

1973

VICTORIA

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# SUPPLEMENTARY REPORT

OF THE

# AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1973

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*Ordered by the Legislative Assembly to be printed, 4th December, 1973*

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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 7th NOVEMBER, 1973, IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1973.

As authorized by paragraph (b) of sub-section (1) of Section 47 of the *Audit Act* 1958, I present to the Legislative Assembly a Report on the accounts of certain of the statutory bodies which the Auditor-General is required by law to audit. Presented, also, are details of the accounts of the State Accident Insurance Office and the State Motor Car Insurance Office which were not available for inclusion in the Report of 7th November, 1973. 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.

A funds statement is provided hereunder 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.

During the accounting period of the various authorities, funds to the extent shown became available from the following sources—

	\$
1. Loans, advances and grants from the State or other State authorities.. ..	60,925,637
2. Public borrowing .. .. .	158,232,368
3. Short-term finance, bank overdraft accommodation, sundry creditors ..	11,403,395
4. General operations, with funds so acquired retained within the undertakings ..	90,212,779
	<hr/>
	320,774,179
	<hr/>

These funds were applied to the following purposes—

	\$
1. Investment in fixed assets .. .. .	276,768,532
2. Investment in current assets (excluding cash and short-term investments) ..	17,793,752
3. Long-term investments .. .. .	8,426,136
4. Financing of long-term debtors .. .. .	4,462,661
5. Financing costs of unproductive and intangible assets .. .. .	7,664,045
6. Increase cash held on current account, on short-term deposit and short-term investments .. .. .	5,659,053
	<hr/>
	320,774,179
	<hr/>

Of the total funds available to the various authorities throughout the accounting period, the State provided \$60,925,637 or 19·0 per cent. compared with \$158,232,368 or 49·3 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, \$90,212,779 or 28·1 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 \$276·8 million of fixed assets and \$17·8 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 \$8·4 million and sums of \$4·5 million and \$7·7 million were applied to finance, respectively, long-term debts and unproductive and intangible assets. The balance of the available funds, \$5·6 million, was deposited with the banks on current account or short-term deposit, or invested on the short-term money market.

### 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, 1973, amounted to \$3,739,258.

In the following statements the figures relating to the financial year 1972-73 are subject to final audit.

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

1971-72. \$								1972-73. \$      \$	
	Nursing Services—								
536,907	Wards	..	..	..	..	..	..	607,372	
323,687	Other	..	..	..	..	..	..	372,327	
								979,699	
1,863,919	Medical, Professional and Ancillary Services	..	..	..	..	..	..	2,108,283	
1,212,958	Administration and Ancillary Services	..	..	..	..	..	..	1,399,736	
215,645	Scientific and Research Departments	..	..	..	..	..	..	270,705	
								4,758,423	
4,153,116								4,758,423	

The revenue for the past two years was :—

3,228,000	State Government Grant for Maintenance	..	..	..	..	..	..	3,739,258
169,774	Commonwealth Pharmaceutical Benefits Grant	..	..	..	..	..	..	212,684
57,627	Commonwealth Hospital Benefits Grant	..	..	..	..	..	..	56,765
35,502	Commonwealth Home Nursing Subsidy	..	..	..	..	..	..	45,009
634,458	Patients' Fees	..	..	..	..	..	..	741,391
58,430	Miscellaneous	..	..	..	..	..	..	58,556
								4,853,663
4,183,791								4,853,663

The following abridged balance-sheets set out the financial position as at 30th June, 1972, and 1973 :—

30.6.72. \$								30.6.73. \$      \$	
	ASSETS.								
	Maintenance Fund—								
30,702	Cash at Bank	..	..	..	..	..	..	116,058	
205,611	Sundry Debtors	..	..	..	..	..	..	285,587	
81,095	Stores on Hand	..	..	..	..	..	..	87,843	
								489,488	
	Investment of Specific Purpose Funds and Trusts—								
165,415	Cash at Bank	..	..	..	..	..	..	163,901	
172,300	Other Investments	..	..	..	..	..	..	174,494	
								338,395	
	Capital Funds—								
205,352	Cash at Bank	..	..	..	..	..	..	622,617	
4,107,768	Building Improvements	..	..	..	..	..	..	4,410,468	
1,970,729	Furniture, Plant and Equipment	..	..	..	..	..	..	2,046,325	
51,255	Motor Cars	..	..	..	..	..	..	59,188	
								7,138,598	
6,990,227	Total Assets	..	..	..	..	..	..	7,966,481	

