity under Section 7 of the *Marketing of Primary Products Act* 1958. On 13th October, 1970, the Board was constituted and on 10th March, 1971, the Members of the Board were appointed.

Oats were vested in the Board from and after 18th October, 1971. Operations for the period ended 30th September, 1971, related only to setting up the Board, and preliminary expenditure amounting to \$6,296 was incurred.

*Onion Marketing Board.*

Final accounts in respect of the pool period that ended on 15th November, 1971, have been audited. Details of the operations in this and the previous pool are :—

	Pool.	
	1970.	1971.
	tons.	tons.
Total Onions acquired .. .. .	12,360	11,689
	\$	\$
Proceeds from sales .. .. .	843,086	796,740
Administration and marketing expenses .. .. .	93,085	99,051
Payments to growers .. .. .	762,976	676,152

The average return per ton to the growers was \$61.73 in 1970 and \$57.84 in 1971.

## MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1972, 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 :—

1970-71.					1971-72.			
\$					\$	\$	\$	
	Rates and Charges—							
22,785,096	Water Supply	..	..	..	..	26,933,761		
28,360,564	Sewerage	..	..	..	..	34,383,338		
5,958,690	Drainage and Rivers	..	..	..	..	6,157,040		
<u>57,104,350</u>								67,474,139
	Farm—							
278,086	Gross profit on cattle	..	..	..	..	227,108		
..	Gross profit on sheep	..	..	..	..	51,841		
3,572	Rent	..	..	..	..	3,769		
1,131	Sundry Trading Operations	..	..	..	..	Deficit 87		
<u>282,789</u>						282,631		
22,132	Gross loss on sheep	..	..	..	..	..		282,631
<u>260,657</u>								
<u>57,365,007</u>	Gross Revenue	..	..	..	..	..	..	67,756,770
	Working Expenses—							
7,377,595	Management	..	..	..	..	..	7,894,271	
11,183,659	Maintenance	..	..	..	..	..	12,835,014	
26,700,607	Interest (including overseas exchange)	..	..	..	..	..	30,699,222	
<u>45,261,861</u>								51,428,507
<u>12,103,146</u>	Gross Surplus	..	..	..	..	..	..	16,328,263
	General Expenditure—							
473,500	Loan Flotation Expenses	..	..	..	..	369,471		
224,362	Staff Retiring Gratuities	..	..	..	..	272,355		
1,641,420	Contributions to Superannuation Fund	..	..	..	..	2,732,849		
250,643	Depreciation—Furniture and Fittings, Works Temporarily Capitalized, &c.	..	..	..	..	329,310		
193,786	Pensions (cost of living allowances in superannuation payments)	..	..	..	..	271,406		
2,652	Provision for Statutory Expenditure	..	..	..	..	2,652		
<u>2,786,363</u>								3,978,043
	Statutory Expenditure—							
129,275	Fees for valuations	..	..	..	..	132,669		
62,648	Contributions to Municipalities	..	..	..	..	59,037		
<u>191,923</u>								191,706
<u>2,978,286</u>	Carried forward	..	..	..	..	..	4,169,749	16,328,263

1970-71.				1971-72.	
\$		\$		\$	\$
<u>2,978,286</u>	Brought forward	..	..	..	4,169,749 16,328,263
Provisions and Transfers to Reserves—					
1,003,838	Renewals Fund	..	..	..	1,148,081
1,468,148	Sinking Fund	..	..	..	1,676,784
2,384,482	Loans Redeemed Reserve	..	..	..	2,840,281
3,550,000	General Reserve	..	..	..	<u>5,000,000</u>
<u>8,406,468</u>					<u>10,665,146</u>
<u>11,384,754</u>	Expenditure, &c. from Gross Surplus	..	..	..	14,834,895
718,392	Net Surplus	..	..	..	<u>1,493,368</u>
718,392	Less—Transfer to Rates Equalization Fund—Metropolitan General Fund				<u>1,493,368</u>

The increased charge for depreciation in 1971-72 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 \$5,000,000 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).
				\$	\$	\$	\$
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
1971-72	..	..	..	26,933,761	34,383,338	6,157,040	544,527,446

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 \$3,998,615 higher than the previous year. However, because of an increase of \$10,369,789 in the revenue received from rates and charges, the percentage of rates and charges absorbed by interest fell to 45.50 as compared with 46.76 in 1970-71.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund \$491,044 ; Sinking Funds \$2,200,044 ; and Superannuation Fund \$396,662. Exchange on interest remitted overseas amounted to \$7,494.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1972, are shown hereunder :—

	Contributions from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1972.
	\$	\$	\$	\$
Sinking Funds.. .. .	1,700,978	2,200,044	3,901,022	47,901,897
Loans Redeemed Reserve .. ..	2,840,281	..	2,840,281	16,748,478
Renewals Fund .. .. .	1,148,081	491,044	1,639,125	23,251,361
Superannuation Fund .. .. .	2,786,009	396,662	3,182,671	11,965,956
Insurance Account .. .. .	..	..	..	907,516
	8,475,349	3,087,750	11,563,099	100,775,208

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of \$153,091,457 as at 30th June, 1972. Thus, the sum of the Board's Funds and Reserves as at that date was \$253,866,665. Of this sum, \$71,382,730 was invested, \$16,748,478 was applied to loan redemption and \$165,735,457 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 \$568,049,861 compared with \$543,538,061 in 1970–71.

Details of the Metropolitan Improvement Fund Revenue Account for the past two years are given below :—

1970–71.		1971–72.
\$		\$
8,437,060	Revenue—	
	Metropolitan Improvement Rate and Sundry Income .. ..	8,682,227
	Less Expenditure—	
1,534,131	Management .. .. .	1,719,753
345,210	Maintenance .. .. .	899,787
57,339	Interest .. .. .	59,216
24,194	Contribution to Sinking Fund—Metropolitan Improvement Fund	24,194
88,455	Proportion of Statutory and General Charges .. ..	106,809
..	Contribution to Highways and Bridges Maintenance Reserve	100,000
242,974	Compensation for Reserved Land and Acquisitions .. ..	4,937,659
3,816,622	Road and Foreshore Works .. .. .	4,251,649
6,108,925		12,099,067
..	Net Deficit .. .. .	3,416,840
2,328,135	Net Surplus .. .. .	..
..	Add—Transfer from Rates Equalization Fund—Metropolitan Improvement Fund .. ..	3,416,840
2,328,135	Less—Transfer to Rates Equalization Fund—Metropolitan Improvement Fund .. ..	..

At 30th June, 1972, 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—Metropolitan Improvement Fund.. ..	343,724
Assets Acquired Reserve—Metropolitan Improvement Fund .. ..	50,026,899
General Reserve—Metropolitan Improvement Fund .. ..	53,303,506
Rates Equalization Fund—Metropolitan Improvement Fund .. ..	2,096,827
Maintenance Reserve—Highways and Bridges .. ..	100,000
	<u>106,670,956</u>

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

	\$	\$
Metropolitan Improvement Fund—		
Cash at Bank .. .. .	74,741	
Less amount due to Metropolitan General Fund .. .. .	1,989,256	
	<u>          </u>	O/D 1,914,515
Securities—Short Term .. .. .		4,700,000
Arrears—Rates and Charges (estimate) .. .. .		267,000
Sundry Debtors—		
Land Sales .. .. .	179,226	
Rent .. .. .	52,553	
Accrued Interest .. .. .	16,920	
	<u>          </u>	248,699
Reserved Land—held temporarily under Section 57, Act No. 6849 .. .. .	24,090,570	
Compensation under Section 42, Act No. 6849 .. .. .	1,195,812	
	<u>          </u>	25,286,382
Planning, Highways and Foreshore Works—Capitalized Expenditure .. .. .		78,083,390
		<u>          </u>
		106,670,956

Included in the total of \$50,026,899 in Assets Acquired Reserve—Metropolitan Improvement Fund is an amount of \$45,461,747 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 :—

Special Project No.		To 30.6.71.	1971-72.	Total.
		\$	\$	\$
No. 1—St. Kilda Junction .. .. .		7,519,115	49,307	7,568,422
” ” No. 3—South Eastern Freeway .. .. .		12,339,533	532,458	12,871,991
” ” No. 4—Tullamarine Freeway .. .. .		13,241,410	565,947	13,807,357
” ” No. 23—St. Kilda Road Underpass .. .. .		1,074,961	861,998	1,936,959
” ” No. 24—Eastern Freeway—Section I .. .. .		3,095,436	5,497,566	8,593,002
” ” No. 25—City Ring Road—Western Section .. .. .		..	274,334	274,334
” ” No. 26—City Ring Road—Eastern Section .. .. .		303,072	..	303,072
” ” No. 34—Median Guard—South Eastern Freeway .. .. .		75,511	31,099	106,610
		<u>          </u>	<u>          </u>	<u>          </u>
		37,649,038	7,812,709	45,461,747