## LIABILITIES AND FUNDS.

30.6.72.							30.6.73.		
\$							\$	\$	
	Maintenance Fund—								
76,512	Sundry Creditors (net)	..	..	..	..	..	78,355		
126,855	Accrued Expenditure	..	..	..	..	..	184,791		
53,557	Clearing Accounts, Salaries and Wages, &c.	..	..	..	..	..	63,655		
60,484	Balance of Fund	..	..	..	..	..	162,687		
							489,488		
	Specific Purpose Funds and Trusts—								
228,406	Research Investigation Fund	..	..	..	..	..	227,409		
109,309	Other Funds	..	..	..	..	..	110,986		
							338,395		
6,335,104	Capital Funds	..	..	..	..	..	7,138,598		
6,990,227	Total Liabilities and Funds						..	7,966,481	

## 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, \$11,706, was credited to the Fund in the year.

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

1971-72.	INCOME.								1972-73.
\$									\$
15,023	Government Contribution (Act No. 7715)	..	..	..	..	..	..	..	11,706
40,052	Interest on Investments	..	..	..	..	..	..	..	35,408
55,075									47,114
EXPENDITURE.									
146,810	Pensions	..	..	..	..	..	..	..	165,729
7,332	Refunds of Contributions	..	..	..	..	..	..	..	636
8,305	Administration	..	..	..	..	..	..	..	9,189
162,447									175,554
107,372	Deficit for year	..	..	..	..	..	..	..	128,440

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

30.6.72.									30.6.73.
\$									\$
703,620	Accumulated Funds	..	..	..	..	..	..	..	575,180
Represented by—									
7,955	Current Assets <i>less</i> Liabilities	..	..	..	..	..	..	..	5,515
665	Fixed Assets	..	..	..	..	..	..	..	665
695,000	Investments at cost..	..	..	..	..	..	..	..	569,000
703,620									575,180

### COUNTRY FIRE AUTHORITY.

Section 86 of the *Country Fire Authority Act* 1958 requires an annual audit of the accounts of the Authority to be carried out by the Auditor-General. 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 Act, as to one-third, by the State from 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, 1973, contributors provided \$4,915,200 towards the amount required to meet estimated net expenditure for the year, \$4,894,930, plus the deficit brought forward from 1971-72, \$20,270.

Section 80A of the Act 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 1972-73 totalled \$35,894.

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

—	1971-72.	1972-73.
<i>Receipts.</i>	\$	\$
Statutory contributions—Section 76 .. .. .	4,493,706	4,915,200
Section 80A .. .. .	12,971	35,894
Other receipts .. .. .	92,558	127,014
Cash deficit carried forward to next year .. .. .	20,270	125,544
	4,619,505	5,203,652
<i>Payments.</i>		
Deficit from previous year .. .. .	83,806	20,270
Salaries, wages and maintenance .. .. .	2,701,199	3,257,603
Loan repayments including sinking fund .. .. .	260,881	279,285
Loan interest .. .. .	249,274	273,191
Land, buildings, rolling-stock and equipment .. .. .	206,618	293,022
Brigade expenses .. .. .	108,201	115,442
Motor replacement fund .. .. .	342,196	180,000
Compensation fund .. .. .	10,000	20,000
Superannuation .. .. .	304,481	370,219
Other payments .. .. .	352,849	394,620
	4,619,505	5,203,652

*Motor Replacement Fund.*—This fund was established, with the consent of the Governor in Council, under Section 84 (a) of the *Country Fire Authority Act*, to provide funds for the continuing replacement of the Authority's transport and fire fighting vehicles. Section 84 (b) authorizes payment into the fund of such amounts as the Governor in Council approves.

The Governor in Council on 26th July, 1949, approved of a method of calculating the annual amount to be contributed to this fund, based on specified percentages of the original cost of the Authority's vehicles. Contributions were made on this basis annually to 30th June, 1972. In respect of the year 1972-73, however, the approved estimates provided for a contribution of \$180,000, a sum arrived at on an arbitrary basis. If the contribution had been calculated on the former basis it would have amounted to \$363,116.

The unfunded balance of \$183,116 has been taken up, for accounting purposes, in the provision for depreciation but, as the Authority's funds are almost wholly obtained from statutory contributions based on estimates of cash outgoings, funds available for the replacement of motor vehicles have been substantially curtailed.

In my opinion, specific approval of the Governor in Council should have been obtained for this major change in the basis of calculating the sum to be paid into the fund.

*Superannuation Payments.*—Included under this item is the sum of \$28,016 representing the Authority's share of an annual insurance premium payable in respect of a salary continuance scheme, established on a contributory basis, to provide benefits for both fire fighting and administrative personnel in the event of extended leave of absence due to ill health.



Certain benefits under the scheme overlap those already available to most of those officers who are contributors to the State Superannuation Scheme. I have suggested that the Authority obtain the advice of the Government Actuary on this aspect. Further, there appears to be no authority under the Country Fire Authority Act for establishing a salary continuance scheme.

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

							1971-72.	1972-73.
							\$	\$
Balance, 1st July ..	..	..	..	..	..	..	140,373	49,676
<i>Receipts—</i>								
Loan Proceeds ..	..	..	..	..	..	..	565,000	575,000
Refunds, &c. ..	..	..	..	..	..	..	12,388	19,047
							<u>717,761</u>	<u>643,723</u>
<i>Expenditure—</i>								
Buildings ..	..	..	..	..	..	..	189,700	332,046
Vehicles ..	..	..	..	..	..	..	448,627	103,704
Radio Equipment ..	..	..	..	..	..	..	29,758	48,442
							<u>668,085</u>	<u>484,192</u>
Balance unexpended 30th June ..	..	..	..	..	..	..	<u>49,676</u>	<u>159,531</u>

The analysis hereunder of the Authority's balance-sheets shows the financial position at 30th June, 1972 and 1973 :—

30.6.72.		30.6.73.
\$		\$            \$
	<b>Source of Funds—</b>	
	<i>External—</i>	
4,274,692	Loan Liability .. .. .	4,650,148
49,676	Less unexpended .. .. .	159,531
<hr/>		<hr/>
4,225,016	*Capital Works Building Account .. .. .	4,490,617
134,004		98,499
<hr/>		<hr/>
4,359,020		4,589,116
	<i>Internal—</i>	
276,271	Excess of assets over liabilities transferred from Country Fire Brigades Board .. .. .	276,271
2,938,214	Income and Expenditure Account—accumulated balance .. .. .	2,996,982
3,672,275	Reserves .. .. .	3,831,900
3,177,984	Funds .. .. .	3,724,786
2,250,330	Less invested on account of Compensation, Superannuation and other Trust purposes .. .. .	2,654,246
<hr/>		<hr/>
		1,070,540
7,814,414		<hr/>
<hr/>		8,175,693
12,173,434		<hr/>
<hr/>		12,764,809
	<b>Represented by—</b>	
	<i>Current Assets—</i>	
129,678	Sundry Debtors and Prepayments .. .. .	151,661
163,946	Stocks—including uniforms issued .. .. .	210,920
320,207	Works in Progress .. .. .	216,262
<hr/>		<hr/>
613,831		578,843
	<i>Less—</i>	
	<i>Current Liabilities—</i>	
156,320	Sundry Creditors .. .. .	217,752
20,270	*Bank Overdraft .. .. .	125,544
<hr/>		<hr/>
176,590		343,296
<hr/>		<hr/>
		235,547
	<i>Funds—Investments, Etc.—</i>	
640,941	Motor Replacement .. .. .	670,284
2,256	Sale of Property .. .. .	11,391
275,265	Sinking Fund—Loans .. .. .	372,646
9,192	Private Fire Appliances .. .. .	27,036
..	Other .. .. .	575
<hr/>		<hr/>
927,654		1,081,932
<hr/>		<hr/>
	<i>Fixed Assets—</i>	
3,894,257	Land and Buildings .. .. .	4,221,329
6,098,150	Rolling-stock .. .. .	6,287,582
748,232	Plant and Machinery .. .. .	851,870
67,900	Other .. .. .	86,549
<hr/>		<hr/>
10,808,539		11,447,330
<hr/>		<hr/>
12,173,434		12,764,809
<hr/>		<hr/>

\* Cash balances which are included in specific funds are set off against these figures. At 30th June, 1973, there was a debit balance at the Bank of \$29,842.