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 .. .. .	2,414,027	4,960,547	193,848	7,568,422
South Eastern Freeway .. .. .	3,303,035	9,203,201	365,755	12,871,991
Tullamarine Freeway .. .. .	3,534,508	10,001,392	271,457	13,807,357
St. Kilda Road Underpass .. .. .	..	1,843,048	93,911	1,936,959
Eastern Freeway—Section I .. .. .	5,562,994	2,388,172	641,836	8,593,002
City Ring Road—Western Section .. .. .	241,769	..	32,565	274,334
City Ring Road—Eastern Section .. .. .	99,522	15	203,535	303,072
Median Guard—South Eastern Freeway .. .. .	..	102,226	4,384	106,610
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	15,155,855	28,498,601	1,807,291	45,461,747

In addition to the contributions made by the Treasurer of Victoria from the Roads (Special Projects) Fund, further contributions were received by the Board from the Commonwealth Aid Roads Account for construction of urban arterial roads :—

	To 30.6.71.	1971-72.	Total.
	\$	\$	\$
Widening High Street, St. Kilda .. .. .	443,348	3,509,019	3,952,367
City Ring Road—Southern Section .. .. .	..	596,585	596,585
	<u>          </u>	<u>          </u>	<u>          </u>
	443,348	4,105,604	4,548,952

The contributions were arrived at on the following basis :—

—	100% of payments for property acquisition.	100% of contract and direct labour costs.	100% of design, survey and boring costs.	Total.
	\$	\$	\$	\$
Widening High Street, St. Kilda .. ..	3,619,681	906	331,780	3,952,367
City Ring Road—Southern Section .. ..	525,796	..	70,789	596,585
	4,145,477	906	402,569	4,548,952

*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 :—

1971.		1972.
\$		\$      \$
	<b>Current Assets—</b>	
1,566,068	Cash in Hand and at Bank .. ..	920,470
41,605,000	Securities—Short Term .. ..	53,905,000
2,791,149	Arrears of Rates and Charges .. ..	3,425,628
2,150,678	Sundry Debtors .. ..	2,323,292
3,768,661	Stores and Materials on Hand .. ..	3,456,612
396,969	Livestock on Hand .. ..	474,841
	<b>Reserved Land—Metropolitan Improvement Fund—</b>	
19,200,926	Acquired Land .. ..	24,090,570
1,147,796	Compensation for loss on sales .. ..	1,195,812
<u>72,627,247</u>		<u>89,792,225</u>
	<b>Fixed Assets—</b>	
60,332,873	Highways and Bridge Works .. ..	76,157,420
1,580,555	Foreshore Works .. ..	1,925,970
220,191,019	Water Supply Works .. ..	247,137,965
282,553,759	Sewerage Works .. ..	329,648,921
793,818	Sewerage House Connexions .. ..	793,818
39,802,193	Main Drainage and River Improvement Works .. ..	41,657,095
19,639,429	Buildings, Water Meters and other items .. ..	26,815,929
<u>624,893,646</u>		<u>724,137,118</u>
22,150,836	<i>Less Renewals Fund</i> .. ..	23,251,361
<u>602,742,810</u>		<u>700,885,757</u>
5,815,845	Plant and Tools .. ..	5,601,780
1,861,390	Motor Vehicles .. ..	2,139,232
533,192	Furniture and Fittings .. ..	585,236
<u>610,953,237</u>		<u>709,212,005</u>

1971.		1972.
\$		\$      \$
	Investments—	
17,198,300	External—Stock—Short Term Securities, &c. .. ..	14,603,000
2,819,388	Internal—Stock—Melbourne and Metropolitan Board of Works .. .. .	2,880,930
<hr/> 20,017,688		<hr/> 17,483,930
<hr/> 703,598,172	Total Assets .. .. .	<hr/> 816,488,160
	Current Liabilities—	
4,645,154	Loan Interest, Matured Debentures and Inscribed Stock ..	5,252,233
8,182,585	Sundry Creditors and Deposits .. .. .	11,365,351
<hr/> 12,827,739		<hr/> 16,617,584
	Deferred Liabilities—	
8,926,379	Superannuation Fund .. .. .	11,965,956
1,243,427	Provision for Furlough .. .. .	1,401,466
<hr/> 10,169,806		<hr/> 13,367,422
	Loan Liability—	
13,345,697	Government of Victoria .. .. .	30,848,786
484,523,035	Other .. .. .	538,406,486
<hr/> 497,868,732		<hr/> 569,255,272
<hr/> 520,866,277	Total Liabilities .. .. .	<hr/> 599,240,278
	Excess of Assets over Liabilities, represented by—	
13,908,197	Loans Redeemed Reserve .. .. .	16,748,478
43,696,561	Sinking Fund—Metropolitan General Fund .. .. .	47,558,173
30,302,172	General Reserve—Metropolitan General Fund .. .. .	35,997,260
<hr/> 87,906,930		<hr/> 100,303,911
641,763	Less Fixed Assets Retired .. .. .	692,652
<hr/> 87,265,167		<hr/> 99,611,259
304,314	Sinking Fund—Metropolitan Improvement Fund .. .. .	343,724
38,092,386	Assets Acquired Reserve—Metropolitan Improvement Fund ..	50,026,899
44,130,398	General Reserve—Metropolitan Improvement Fund .. .. .	53,303,506
5,513,667	Rates Equalization Fund—Metropolitan Improvement Fund ..	2,096,827
1,086,737	Rates Equalization Fund—Metropolitan General Fund .. .. .	2,580,105
366,000	Exchange Reserve .. .. .	366,000
207,209	Deferred Maintenance Reserve .. .. .	207,209
..	Highways and Bridges Maintenance Reserve .. .. .	100,000
757,540	Insurance Account .. .. .	907,516
..	Sewage Disposal Contributions Reserve .. .. .	242,628
..	Water Supply Distribution Charges Reserve .. .. .	998,822
750,835	Distributable Expense Variance Account .. .. .	892,938
4,257,642	Special Reserve .. .. .	5,570,449
<hr/> 182,731,895		<hr/> 217,247,882

Two additional Reserves were created during the year and a third Reserve was created from within the General Reserve. Details are :—

- (a) the Highways and Bridges Maintenance Reserve representing funds set aside from the Metropolitan Improvement Fund for future bridge maintenance ;
- (b) the Sewage Disposal Contributions Reserve established to record contributions received from land developers towards the cost of provision of sewerage facilities ; and



- (c) the Water Supply Distribution Charges Reserve created from within the General Reserve and incorporating contributions received during the year for the construction of reticulation mains to serve certain subdivisions, together with contributions received in prior years and credited to General Reserve in those years.

To provide a more accurate description of Reserves created by the Board's planning and highway functions, the former Planning and Highways Reserve has been replaced by three separate Reserves, which indicate the source of their funds from within the Metropolitan Improvement Fund. Details are :—

- (a) Assets Acquired Reserve—representing assets acquired from funds provided by Commonwealth, State and other outside sources ;  
 (b) General Reserve—representing assets acquired from funds provided by the Metropolitan Improvement Rate and other miscellaneous income ; and  
 (c) Rates Equalization Reserve—representing the accumulated excess of income over expenditure of the Metropolitan Improvement Fund which is available for rate equalization in future years.

The increase of \$5,695,088 in the General Reserve—Metropolitan General Fund was accounted for as follows :—

Estimated value of privately constructed mains taken over by the Board	\$	\$
less reimbursements made by the Board .. .. .	..	1,861,482
Contributions towards cost of works .. .. .	..	831,841
Capital works financed from revenue (estimate) .. .. .	..	5,000,000
Profit on sale of motor vehicles .. .. .	..	36,297
		<hr/>
		7,729,620
<i>Less—</i>		
Transfer to Special Reserve .. .. .	..	938,072
Transfer to Water Supply Distribution Charges Reserve .. .. .	..	950,373
Loss on sale of stores and plant .. .. .	..	23,251
Variance between standard prices of items purchased for stock and invoice prices .. .. .	..	122,836
		<hr/>
		2,034,532
		<hr/>
		5,695,088

Loans raised under Section 187 of the *Melbourne and Metropolitan Board of Works Act* 1958, as amended, may not exceed a maximum of \$750,000,000 and at 30th June, 1972, the Board's total liability in respect of such loans stood at \$537,606,486. 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 \$30,848,786 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 \$99,359,293. Major increases were :—

	\$
Reservoir and Conduit Construction, &c. .. .. .	.. 15,289,885
Water Supply—extension large mains .. .. .	.. 7,311,294
“ “ reticulation, water meters, &c. .. .. .	.. 4,676,791
Construction and Amplification—sewage disposal, &c.—Farm .. .. .	.. 519,317
Sewerage—extension mains, purification plants, &c. .. .. .	.. 43,327,744
“ Pumping Stations .. .. .	.. 2,749,679
Main Drains and River Improvements—extensions, &c. .. .. .	.. 1,854,902
Metropolitan Main Highways .. .. .	.. 15,824,547
New Head Office .. .. .	.. 6,812,002