## 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, 1972.

Following is an abridged statement of the General Revenue Account for the years ended 30th September, 1971 and 1972 :—

1970-71.		1971-72.	
\$		\$	\$
	<b>Income—</b>		
743,059	Rating Precepts—Municipalities .. .. .	823,092	
160,679	Other .. .. .	200,364	
<u>903,738</u>			<u>1,023,456</u>
	<b>Expenditure—</b>		
103,605	Administration .. .. .	132,751	
182,072	Maintenance of Works .. .. .	190,080	
74,370	Survey, Investigation and Design .. .. .	84,777	
57,367	Depreciation Provision .. .. .	65,590	
196,317	Debt Services .. .. .	240,040	
<u>613,731</u>			<u>713,238</u>
290,007	Excess of Income over Expenditure .. .. .	..	310,218
37,612	Transfer from Plant Replacement Reserve .. .. .	..	10,193
<u>327,619</u>			<u>320,411</u>
11,061	Less Appropriation to Loan Repayment Sinking Fund .. .. .	..	14,481
<u>316,558</u>	Net Surplus for year .. .. .	..	<u>305,930</u>

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

30.9.71.		30.9.72.	
\$		\$	\$
	<b>Current Assets—</b>		
1,132,258	Cash at Bank .. .. .	1,745,909	
114,543	Debtors and Prepayments .. .. .	130,679	
10,824	Other .. .. .	12,491	
<u>1,257,625</u>			<u>1,889,079</u>
	<b>Fixed Assets—</b>		
285,637	Land and Buildings (at cost) .. .. .	290,984	
203,333	Plant, Vehicles and Equipment (at cost less depreciation) .. .. .	209,894	
13,628	Office Furniture and Machines (at cost less depreciation) .. .. .	15,592	
<u>502,598</u>			<u>516,470</u>
	<b>Capitalized Works Expenditure—</b>		
2,374,945	River Improvement Works .. .. .	2,701,202	
4,372,189	Piped or Lined Drainage Channels .. .. .	5,879,895	
1,813,230	Carrum Drainage District .. .. .	1,776,908	
1,328,936	Other .. .. .	1,672,135	
<u>9,889,300</u>		<u>12,030,140</u>	
148,489	Less Provision for Depreciation .. .. .	213,026	
<u>9,740,811</u>			<u>11,817,114</u>
227,294	Investments .. .. .	..	343,128
<u>11,728,328</u>			<u>14,565,791</u>

30.9.71.						30.9.72.		
\$						\$	\$	
	<b>Current Liabilities—</b>							
93,054	Bank Overdraft	..	..	..	..	213,670		
46,637	Sundry Creditors	..	..	..	..	57,491		
30,296	Contractors' Deposits	..	..	..	..	13,146		
						284,307	284,307	
	<b>Loans—</b>							
626,183	Government of Victoria	..	..	..	..	624,339		
3,274,011	Other	..	..	..	..	3,852,183		
						4,476,522	4,476,522	
4,070,181							4,760,829	
	<b>Excess of Assets over Liabilities—</b>							
174,147	Grants by Government of Victoria	..	..	..	..	193,574		
2,276,238	Capital Expenditure borne by the State	..	..	..	..	2,403,206		
3,732,741	Contributions by Property Owners	..	..	..	..	5,375,388		
25,868	Appropriation for Plant Replacement	..	..	..	..	60,657		
42,746	Appropriation for Loans Repayment	..	..	..	..	59,800		
1,406,407	General Revenue Account Balance	..	..	..	..	1,712,337		
						9,804,962	9,804,962	
7,658,147								
11,728,328							14,565,791	

## ELECTRICITY COMMISSION.

The State Electricity Commission incurred a deficit on its operations of \$1,556,695 for the year ended 30th June, 1973.

Compared with the previous year, operating and other forms of income increased by \$11,979,942 but this increase was more than absorbed by the increase of \$15,444,299 in the total operating, financial and other expenditure.

An increase for the year of 12 per cent. in payroll charges, despite a reduction of 3 per cent. in personnel, was a major factor in the increased expenditure.

The deficit of \$1,556,695 in 1972-73 compares with a surplus of \$1,907,662 in 1971-72.

## REVENUE ACCOUNT.

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

1971-72.		1972-73.	
\$		\$	\$
240,671,073	Income .. .. .	..	252,695,020
179,438,128	Operating Expenditure .. .. .	..	191,544,897
<u>61,232,945</u>	Excess of Income over Operating Expenditure .. .. .	..	<u>61,150,123</u>
125,907	Add—Miscellaneous Income .. .. .	..	81,902
<u>61,358,852</u>			<u>61,232,025</u>
<i>Deduct—</i>			
57,964,427	Interest .. .. .	61,604,284	
554,752	Loan Flotation Expenses .. .. .	158,438	
932,011	Miscellaneous Expenditure .. .. .	1,025,998	
<u>59,451,190</u>		<u>62,788,720</u>	
..	Deficit on Operations .. .. .	..	1,556,695
<u>1,907,662</u>	Surplus on Operations .. .. .	..	..
Provision for Statutory Transfers to the Consolidated Fund of Victoria—			
9,480,000	Based on Total Revenue for 1972-73 .. .. .	9,520,000	
555,934	Based on Brown Coal Production in 1972-73 .. .. .	564,338	
<u>10,035,934</u>		<u>10,084,338</u>	
<u>8,128,272</u>	Deficit to General Reserve .. .. .	..	<u>11,641,033</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 \$47,270,000 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 1972-73 compared with the previous year :—

1971-72.		1972-73.	
\$		\$	\$
6,247,458	Profit on Electricity Supply .. .. .	3,060,128	
..	Profit on Brown Coal Sales (Yallourn North Extension) ..	92,828	
<hr/>		<hr/>	
6,247,458			3,152,956
<hr/>		<hr/>	
163,050	Loss on Brown Coal Sales (Yallourn North Extension) ..	..	
2,821,689	Loss on Briquetting .. .. .	3,707,346	
542,266	Loss on Tramways .. .. .	38,695	
<hr/>		<hr/>	
3,527,005			3,746,041
<hr/>		<hr/>	
..	Loss on Operations .. .. .	..	593,085
2,720,453	Profit on Operations .. .. .	..	..
812,791	Excess of Miscellaneous Expenditure over Income ..	..	963,610
<hr/>		<hr/>	
..	Expenditure in excess of Income for year .. .. .	..	1,556,695
1,907,662	Income in excess of Expenditure for year .. .. .	..	..
<hr/>		<hr/>	

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

*Electricity Supply.*—(Profit \$3,060,128). Operational statements for the past two years show :—

	1971-72.	1972-73.
	\$	\$
Sales—		
Domestic .. .. .	74,807,679	78,090,686
Commercial and General .. .. .	38,004,897	40,475,847
Industrial .. .. .	59,613,612	65,892,001
Bulk Supplies .. .. .	48,662,080	49,483,400
Traction .. .. .	3,598,392	3,684,680
Public Lighting and Increase in Unread Consumption ..	3,830,531	4,295,962
	<hr/>	<hr/>
	228,517,191	241,922,576
<hr/>		<hr/>
Operating Charges—		
Power Generation .. .. .	95,754,823	102,990,206
Purchased Electricity .. .. .	14,284,465	17,234,674
Transmission .. .. .	41,897,386	44,042,628
Distribution .. .. .	70,333,059	74,594,940
	<hr/>	<hr/>
	222,269,733	238,862,448
<hr/>		<hr/>
Profit .. .. .	6,247,458	3,060,128
	<hr/>	<hr/>

Significant matters affecting the operating result of electricity supply were an increase of 36,106 in the number of customers in the year and an increase of \$16,592,715 in operating charges.

*Brown Coal Production and Distribution.*—Coal won for the year amounted to 22,936,000 tonnes, an increase of 342,000 tonnes 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 tonne.

	1971-72. Tonnes	1972-73. Tonnes
Morwell .. .. .	13,491,000 (\$0.99)	14,397,000 (\$1.04)
Yallourn .. .. .	8,788,000 (\$1.15)	8,285,000 (\$1.37)
Yallourn North Extension .. .. .	315,000 (\$2.15)	254,000 (\$1.35)
	<u>22,594,000</u>	<u>22,936,000</u>

Distribution of the output was as follows :—

	1971-72. Tonnes.	1972-73. Tonnes.
Power Production .. .. .	18,647,000	19,483,000
Briquette Manufacture .. .. .	3,632,000	3,199,000
Sales to Public .. .. .	315,000	254,000
	<u>22,594,000</u>	<u>22,936,000</u>

*Briquetting.*—(Loss \$3,707,346). Trading results for the past two years, excluding costs charged on internal transfers to works, are shown in the following statement :—

	1971-72.		1972-73.	
	\$	\$	\$	\$
Sales—				
Domestic .. .. .	6,440,056		5,327,596	
Industrial .. .. .	5,086,124		4,990,877	
	<u>11,526,180</u>		<u>10,318,473</u>	
Manufacturing Costs .. .. .	9,489,414		9,020,611	
Distribution and Selling .. .. .	4,858,455		5,005,208	
	<u>14,347,869</u>		<u>14,025,819</u>	
Loss		<u>2,821,689</u>		<u>3,707,346</u>

During 1972-73, the main cause of the greater loss on briquette trading was the decrease in sales of 95,000 tonnes as compared with the previous year. Intense competition from other fuels and mild weather in the first half of the year were the principal reasons for the reduction in sales in the domestic area.