Included in the total of excess of assets over liabilities is a special reserve amounting to \$5,570,449. 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, 1972, 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>	
		1970-71.	1971-72.
		\$	\$
Traffic Receipts—Tram .. .. .	.. .. .	16,424,086	18,843,773
” ” —Bus .. .. .	.. .. .	3,682,844	4,035,337
Miscellaneous Operating Receipts .. .. .	.. .. .	179,116	213,971
” Non-operating Receipts .. .. .	.. .. .	231,484	258,553
Received from the Drivers' Licence Suspense Account .. .. .	.. .. .	300,000	700,000
		<hr/>	<hr/>
Total Revenue .. .. .	.. .. .	20,817,530	24,051,634
		<hr/>	<hr/>
		<i>Expenditure.</i>	
Traffic Operation Costs —Tram .. .. .	.. .. .	8,729,807	9,582,851
” ” ” —Bus .. .. .	.. .. .	2,340,282	2,559,850
Maintenance of Permanent Way .. .. .	.. .. .	988,258	1,235,762
” ” Tramcars .. .. .	.. .. .	2,849,726	2,948,316
” ” Buses .. .. .	.. .. .	1,077,854	1,196,000
” ” Electrical Equipment .. .. .	.. .. .	674,701	744,153
” ” Buildings and Grounds .. .. .	.. .. .	330,494	323,726
Traction Energy Costs .. .. .	.. .. .	812,129	801,702
Fuel Oil (Buses) .. .. .	.. .. .	217,746	249,122
Bus Licence Fees and Road Tax .. .. .	.. .. .	21,694	20,926
General Administration and Stores Department Costs .. .. .	.. .. .	1,562,872	1,737,044
Workers Compensation Insurance .. .. .	.. .. .	523,640	543,094
Payroll Tax .. .. .	.. .. .	426,652	624,884
Interest on Capital Debt .. .. .	.. .. .	1,448,179	1,498,476
Depreciation and Amortization Provisions .. .. .	.. .. .	937,285	922,188
Charges for Accrued Sick Leave.. .. .	.. .. .	61,041	70,332
” ” Long Service Leave .. .. .	.. .. .	349,808	365,985
” ” Retiring Gratuities .. .. .	.. .. .	532,164	611,166
” ” Public Liability Claims .. .. .	.. .. .	288,180	297,372
Non-operating expenses .. .. .	.. .. .	92,139	100,071
		<hr/>	<hr/>
Total Expenditure .. .. .	.. .. .	24,264,651	26,433,020
		<hr/>	<hr/>
Result for year .. .. .	.. .. .	Deficit 3,447,121	Deficit 2,381,386
		<hr/>	<hr/>

The Board's balances as at 30th June, 1971 and 1972, are summarized hereunder :—

30.6.71.		30.6.72.
\$	Current Assets—	\$      \$
79,192	Balances at Bank and Cash in Hand .. .. .	98,974
200,987	Sundry Debtors .. .. .	146,704
775,163	Stores on Hand and Work in Progress .. .. .	1,152,698
<hr/>		<hr/>
1,055,342		1,398,376
		<hr/>
Fixed Assets—		
18,723,786	Permanent Way, Overhead Construction, Transmission Lines..	19,024,551
10,607,994	Rolling Stock .. .. .	10,613,558
4,694,705	Land and Buildings .. .. .	4,713,366
3,476,098	Plant, Furniture, and Fittings, &c. .. .. .	3,399,672
<hr/>		<hr/>
37,502,583		37,751,147
19,937,389	Less Provision for Depreciation .. .. .	20,377,548
<hr/>		<hr/>
17,565,194		17,373,599
<hr/>		<hr/>
18,620,536	Carried forward .. .. .	18,771,975

30.6.71.							30.6.72.
\$							\$
18,620,536		Brought forward	..	..	..	..	18,771,975
2,014,263	Intangible Assets	..	..	..	..	..	2,014,263
1,459,862	Less Provision for Amortization	..	..	..	..	..	1,500,147
554,401							514,116
1,592,000	Investments	..	..	..	..	..	1,621,753
20,766,937	Total Assets	..	..	..	..	..	20,907,844
Current Liabilities—							
362,857	Bank Overdraft	..	..	..	..	..	391,417
530,133	Other	..	..	..	..	..	966,480
892,990							1,357,897
Accrued Liabilities—							
345,438	Interest on Loans	..	..	..	..	..	354,924
1,091,376	Other	..	..	..	..	..	873,166
1,436,814							1,228,090
2,150,000	Special State Advance from Works and Services Account	..	..	..	..	..	3,350,000
26,009,537	Loans	..	..	..	..	..	26,821,965
30,489,341	Total Liabilities	..	..	..	..	..	32,757,952

The excess of Liabilities over Assets is represented by—

	The Accumulated Deficit brought forward	..	..	..	..	..	10,794,192
	Plus—Deficit for year	..	..	..	..	..	2,381,386
10,794,192	Accumulated Deficit at 30th June	..	..	..	..	..	13,175,578
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	..	..	..	..	..	967,897
..	Grant from Country Roads Board towards Tram Track Construction	..	..	..	..	..	200,000
							1,325,470
9,722,404							11,850,108

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 \$700,000 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 Board regards the provision for depreciation and amortization as covering not only those two particular items but also the Board's sinking fund commitments. Supplementary records are kept to substantiate the sinking fund component of such provision. Details are:—

	30.6.71.	30.6.72.
	\$	\$
Provision for depreciation and amortization	19,904,358	20,260,349
Sinking Fund	1,492,893	*1,617,346
Total Provision	21,397,251	21,877,695

\* Of the investments of the Board amounting to \$1,621,753, as at 30th June, 1972, investments to the sum of \$1,617,346, were accepted as being held on behalf of the Sinking Fund.

## MELBOURNE HARBOR TRUST.

In the conduct of the audit of the accounts for 1971, 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 :—

							1970.	1971.
							\$	\$
<i>Revenue.</i>								
Charges on Ships	..	..	..	..	..	..	2,244,807	2,331,444
Charges on Goods	..	..	..	..	..	..	8,258,777	8,915,538
Charges for Services—Cranes	..	..	..	..	..	..	1,963,305	1,618,056
Charges for Services—Other	..	..	..	..	..	..	443,268	830,031
Rents and Licence Fees from Lands	..	..	..	..	..	..	1,951,374	2,220,043
Other Revenue..	..	..	..	..	..	..	185,379	347,571
Total Revenue	..	..	..	..	..	..	<u>15,046,910</u>	<u>16,262,683</u>
 <i>Expenditure and Provisions.</i>								
Payment to the Consolidated Fund	..	..	..	..	..	..	1,558,560	1,633,739
Operating Expenses	..	..	..	..	..	..	3,304,119	3,929,090
Maintenance	..	..	..	..	..	..	2,318,752	2,572,442
Interest on Loans	..	..	..	..	..	..	2,031,757	2,328,823
Other Expenses	..	..	..	..	..	..	1,367,166	1,607,523
Provision for Depreciation	..	..	..	..	..	..	2,799,441	3,024,111
Provision for Insurance	..	..	..	..	..	..	120,490	133,517
Total Expenditure	..	..	..	..	..	..	<u>13,500,285</u>	<u>15,229,245</u>
Net Revenue before Appropriation	..	..	..	..	..	..	<u>1,546,625</u>	<u>1,033,438</u>
 <i>Appropriations.</i>								
Sinking Fund	..	..	..	..	..	..	800,000	800,000
General Reserve	..	..	..	..	..	..	500,000	..
							<u>1,300,000</u>	<u>800,000</u>
Surplus for year	..	..	..	..	..	..	<u>246,625</u>	<u>233,438</u>

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

							1970.	1971.
							\$	\$
Depreciation	..	..	..	..	..	..	348,456	348,546
Insurance	..	..	..	..	..	..	38,336	32,350
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>616,792</u>	<u>610,896</u>

The following statement, based on the balance-sheet, analyses the sources of funds available to the Trust up to 31st December, 1971, and the application thereof, and includes comparative figures at the end of the previous year :—

31.12.70.	<i>Source of Funds.</i>						31.12.71.	
\$							\$	\$
	<b>External—</b>							
40,690,342	Loan Liability	..	..	..	..	..	44,059,003	
1,504,675	Sundry Creditors	..	..	..	..	..	1,856,693	
	Bank Overdraft	..	..	..	..	..	442,827	
41,309	Trust Accounts	..	..	..	..	..	47,370	
							46,405,893	
	<b>Internal—</b>							
11,222,030	Capital Redemption Reserve	..	..	..	..	..	11,718,060	
6,237,000	General Reserve	..	..	..	..	..	6,237,000	
3,644,838	Insurance Provision	..	..	..	..	..	3,773,036	
1,808,312	Superannuation Accounts	..	..	..	..	..	1,923,261	
25,056,572	Provision for Depreciation	..	..	..	..	..	28,204,032	
51,756	Provision for Periodical Maintenance	..	..	..	..	..	59,086	
1,157,915	Provision for Pensions and Gratuities	..	..	..	..	..	1,309,415	
350,000	Provision for Long Service Leave	..	..	..	..	..	400,000	
2,253,098	Sinking Fund	..	..	..	..	..	2,649,947	
9,410,928	Revenue Account Balance	..	..	..	..	..	9,644,366	
							65,918,203	
103,428,775							112,324,096	
	<i>Application of Funds.</i>							
96,721,241	Works of Construction and Plant (at cost)	..	..	..	..	..	103,825,256	
2,707,032	Investments (at cost) and Cash	..	..	..	..	..	3,475,140	
	<b>Current Assets—</b>							
883,134	Sundry Debtors	..	..	..	..	..	881,185	
200,942	Advances for Housing	..	..	..	..	..	231,618	
857,802	Materials in Stock (at cost)	..	..	..	..	..	954,363	
							2,067,166	
564,216	General Reserve Fund Investments (at cost) and Cash	..	..	..	..	..	1,059,216	
1,453,099	Sinking Fund Investments (at cost) and Cash	..	..	..	..	..	1,849,948	
41,309	Cash Held in Trust Accounts	..	..	..	..	..	47,370	
103,428,775							112,324,096	

**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. As at 30th June, 1972, loan liability of the Authority amounted to \$5,498,750 in respect of authorized borrowings secured by inscribed stock which is 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 1971-72, the Treasurer determined that the amount to be so paid was \$951,794. Of this sum, \$876,168 was received during the year and the balance of \$75,626 has since been collected.

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 administrative costs and annual redemption payments of 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. In this connexion, the Treasurer determined that, in respect of the annual redemption payments included in the approved estimates for 1971-72 at \$80,000, the Victorian Railways Commissioners should contribute \$40,000, and further determined that no contribution was required in respect of administrative costs.

Administrative costs are being capitalized in the accounts of the Authority. For 1971-72, the net interest and redemption charges payable by the Authority disclosed a shortfall of \$7,648 as follows :—

	\$
Interest Payable .. .. .	280,638
Loan Redemption.. .. .	1,250
Investment—Sinking Fund purposes.. .. .	500
	282,388
Less—Interest Receivable on Investments .. .. .	194,740
	87,648
Less—Contributions received from Railways, &c. .. .. .	80,000
	7,648
Shortfall .. .. .	7,648

In accordance with the provisions of the Act the shortfall of \$7,648 will be taken into account when determining the contributions to be made for the next financial year.

Interest earned on short term investments during 1971-72 was \$194,740. 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 1971-72 included payments to the Railways Commissioners for construction work and fees to the consulting engineers. A formal contract in respect of works being undertaken by the Railways has not yet been executed as the Commissioners do not appear to have the necessary legal powers to enter into such an agreement with the Authority.

The financial position of the Authority as at 30th June, 1971, and 1972, is set out hereunder. Fixed assets in the financial statement are shown at cost.

1970-71.		1971-1972.	
\$		\$	\$
	<b>Fixed Assets—</b>		
400,610	Loop Development .. .. .	3,395,520	
..	Plant .. .. .	101,365	
1,156	Office Furniture, Fittings and Equipment .. .. .	29,754	
..	Motor Vehicle .. .. .	3,286	
<u>401,766</u>			<u>3,529,925</u>
	<b>Current Assets—</b>		
35,017	Cash at Bank and on hand .. .. .	293,354	
160,000	Investments—Short Term .. .. .	3,305,000	
740	Accrued Interest Receivable .. .. .	39,150	
3,820	Prepayment .. .. .	3,820	
..	Debtor .. .. .	75,626	
<u>199,577</u>			<u>3,716,950</u>
	<b>Investment—</b>		
..	For Sinking Fund purposes .. .. .		500
	<b>Intangibles—Capitalized Costs—</b>		
31,433	Administrative and Financial Expenses .. .. .		286,255
<u>632,776</u>			<u>7,533,630</u>
	<b>Less Current Liabilities—</b>		
85,910	Sundry Creditors .. .. .	492,789	
..	Accrued Interest Payable .. .. .	103,431	
100,000	Inscribed Stock Application .. .. .	..	
<u>185,910</u>			<u>596,220</u>
<u>446,866</u>			<u>6,937,410</u>

The assets and expenses of the Authority have been financed from the following sources :-

	\$	\$
<b>Contributions—</b>		
<b>To Annual Redemption Payments—</b>		
Victorian Railways Commissioners .. .. .	40,000	
City of Melbourne .. .. .	20,000	
Melbourne and Metropolitan Board of Works .. .. .	20,000	
		<u>80,000</u>
<b>To Administrative Costs—</b>		
Victorian Railways Commissioners .. .. .	..	56,975
<b>For Capital Works—</b>		
Victorian Railways Commissioners—		
To 30th June, 1971 .. .. .	389,891	
For 1971-72 .. .. .	911,794	
		<u>1,301,685</u>
		<u>1,438,660</u>
<b>Loans—secured by Inscribed Stock .. .. .</b>		5,498,750
		<u>6,937,410</u>

Capital expenditure commitments not included in the above figures amounted to \$2,209,672 at 30th June, 1972.

**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.

The Board's revenue consists primarily of contributions provided by Fire Insurance Companies and Municipalities together with 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 1971-72 are subject to audit, shows receipts and disbursements for the past two years :—

	1970-71.		1971-72.	
	\$	\$	\$	\$
<i>Receipts.</i>				
Statutory Contributions—				
Fire Insurance Companies .. .. .	6,070,000		6,298,800	
Municipalities .. .. .	3,036,700		3,149,400	
Brokers and Owners .. .. .	64,688		169,862	
	9,171,388		9,618,062	
Patrol Services, Testing and Inspecting Appliances ..		718,996		793,600
Sale of Materials, Property and Plant .. .. .		110,899		102,603
Rents .. .. .		72,339		75,435
Interest on Investments .. .. .		135,725		123,480
Investments Matured .. .. .		..		51,000
Miscellaneous .. .. .		7,548		97,826
Balance carried forward to next year .. .. .	o/D	198,889	o/D	1,194,319
		10,415,784		12,056,325
<i>Disbursements.</i>				
Balance brought forward from previous year .. .. .	o/D	191,392	o/D	198,889
Salaries, Wages and Maintenance, &c. .. .. .		8,594,303		9,831,046
Superannuation Contributions and Staff Insurance Subsidies		589,526		700,352
Purchases of Property, Plant and Equipment .. .. .		558,053		912,208
Interest on Loans .. .. .		30,576		48,114
Loan Repayments .. .. .		16,934		20,716
Investments Purchased .. .. .		300,000		..
Short Term Investments (Net) .. .. .		135,000		345,000
		10,415,784		12,056,325

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, 1971 and 1972, is set out in abridged form hereunder :—

30.6.71.		\$	30.6.72.	\$
\$	Source of Funds—		\$	\$
	External—			
537,388	Loan Liability .. .. .			1,716,673
	Internal—			
6,110,669	Excess of Assets over Liabilities .. .. .		5,506,101	
8,526,996	Funds .. .. .	9,797,978		
7,377,824	Less invested on account of Superannuation and other Trust purposes .. .. .	8,917,698		
		880,280		
1,149,172				
7,259,841				6,386,381
7,797,229				8,103,054



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

30.6.71		\$	30.6.72	\$	S
	<b>Current Assets—</b>				
88,801	Sundry Debtors .. .. .		74,561		
359,087	Stock on Hand .. .. .		331,244		
2,440	Work in Progress .. .. .		1,270		
<u>450,328</u>			<u>407,075</u>		
	<b>Less—</b>				
	<b>Current Liabilities—</b>				
3,454	Sundry Creditors .. .. .		81,784		
198,889	Cash Balance Overdrawn (net) .. .. .		1,194,319		
<u>202,343</u>			<u>1,276,103</u>		
247,985				Dr.	869,028
<u>1,416,901</u>	Investments .. .. .				1,712,938
	<b>Fixed Assets—</b>				
4,782,097	Land and Buildings .. .. .		5,573,953		
490,690	Plant, Machinery and Equipment .. .. .		508,235		
859,556	Rolling Stock .. .. .		1,176,956		
			<u>7,259,144</u>		
<u>7,797,229</u>					<u>8,103,054</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 \$129,234 compared with \$122,978 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 \$580,000 and the provisions for sinking fund and accruing long service leave, there was a surplus of \$30,885 on the year's operations. This compares with a surplus of \$184,315 in 1970-71.

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

1970-71. \$							1971-72. \$	\$
	Operating Revenue—							
281,555	Wharfage Rates	..	..	..	..	..	323,358	
57,879	Tonnage Rates	..	..	..	..	..	59,303	
5,368	Slipway Charges and Licences	..	..	..	..	..	4,903	
289,864	Shipping Services	..	..	..	..	..	287,196	
50,190	Rent	..	..	..	..	..	59,385	
562,951	Handling Charges, &c.—Grain Terminal	..	..	..	..	..	558,822	
..	Cool Store Operations	..	..	..	..	..	33,334	
370	Other	..	..	..	..	..	545	
1,248,177								1,326,846
	Operating Expenditure—							
131,374	Administrative	..	..	..	..	..	165,065	
96,623	Maintenance	..	..	..	..	..	111,446	
210,448	Shipping Services	..	..	..	..	..	214,124	
311,152	Grain Terminal Expenses (including Depreciation)	..	..	..	..	..	297,912	
11,469	Depreciation—Harbor Works, &c.	..	..	..	..	..	13,565	
..	Cool Store Expenses	..	..	..	..	..	19,698	
761,066								821,810
487,111	Operating Surplus	..	..	..	..	..	505,036	
	Non-operating Revenue—							
19,051	Interest	..	..	..	..	..	26,370	
506,162								531,406
	Non-operating Expenditure—							
958,049	Loan Interest	..	..	..	..	..	1,020,512	
36	Loan Flotation Expenses, &c.	..	..	..	..	..	55	
958,085								1,020,567
451,923	Excess of Expenditure over Revenue	..	..	..	..	..	489,161	
691,880	Contribution by State from the Consolidated Fund for maintenance of port facilities and for other purposes	..	..	..	..	..	580,000	
239,957								90,839
	Appropriations—							
5,353	Long Service Leave	..	..	..	..	..	8,015	
50,289	Sinking Fund	..	..	..	..	..	51,939	
55,642								59,954
184,315	Surplus for year	..	..	..	..	..	30,885	

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, \$2,748,766, and National Debt Sinking Fund contributions, \$145,864.