*Tramways.*—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 1972–73.

	\$
Road Restoration Works—Ballarat .. .. .	273,000
Bendigo .. .. .	35,500
Pensioner Fares subsidy .. .. .	50,471
Compensation—Bus Operators—Bendigo .. .. .	76,017
	<hr/>
	434,988
	<hr/>

During the year, additional advances were made to busline operators in Ballarat and Bendigo for the purchase of new buses. The amount owing by the operators at 30th June, 1973, was \$497,931. Severance payments to ex-tramway employees amounted to \$38,695.

#### *Depreciation.*

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

	1971–72.	1972–73.
	\$	\$
Normal provision—charged to operations .. .. .	46,424,476	48,324,390
Indirect—charged to Fixed Assets .. .. .	1,607,659	1,532,819
	<hr/>	<hr/>
Amortization—Development of Open Cuts—charged to operations	48,032,135	49,857,209
	519,600	535,100
	<hr/>	<hr/>
	48,551,735	50,392,309
	<hr/>	<hr/>

The Balance-sheet discloses that at 30th June, 1973, the provision had increased by \$42,629,414 compared with the figure at 30th June, 1972. This net increase is explained hereunder:—

	\$
Balance—30th June, 1972 .. .. .	419,691,630
Add Provision for year as per statement above .. .. .	49,857,209
	<hr/>
Less Retirements .. .. .	469,548,839
	7,227,795
	<hr/>
Balance—30th June, 1973 .. .. .	462,321,044
	<hr/>

#### *Interest.*

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

	1971–72.	1972–73.
	\$	\$
On—Capital Liabilities .. .. .	56,954,034	60,162,579
Acquisition Loans from Municipalities .. .. .	165,256	140,233
Advances from Provident Fund .. .. .	3,442,710	3,519,080
Advances from Employees' Retirement Fund .. .. .	3,677	7,347
Advances for Capital Works .. .. .	2,768,911	2,617,193
Current Liabilities .. .. .	99,118	25,272
	<hr/>	<hr/>
Deduct Interest earned on Investments .. .. .	63,433,706	66,471,704
	4,316,093	3,688,326
	<hr/>	<hr/>
	59,117,613	62,783,378
	<hr/>	<hr/>

These totals were allocated in the accounts as under :—

	\$	\$
Revenue Account .. .. .	57,964,427	61,604,284
Fixed Assets—Component of charges for services .. .. .	1,153,186	1,179,094
	<hr/>	<hr/>
	59,117,613	62,783,378
	<hr/>	<hr/>



The Commission's balances at 30th June, 1972, and 1973, are summarized hereunder—