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

30.6.71.		30.6.72.
\$		\$ \$
277,720	Current Liabilities .. .. .	282,500
	Deferred Liabilities—	
10,000	Treasury Advance .. .. .	10,000
20,640,786	Loan Funds .. .. .	21,174,672
11,021	Provision for Overburden Removal, Cape Grant Quarry ..	6,771
52,419	"    "    Plant Maintenance .. .. .	22,173
63,752	Other .. .. .	83,288
<u>20,777,978</u>		<u>21,296,904</u>
	Funds of the Trust—	
35,182	Endowments .. .. .	31,460
916,337	Sinking Fund .. .. .	1,022,836
388,214	Loans Redeemed Reserve .. .. .	474,328
41,736	Accumulated Surplus .. .. .	..
<u>1,381,469</u>		<u>1,528,624</u>
..	Less—Accumulated Deficit .. .. .	13,494
<u>1,381,469</u>		<u>1,515,130</u>
<u>22,437,167</u>		<u>23,094,534</u>
	Current Assets—	
39,162	Cash .. .. .	108,164
132,070	Stores .. .. .	131,918
178,673	Other .. .. .	254,192
		<u>494,274</u>
1,959,766*	Investments .. .. .	2,076,565*
	Fixed Assets—	
29,061	Property Vested ( <i>less</i> Written Off) .. .. .	25,339
68,294	Other ( <i>less</i> Depreciation) .. .. .	67,477
17,743,253	Harbor Construction Works and Plant ( <i>less</i> Depreciation) ..	18,099,417
2,286,888	Grain Terminal Construction Works and Plant ( <i>less</i> Depreciation) .. .. .	2,331,462
		<u>20,523,695</u>
<u>22,437,167</u>		<u>23,094,534</u>

\* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1972, comprised advances from the Treasurer, \$3,672,900, (including \$24,900 discount and expenses on loans) and \$17,501,772 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 \$2,748,766.

Investments, \$2,076,565, 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, 1971 and 1972.

	30.6.71.	30.6.72.
	\$	\$
Estates—Mental Patients, Deceased Persons, Trusts and Agencies .. .. .	22,929,810	24,225,876
Moneys held in Trust for Minors .. .. .	1,777,252	2,113,362
Unclaimed Moneys .. .. .	1,694,205	1,983,228
Estates Guarantee and Reserve Account.. .. .	1,434,309	1,548,133
Maintenance Fund .. .. .	241,653	220,122
Interest Reserve .. .. .	106,000	200,000
Suspense—Amounts pending allocation or adjustment .. .. .	14,274	2,289
	<hr/>	<hr/>
	28,197,503	30,293,010

The Common Fund was invested as follows :—

	30.6.71.	30.6.72.
	\$	\$
Inscribed Stock .. .. .	7,148,300	6,558,300
Bank Deposit Stock .. .. .	1,100,000	1,800,000
Loans to Municipal and other Statutory Bodies .. .. .	3,824,700	4,032,890
Mortgages .. .. .	15,856,339	14,636,766
Loan to Co-operative Housing Society .. .. .	110,204	88,204
Cash at Bank and in Hand .. .. .	157,960	647,460
Land and Buildings .. .. .	..	2,529,390
	<hr/>	<hr/>
	28,197,503	30,293,010

In addition to the funds held as the Common Fund, the Public Trustee had under his control at 30th June, 1972, estate investments in government and semi-government securities amounting to \$1,978,874 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 1970-71 and 1971-72 were :—

1970-71.	INTEREST SUSPENSE ACCOUNT.				1971-72.
\$					\$
1,952,908	Income from investments .. .. .				2,016,255
	Appropriations—				
1,282,819	Interest allocated to estates .. .. .			1,289,910	
106,000	Provision for interest payable to estates .. .. .			200,000	
10,000	Estates Guarantee and Reserve Account .. .. .			10,000	
554,089	Consolidated Fund .. .. .			516,345	
				<hr/>	
1,952,908					2,016,255

1970-71.	ESTATES GUARANTEE AND RESERVE ACCOUNT.								1971-72.
\$									\$
1,325,275	Balance at 1st July .. .. .	..	..	..	..	..	..	..	1,434,309
99,421	Interest credited on balance .. .. .	..	..	..	..	..	..	..	103,874
10,000	Transfer from Interest Suspense Account .. .. .	..	..	..	..	..	..	..	10,000
<u>1,434,696</u>									<u>1,548,183</u>
387	Less Legal costs and other expenses .. .. .	..	..	..	..	..	..	..	50
<u>1,434,309</u>	Balance at 30th June .. .. .	..	..	..	..	..	..	..	<u>1,548,133</u>

As in the previous year, the Public Trustee deemed it necessary in 1971-72 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 \$173,891 compared with a surplus of \$226,724 in the preceding year. Particulars are :—

1970-71.									1971-72.	
\$									\$	\$
	<i>Receipts—</i>									
506,192	Fees and Commission .. .. .	..	..	..	..	..	..	..	617,912	
554,089	Surplus—Interest Suspense Account .. .. .	..	..	..	..	..	..	..	516,345	
<u>1,060,281</u>										<u>1,134,257</u>
	<i>Less Payments—</i>									
727,469	Salaries, pay in lieu of long service leave, overtime and payroll tax ..	..	..	..	..	..	..	..	852,117	
2,990	Publicity .. .. .	..	..	..	..	..	..	..	2,574	
66,233	Rent .. .. .	..	..	..	..	..	..	..	70,586	
36,865	Other Expenses (net) .. .. .	..	..	..	..	..	..	..	35,089	
<u>833,557</u>										<u>960,366</u>
<u>226,724</u>	Surplus for the year .. .. .	..	..	..	..	..	..	..		<u>173,891</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 :—

—	1969-70.	1970-71.	1971-72.
	\$	\$	\$
<b>Consolidated Fund—</b>			
Fees and Commission .. .. .	411,545	506,192	617,912
Probate Duty .. .. .	754,639	1,017,237	661,274
Surplus from Interest Suspense Account .. .. .	501,823	554,089	516,345
Maintenance—Patients in Mental Hospitals .. .. .	50,512	116,047	57,814
Stationery, Postages recouped .. .. .	17,069	22,360	20,440
Sundry Receipts .. .. .	4,721	25,995	26,171
	<u>1,740,309</u>	<u>2,241,920</u>	<u>1,899,956</u>
<b>Transfers to Treasury Trust Fund—</b>			
Unclaimed Moneys—after 6 years .. .. .	121,287	..	..

At 30th June, 1972, the Public Trustee held, as part of the Common Fund, moneys unclaimed for a period of at least six years amounting to \$533,457. Following the repeal of the proviso to sub-section (4) of Section 19 of the *Audit Act* 1958, the question of the need or desirability for fresh legislation to direct these moneys to the Public Account has been under consideration by the Treasury. However, the matter has not yet been resolved.

A review by officers of the Organisation and Methods Section of the Public Service Board into the accounting and other administrative procedures of the Public Trustee's Office is still in progress.

## 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 \$3,220,762. At the close of the year, \$30,910,654 was held by borrowers of which \$26,542,700 was held in respect of primary industries and \$4,367,954 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 1971-72.

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 \$8,894.

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, 1971 ..	6,962,614	
Repayments of advances, 1st July, 1971, to 30th June, 1972 ..	47,568	
	—————	7,010,182†
		11,794,182
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1972 .. ..	7,285,577	
Amount transferred to Rural Reconstruction Scheme 1971 ..	4,485,446	
	—————	11,771,023
Unexpended balance 30th June, 1972 .. .. .	..	23,159

\* 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, 1972, 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 :—

1971. \$	INCOME.	1972. \$	\$
1,878,205	Interest .. .. .	2,015,265	
31,035	Application and Legal Fees .. .. .	42,926	
<u>1,909,240</u>			2,058,191
EXPENDITURE AND PROVISIONS.			
253,444	Administration .. .. .	308,861	
1,322,789	Interest on Loan Indebtedness .. .. .	1,405,628	
90,102	Interest on Redeemed Securities .. .. .	100,221	
5,307	Provision for Long Service Leave .. .. .	5,013	
64,747	Provision for Superannuation .. .. .	72,814	
<u>1,736,389</u>			1,892,537
172,851	Operating Profit for Year .. .. .		165,654
<i>Add—</i>			
127,140	Interest on Investments .. .. .		139,961
7,576	Surplus on Sale of Residences, &c. .. .. .		6,434
<u>307,567</u>			312,049
<i>Less—</i>			
70,698	National Debt Sinking Fund—Contribution .. .. .	70,698	
7,836	Discounts and Expenses on Loans .. .. .	6,490	
..	Provision for Doubtful Debts .. .. .	81,650	
<u>78,534</u>			158,838
229,033	Balance Transferred to Profit and Loss Appropriation Account .. .. .		153,211

At 30th June, 1971 and 1972, funds available to the Commission were :—

30.6.71. \$		30.6.72. \$	\$
27,011,988	Loan Funds— Loan Liability—Treasurer of Victoria (net) .. .. .	..	27,664,663
5,591	Other Funds— Advances <i>Farmers Debts Adjustment Act</i> 1943—Treasurer of Victoria .. .. .	5,159	
4,681,685*	Funds provided by Grant under Commonwealth's <i>Loan (Farmers' Debt Adjustment) Act</i> 1935 .. .. .	196,239*	
19,404	Interest on Mortgages prior to 26th April, 1950 .. .. .	19,404	
194,443	Trust Account—Amounts in suspense .. .. .	..	220,802
17,091	Sundry Creditors .. .. .	..	261,720
2,248,296	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	..	30,540
72,189	Provision for Long Service Leave .. .. .	..	2,476,663
1,300,527	Provision for Superannuation .. .. .	..	85,033
467,039	Provision for Doubtful Debts .. .. .	..	1,514,998
1,630,000	Loan Equalization Account .. .. .	..	548,689
893,550	General Reserve .. .. .	..	1,630,000
410,299	Profit and Loss Appropriation Account .. .. .	..	946,474
<u>38,952,102</u>			933,093
			<u>36,312,675</u>

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

The General Reserve (\$946,474) 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 :—

30.6.71.		30.6.72.
\$		\$            \$
Loans and Advances—		
30,875,461	Loans under Part III.— <i>Rural Finance Act 1958</i> .. .. .	30,924,142
240,052	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Act 1958</i> .. .. .	197,643
5,591	Advances under <i>Farmers Debts Adjustment Act 1943</i> .. .. .	..
27,644	Contracts of Sale .. .. .	25,873
		<hr/>
		31,147,658
708,103	Interest Due and Accrued .. .. .	845,391
25,592	Amount Due for Administration—Other Commission Functions .. .. .	484,866
Cash at Treasury, &c.—		
4,461,037	Rural Rehabilitation Fund .. .. .	23,159
21,152	National Debt Sinking Fund .. .. .	34,423
		<hr/>
		57,582
Fixed Assets—		
20,240	Furniture and Office Equipment <i>less</i> Depreciation .. .. .	75,745
39,624	Motor Cars <i>less</i> Depreciation .. .. .	45,369
100,196	Residences and Offices .. .. .	92,314
		<hr/>
		213,428
3,530	Charges paid in Advance .. .. .	2,764
Cash—		
207,190	At Bank and in hand .. .. .	35,024
50,000	At call .. .. .	1,023,917
		<hr/>
		1,058,941
2,166,690	Investment Pool (at cost) on account of Provisions and General Reserve .. .. .	2,502,045
<hr/>		<hr/>
38,952,102		36,312,675

Interest due and accrued, \$845,391, shown above, comprised interest due, \$535,399, and interest accrued, \$309,992.

#### *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. Comments on the operations in this Department follow.

*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, 1971 .. .. .	1,153,318
Principal repayments .. .. .	813,083
Interest .. .. .	86,468
	<hr/>
	2,052,869
Payments—	
Repayments re-advanced .. .. .	116,282
Administration costs .. .. .	70,608
Repaid to Commonwealth .. .. .	725,311
Treasurer of Victoria—Instalments of Principal and Interest .. .. .	46,813
Balance—30th June, 1972 .. .. .	1,093,855
	<hr/>
	2,052,869

*Marginal Dairy Farms Reconstruction Scheme.*—A sum of \$285,000 was provided by the Commonwealth as financial assistance for the purposes of this scheme, which was established in 1971–72 in accordance with the terms of an Agreement made under the provisions of the Commonwealth's *Marginal Dairy Farms Agreement Act 1970*. Under the scheme, dairy farmers whose holdings are not capable of producing a reasonable level of income may dispose of their land to the State.

The State may then dispose of the land, at current market value, to encourage the most practicable and economic use of the land, but on condition that it will not be used primarily for dairying except as a part of a rural property that can be operated as an economic unit.

Receipts and payments for the year were :—

Receipts—								\$
Commonwealth	..	..	..	..	..	..	..	285,000
Deposits and Principal Repayments	..	..	..	..	..	..	..	16,833
Interest received	..	..	..	..	..	..	..	4,297
								<hr/>
								306,130
Payments—								
Marginal Dairy Farms Purchases	..	..	..	..	..	..	..	262,654
Balance—30th June, 1972	..	..	..	..	..	..	..	43,476
								<hr/>
								306,130

*Rural Reconstruction Scheme 1971.*—During the year a sum of \$8,500,000 was made available by the Commonwealth as financial assistance towards the Rural Reconstruction Scheme 1971, established under the terms of the Commonwealth–State Agreement made under the provisions of the Commonwealth's *States Grants (Rural Reconstruction) Act 1971*.

The purpose of the scheme is to provide assistance by way of loans to farmers for farm build-up, for debt reconstruction or for rehabilitation by means of limited financial assistance to certain farmers obliged to leave the farming industry.

The balance of funds remaining from the operation of the Commonwealth's *Loan (Farmers' Debt Adjustment) Act 1935* was required to be used towards financing the scheme before further moneys were made available by the Commonwealth. Accordingly, \$4,485,446, the balance remaining in the Rural Rehabilitation Fund, was transferred to the Agency Fund and used for this scheme.

Receipts and payments during the year were :—

Receipts—								\$
Commonwealth	..	..	..	..	..	..	..	8,500,000
Transfer from Rural Rehabilitation Fund	..	..	..	..	..	..	..	4,485,446
Principal Repayments	..	..	..	..	..	..	..	31,780
Interest received	..	..	..	..	..	..	..	53,839
								<hr/>
								13,071,065
Payments—								
Debt reconstruction loans	..	..	..	..	..	..	..	9,268,219
Farm build-up loans	..	..	..	..	..	..	..	2,259,300
Farm purchases	..	..	..	..	..	..	..	205,520
Rural rehabilitation loans	..	..	..	..	..	..	..	3,000
Balance—30th June, 1972	..	..	..	..	..	..	..	1,335,026
								<hr/>
								13,071,065

*Other Agency Operations—*

	\$	\$
<b>Receipts—</b>		
Treasurer of Victoria—		
Works and Services Account .. .. .		527,500
Borrowers—		
Repayments of Principal .. .. .	313,842	
Interest on Advances .. .. .	361,573	
	675,415	
Sale of Shepparton Abattoirs—Balance .. .. .		1,200,000
Cash at Bank—1st July, 1971 .. .. .		1,307,035
		3,709,950
<b>Less Payments—</b>		
Primary Industry .. .. .	239,683	
Secondary Industry .. .. .	230,000	
Treasurer of Victoria—Instalments of Principal and Interest ..	1,825,414	
Purchase Shepparton Abattoirs .. .. .	1,400,000	
Freight Subsidies .. .. .	18,772	
	3,713,869	
Balance—30th June, 1972 .. .. .	o/D	3,919

**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, 1972, a sum of \$131,254,658 has been allocated for soldier settlement. Of this sum, \$116,857,252 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, 1972, was \$44,181,751.

With the exception of \$1,649,973 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 1971–72, \$1,790,839 was so credited bringing the total repayments to 30th June, 1972, to \$67,404,846.

Principal assets of the Commission at 30th June, 1972, were :—

	\$
Land and Improvements held by settlers under purchase lease .. .. .	31,510,245
Advances to finance single unit farms .. .. .	6,393,891
Advances to effect improvements and for purchase of stock, &c. .. .. .	14,100
Unpaid balances under Contracts of Sale .. .. .	128,065

In respect of Soldier Settlement, the Commission's Profit and Loss account for 1971–72 shows :—

	\$	\$
<b>Expenditure—</b>		
Interest .. .. .	2,649,436	
Less Interest transferred and borne by the State .. .. .	986,117	
	1,663,319	
Administrative Costs .. .. .	160,675	
Provision for Long Service Leave .. .. .	3,098	
Provision for Superannuation .. .. .	61,225	
	1,888,317	
<b>Income—</b>		
Interest earned .. .. .	861,678	
Rents, Fees and Sundries .. .. .	345	
	862,023	
Deficit for 1971–72 .. .. .		1,026,294

The total accumulated deficit to 30th June, 1972, amounted to \$26,150,405. 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, 1972, have been calculated by the Commission to be \$27,272,613.

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 \$32,388,470 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, 1972, was \$23,454,973—a reduction of \$8,933,497, made up as hereunder :—

	To 30.6.71.	1971–72.	Total.
	\$	\$	\$
Settlers' repayments to the Consolidated Fund .. .. .	4,449,265	701,505	5,150,770
Borne by the State pursuant to Section 41 .. .. .	3,162,127	620,600	3,782,727
	<u>7,611,392</u>	<u>1,322,105</u>	<u>8,933,497</u>

Assets of the Commission at 30th June, 1972, were :—

	\$	\$
Estates purchased and developed not yet disposed of .. .. .	..	7,564,970
Unpaid balances under Contracts of Sale .. .. .	..	333,585
Land and improvements held under Purchase Lease—Division 4 .. .. .	..	16,159,948
Advances to Settlers—Division 6 .. .. .	..	47,189
Land and Improvements under mortgage—Division 4 .. .. .	..	424,868
Capital Expenses not allocated to Estates .. .. .	..	115,703
Other assets—		
Buildings and working plant at cost <i>less</i> depreciation .. .. .	175,467	
Plant, materials and services not yet allocated .. .. .	87,844	
	<u>263,311</u>	
		<u>24,909,574</u>

The Profit and Loss Account for the year ended 30th June, 1972, excluding livestock transactions, shows :—

#### Expenditure—

	\$	\$
Interest and Loan-raising Expenses .. .. .	..	1,460,772
Less Interest Capitalized .. .. .	413,857	
„ Interest transferred and borne by the State under Section 41 .. .. .	183,952	
	<u>597,809</u>	

Administrative Costs .. .. .	..	862,963
Provision for Long Service Leave .. .. .	..	128,395
Provision for Superannuation .. .. .	..	2,526
Shire Rates .. .. .	..	38,159
	..	12,722

#### Income—

Interest earned, agistment, &c. .. .. .	..	653,437
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Deficit .. .. .	..	<u>391,328</u>
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The accumulated deficit to 30th June, 1972, before taking into account profits from livestock trading, amounted to \$4,021,946. 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 \$368,550 (1971, \$71,878), thereby increasing the accumulated profit from this activity to \$1,167,441 at 30th June, 1972. The large increase in profit resulted mainly from a revaluation of livestock.

#### RURAL FINANCE AND SETTLEMENT INSURANCE FUND.

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

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

	\$	\$
<i>Income—</i>		
Balance at 1st July, 1971 .. .. .	1,213,732	
<i>Less—</i> Transfer of surplus to Rural Finance and Settlement Fund ..	213,732	
	<hr/>	1,000,000
Premiums Raised 1971-72 .. .. .	236,152	
Interest on Investments .. .. .	62,072	
	<hr/>	298,224
Gross Income .. .. .	..	1,298,224
<i>Expenditure—</i>		
Current Claims admitted—1971-72 .. .. .	49,871	
Administration Expenses .. .. .	33,611	
Statutory contribution to Country Fire Authority .. .. .	38,066	
	<hr/>	
Total Expenditure .. .. .	..	121,548
Balance at 30th June, 1972 .. .. .	..	<hr/> 1,176,676

The transfer of \$213,732 to the Rural Finance and Settlement Fund from the balance brought forward at 1st July, 1971, 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, 1971.

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

	\$	\$
Investments—Inscribed Stock, &c. held in Common Pool .. .. .	1,149,985	
Accrued Interest .. .. .	16,708	
Arrears of Premium .. .. .	28,559	
Cash at Bank .. .. .	3,725	
	<hr/>	1,198,977
<i>Less—</i>		
Claims Admitted but not Paid .. .. .	16,807	
Provision for Stamp Duty .. .. .	5,494	
	<hr/>	22,301
Balance at 30th June, 1972 .. .. .	..	<hr/> 1,176,676

## 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.

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 :—

1970-71. \$	<i>Receipts.</i>						1971-72. \$	\$
	<i>Contributions—</i>							
19,387,233	Current (net)	..	..	..	..	..	22,370,403	
499,091	Deferred	..	..	..	..	..	424,757	
							22,795,160	
17,418,685	Payments from the Consolidated Fund	..	..	..	..	..	..	20,377,907
9,770,865	Interest on Investments	..	..	..	..	..	..	10,883,705
22,500	Underwriting Commission	..	..	..	..	..	..	4,000
190	Valuation Fees on Property Loans (net)	..	..	..	..	..	..	2,984
3,196	Insurance Commission	..	..	..	..	..	..	6,597
14,091	Mortgage Reserve Account Premiums	..	..	..	..	..	..	29,580
152,499	Reserve Units Account (net)	..	..	..	..	..	..	449,718
1,370	Miscellaneous	..	..	..	..	..	..	476
47,269,720								54,550,127
	<i>Disbursements.</i>							
21,870,540	Pensions	..	..	..	..	..	..	24,732,208
	<i>Lump Sum Payments—</i>							
28,882	Limited Contributors	..	..	..	..	..	20,288	
6,742,368	Cash Options	..	..	..	..	..	5,379,894	
							5,400,182	
3,755,915	Pensions Supplementation Fund—Statutory Transfer	..	..	..	..	..	..	3,636,154
..	The Consolidated Fund—Act 7081, Sec. 9 (3) (4)	..	..	..	..	..	..	11,985
3,383	Interest on Refunds of Reserve Units Contributions	..	..	..	..	..	..	5,673
183,329	Profits and Losses on Sales &c. of Securities (net)	..	..	..	..	..	..	51,666
585	Assurance Premiums (net)	..	..	..	..	..	..	23,663
131	Miscellaneous	..	..	..	..	..	..	1,246
32,585,133								33,862,777
14,684,587	Surplus of Receipts over Disbursements	..	..	..	..	..	..	20,687,350
164,839,069	Balance (including Investments) 1st July	..	..	..	..	..	..	179,523,656
179,523,656	Balance, 30th June	..	..	..	..	..	..	200,211,006

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

*Contributions—Current.*—The increase of \$2,983,170 under this head was a net increase. Gross contributions rose by \$3,300,545 and refunds of contributions increased by \$317,375. The main factors in this increase were :—

- (i) the higher salaries of contributors generally which raised their pension entitlement, with consequent higher contributions ; and

- (ii) the substitution by the Governor in Council, on the recommendation of the Board, of a new scale of units which increased the unit entitlement (with consequent higher contributions) of contributors whose annual salaries exceeded \$6,630, effective from 15th February, 1972.

*Payments from the Consolidated Fund.*—The rise of \$2,959,222 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.*—There was a net increase in investments for the year of roundly \$21.2 million and this was the principal cause of the increase of \$1,112,840 in interest received by the Fund.

#### 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 of the Fund ; and
- (iii) commencing from 1st December, 1971, the date fixed by the Treasurer as provided by the *Superannuation (Amendment) Act 1970*, transfers from the Police Pensions Fund established under the *Police Regulation Act 1958* equal in value to 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 1970-71 :—

1970-71.		1971-72.	
\$		\$	\$
	Income—		
3,751,570	Statutory Transfer—Superannuation Fund .. .. .	.. .. .	3,516,288
..	Police Pensions Fund .. .. .	.. .. .	323,195
20,150	Interest on Investments .. .. .	.. .. .	2,852
<u>3,771,720</u>			<u>3,842,335</u>
	Expenditure—		
4,301,044	Pensions .. .. .	4,046,523	
..	Police Superannuation Fund .. .. .	6,720	
28,270	Loss on Sale of Investments (net) .. .. .	5,719	
		<u>4,058,962</u>	
<u>557,594</u>	Deficit met from Accumulated Funds .. .. .	.. .. .	<u>216,627</u>

The Accumulated Funds as at 30th June, 1971 and 1972, respectively, were represented by—

30.6.71.		30.6.72.	
\$		\$	\$
	Assets—		
41,699	Cash at Bank .. .. .	.. .. .	5,720
	Accruals—		
129,482	Superannuation Fund .. .. .	9,616	
..	Police Pensions Fund .. .. .	1,394	
3,259	Interest on Investments .. .. .	.. .. .	
		<u>11,010</u>	
<u>32,854</u>	Sundry Debtors—Police Superannuation Fund .. .. .	.. .. .	<u>25,782</u>
<u>207,294</u>	Carried forward .. .. .	.. .. .	<u>42,512</u>





## 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 and their widows. 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 1970–71 and 1971–72 were :—

1970–71.				1971–72.	
\$		<i>Receipts.</i>		\$	\$
475,093	Balance 1st July, .. .. .	..	..	..	637,866
	Contributions—				
120,975	Members .. .. .	..	..	130,910	
429,326	The Consolidated Fund .. .. .	..	..	361,326	
				<hr/>	492,236
1,300	Repayment of Retiring Allowances .. .. .	..	..	..	..
31,589	Interest on Investments .. .. .	..	..	..	50,154
178	Supplementary Retirement Account .. .. .	..	..	..	36
<hr/>					<hr/>
1,058,461					1,180,292
		<i>Disbursements.</i>			
283,832	Pensions .. .. .	..	..	..	318,983
136,763	Retiring Allowances .. .. .	..	..	..	..
..	Refund of Contributions .. .. .	..	..	..	3,678
637,866*	Balance 30th June, .. .. .	..	..	..	*857,631
<hr/>					<hr/>
1,058,461					1,180,292
	*Represented by—				
603,750	Investments (at cost) .. .. .	..	..	..	848,750
34,116	Cash at Bank .. .. .	..	..	..	8,881
<hr/>					<hr/>
637,866					857,631
<hr/>					<hr/>

## TOTALIZATOR AGENCY BOARD.

The *Racing (Totalizators Extension) Act* 1960 authorized the establishment of an off the course betting scheme under the control of the Totalizator Agency Board. The *Racing (Amendment) Act* 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, 1972.

Turnover for the year ended 31st July, 1972, amounted to \$275,426,954 compared with \$231,722,362 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, 1971 and 1972 :—

1971.		1972.
\$		\$      \$
18,537,789	Revenue—	
	Commission from totalizator investments .. ..	22,143,565
	Less Expenditure—	
8,143,213	Employees' remuneration and agency fees .. ..	8,999,020
1,393,937	Rentals, rates, repairs, maintenance and communications ..	1,708,107
1,184,787	Depreciation .. .. .	1,958,021
753,850	Administration, printing, stationery and other operating expenses	1,081,408
<u>11,475,787</u>		<u>13,746,556</u>
7,062,002	Commission Residue	8,397,009
1,104,786	Dividends not paid after six months .. ..	1,323,499
745,000	Less transferred to Reserve .. ..	..
<u>359,786</u>		<u>1,323,499</u>
291,772	Miscellaneous Income .. ..	351,846
<u>651,558</u>		<u>1,675,345</u>
7,713,560	Total Surplus Funds .. ..	10,072,354
..	Deduct—Transfer to Distribution Reserve .. ..	560,000
<u>7,713,560</u>	Surplus Funds Available for Distribution .. ..	<u>9,512,354</u>
876,637	Deduct—Advances of first charge administration costs .. ..	1,007,606
<u>6,836,923</u>	Balance of Surplus Funds .. ..	<u>8,504,748</u>
	Proposed Distribution to Participating Clubs for the period to 31st July, 1972—	
887,637	(a) First Charge administration costs .. ..	1,007,606
876,637	Less Advances .. ..	1,007,606
<u>11,000</u>		<u>..</u>
6,174,365	(b) Commission Residue—Balance .. ..	6,829,403
651,558	(c) Other Income .. ..	1,675,345
<u>6,836,923</u>		<u>8,504,748</u>

The item—"First Charge administration costs \$1,007,606"—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 payments to the Victoria Racing Club included an allocation of \$50,000 to assist that Club in meeting the expenses of the 10th Asian Racing Conference. Further charges were made to Profit and Loss on account of direct expenditure by the Board and, in addition, Board resources provided other services in connexion with the Conference. In my opinion, Board funds are not legally available for this purpose.

The Board's balances as at 31st July, 1971 and 1972, are summarized hereunder :—

1971.		1972.
\$		\$      \$
4,559,807	Contributed Capital .. .. .	5,209,807
	Represented by—	
	Fixed Assets—	
4,118,079	Freehold land and buildings (at cost) .. .. .	4,193,517
710,140	Less provision for depreciation .. .. .	1,011,872
3,407,939		3,181,645
2,006,213	Leasehold improvements (at cost) .. .. .	2,161,101
1,626,984	Less provision for depreciation .. .. .	1,732,694
379,229		428,407
6,999,308	E.D.P. equipment (at cost) .. .. .	9,330,772
857,938	Motor vehicles, plant, machinery, fixtures and fittings (at cost)	918,398
7,857,246		10,249,170
2,097,627	Less provision for depreciation (NOTE No. 3) .. .. .	3,482,252
5,759,619		6,766,918
9,546,787		10,376,970
	Other Assets—	
..	Stock of E.D.P. Equipment Spares .. .. .	116,974
258,170	Sundry Debtors .. .. .	732,110
8,809,793	Cash on hand and at bank (including funds on term deposit) .. .. .	9,830,509
9,067,963		10,679,593
18,614,750		21,056,563
	Deduct Liabilities—	
6,836,923	Proposed distribution of surplus funds .. .. .	8,504,748
328,183	Amounts payable to Treasurer of Victoria .. .. .	584,458
5,100,076	Dividends payable on totalizator investments and telephone betting deposits held (NOTE No. 1) .. .. .	4,246,182
1,789,761	Sundry Creditors, provisions and accruals (NOTE No. 2) .. .. .	2,511,368
14,054,943		15,846,756
4,559,807		5,209,807

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

1. Excludes \$5,498,061 dividends not paid included in the distribution to participating clubs since 1963-64.
2. Includes \$344,641 levied on dog racing since 1965-66, \$241,200 Computer Rights Reserve, and \$560,000 Distribution Reserve.
3. Included in this year's provision for depreciation of E.D.P. equipment is \$250,000 for obsolescence additional to normal depreciation rates.
4. Contingent liability on uncompleted capital projects \$1,550,000 includes disputed overpayments of \$114,000 to Control Data Corporation in relation to rates of exchange on computer equipment.

The *Racing Act* 1958 provides that expenses of establishment are to be borne by the Contributing Clubs until such time as those expenses are capable of being fully met from the commission residue and other income of the Board. 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, 1972, to \$5,209,807, including \$650,000 in 1971-72. At that date, recoups of the Clubs' contributions made by the Treasurer out of the Totalizator Agency Board Trust Account, including interest, totalled \$4,447,296 (\$734,809 in 1971-1972). Payments by the Treasurer for or towards recouping racing clubs for their contributions continue until the Treasurer, having regard to the income available to the Board, certifies by notice published in the *Government Gazette* that such payments are no longer necessary.

Included in the Balance-sheet item " Sundry Creditors, provisions and accruals \$2,511,368 " is the sum of \$560,000 which the Board, with the approval of the Minister, determined should be set aside in the Distribution Reserve in accordance with the provisions of Section 116O of the *Racing Act*.

### VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1972, is in course, and the figures given below are subject to the completion thereof.

After making provision for long service leave, \$77,863, annual leave, \$158,477, and sick pay, \$57,966, transactions for 1971-72 resulted in a trading profit of \$146,173 compared with a loss of \$170,830 in 1970-71.

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

REVENUE.		1970-71.	1971-72.
		\$	\$
	Net Sales and Treatment Charges .. .. .	9,380,206	9,973,454
	Interest on Investments .. .. .	9,651	15,433
	Profit on sale of fixed assets .. .. .	..	16,036
	Other .. .. .	..	1,800
		9,389,857	10,006,723
EXPENDITURE.			
	Purchases of Livestock and Meat, Working Expenses, General Expenses and Administration costs .. .. .	8,967,312	9,327,353
	Depreciation .. .. .	138,094	102,943
	Interest—Treasurer of Victoria .. .. .	115,878	135,401
	Interest—Rural Finance and Settlement Commission .. .. .	9,822	547
	Provision for Long Service Leave .. .. .	46,185	77,863
	Provision for Annual Leave .. .. .	178,138	158,477
	Provision for Sick Pay .. .. .	60,110	57,966
	Amortization of leasehold improvements—Shepparton .. .. .	14,477	..
	Additional Depreciation on smallgoods fixed assets .. .. .	13,771	..
	Provision for loss to termination of operations—Shepparton .. .. .	16,900	..
		9,560,687	9,860,550
	Profit on Trading .. .. .	..	146,173
	Loss on Trading .. .. .	170,830	..
	Add Compensation for termination of lease—Shepparton .. .. .	..	212,584
	Provision for loss Shepparton written back .. .. .	..	16,900
	Payroll tax rebate in respect of 1970-71 .. .. .	..	75,307
		..	304,791
		170,830	450,964
	Less Retrospective adjustments to provision for depreciation due to revised rates .. .. .	..	1,659,742
	Provision for obsolescence Ballarat works .. .. .	..	365,288
	Cost of boiler conversion written off .. .. .	..	29,862
		..	2,054,892
		170,830	1,603,928
	Add Accumulated Loss, 1st July .. .. .	662,073	832,903
	Accumulated Loss, 30th June .. .. .	832,903	2,436,831

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

	At 30th June—		
		1970.	1971.
		\$	\$
Current Liabilities .. .. .	1,447,010	2,324,327	1,959,237
Loan for Fixed Assets .. .. .	2,748,828	2,873,922	2,715,612
Capital .. .. .	580,069	580,069	580,069
Reserves .. .. .	266,803	309,074	355,869
	5,042,710	6,087,392	5,610,787
Current Assets .. .. .	570,484	1,388,089	1,331,389
Fixed Assets less Depreciation .. .. .	3,810,153	3,866,400	1,842,567
Accumulated Loss .. .. .	662,073	832,903	2,436,831
	5,042,710	6,087,392	5,610,787

The State has provided working capital for the Authority and, at 30th June, 1972, 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 \$2,715,612.

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#### 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, 4th December, 1972.

## APPENDIX.

Country Fire Authority.

Dandenong Valley Authority.

Electricity Commission.

Gas and Fuel Corporation of Victoria.

Geelong Harbor Trust.

Grain Elevators Board.

Housing Commission.

Latrobe Valley Water and Sewerage Board.

Melbourne and Metropolitan Board of Works.

Melbourne and Metropolitan Tramways Board.

Melbourne Harbor Trust.

Melbourne Underground Rail Loop Authority.

Metropolitan Fire Brigades Board.

Portland Harbor Trust.

Victorian Inland Meat Authority.