30.6.72.		30.6.73.
\$		\$            \$
	<b>Current Assets—</b>	
853,632	Balances at Bank and Cash in Hand .. ..	757,827
22,321,891	Customers' and Other Accounts Receivable ..	22,832,944
18,636,197	Estimated Income from Unread Electricity Consumption .. .. .	19,844,650
12,863,816	Materials and Fuel—at cost .. .. .	12,487,147
224,711	Miscellaneous Deferred Charges .. .. .	100,219
<hr/>		<hr/>
54,900,247		56,022,787
<hr/>		
49,292,215	Investments—at cost .. .. .	55,347,224
<hr/>		
3,957,290	Long Term Debtors (Real Estate Sales) .. ..	3,614,088
<hr/>		
	<b>Fixed Assets—</b>	
1,378,021,090	Assets in service—at cost .. .. .	1,420,851,080
419,691,630	Deduct Provision for Depreciation .. .. .	462,321,044
<hr/>		<hr/>
958,329,460		958,530,036
94,253,157	Assets not yet in service—at cost.. .. .	129,146,000
12,548,376	Development of Open Cuts—balance of cost ..	12,587,986
<hr/>		<hr/>
1,065,130,993		1,100,264,022
<hr/>		<hr/>
1,173,280,745		1,215,248,121
<hr/>		<hr/>
	<b>Current Liabilities—</b>	
13,586,570	Accounts Payable and Miscellaneous Accruals ..	11,416,805
12,727,553	Interest Accrued .. .. .	13,567,650
10,035,934	Provision for Transfers to State Revenue .. ..	10,304,338
1,755,548	Customers' and Contractors' Deposits .. .. .	1,885,121
<hr/>		<hr/>
38,105,605		37,173,914
<hr/>		
	<b>Deferred Liabilities—</b>	
93,781,020	Advances for Capital Works .. .. .	96,875,199
2,499,885	Acquisition Loans from Municipalities .. .. .	2,168,992
16,750,000	Provision for Long Service Leave and Retiring Allowances .. .. .	16,750,000
<hr/>		<hr/>
113,030,905		115,794,191
<hr/>		
	<b>Reserves—</b>	
25,859,735	General Reserve .. .. .	14,896,848
11,449,135	Customers' and Other Contributions for Capital Works .. .. .	13,842,656
<hr/>		<hr/>
37,308,870		28,739,504
<hr/>		
	<b>Capital Liabilities—</b>	
727,840,148	Inscribed Stock and Debentures .. .. .	763,500,274
256,995,217	Victorian Government Advances .. .. .	270,040,238
<hr/>		<hr/>
984,835,365		1,033,540,512
<hr/>		<hr/>
1,173,280,745		1,215,248,121
<hr/>		<hr/>

The following is a re-statement (in abbreviated form) of the balance-sheets as at 30th June, 1972 and 1973, to show funds held by the Commission at the balance dates and the assets representing those funds—

	30.6.72.	30.6.73.	Variation.
	\$	\$	\$
<i>Funds held—</i>			
External Borrowings (net) .. .. .	1,032,833,660	1,082,615,403	+ 49,781,743
Provident Fund Advances .. .. .	48,282,610	49,969,300	+ 1,686,690
Internal Funds .. .. .	456,257,400	488,117,448	+ 31,860,048
	<u>1,537,373,670</u>	<u>1,620,702,151</u>	<u>+ 83,328,481</u>
<i>Represented by—</i>			
Gross Fixed Assets .. .. .	1,484,822,623	1,562,585,066	+ 77,762,443
Long Term Debtors .. .. .	3,957,290	3,614,088	— 343,202
Net Current Assets .. .. .	16,865,619	18,928,155	+ 2,062,536
Investments .. .. .	31,728,138	35,574,842	+ 3,846,704
	<u>1,537,373,670</u>	<u>1,620,702,151</u>	<u>+ 83,328,481</u>

#### *Fixed Assets.*

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

	30.6.72.	30.6.73.
	\$	\$
Coal Production .. .. .	72,611,892	78,579,237
Briquette Production and Distribution .. .. .	34,179,637	33,578,855
<i>Power Production—</i>		
Thermal Stations .. .. .	481,643,617	513,051,862
Hydro Stations .. .. .	72,604,872	72,687,893
Transmission System .. .. .	327,573,609	336,985,689
Distribution System .. .. .	361,666,818	386,395,986
General Service Assets.. .. .	121,993,802	128,717,558
	<u>1,472,274,247</u>	<u>1,549,997,080</u>
Deduct Provision for Depreciation .. .. .	419,691,630	462,321,044
	<u>1,052,582,617</u>	<u>1,087,676,036</u>
<i>Development of Open Cuts—</i>		
Balance of Cost .. .. .	12,548,376	12,587,986
	<u>1,065,130,993</u>	<u>1,100,264,022</u>

#### *Investments.*

During the year, the Commission's investments, including deposits held on account of contractors and customers, increased by \$6,055,009.

Investments held at 30th June, 1972 and 1973, were as follows :—

	30.6.72.	30.6.73.
	\$	\$
<i>General—</i>		
Government and semi-Government Securities .. .. .	14,729,777	21,199,842
Short Term Money Market, "Buy Back" Securities and Commercial Bills .. .. .	15,423,361	11,350,000
Building Society Deposits .. .. .	1,500,000	..
Shares in Australian Char Pty. Ltd. .. .. .	75,000	75,000
Bank Deposits .. .. .	..	2,950,000
	<u>31,728,138</u>	<u>35,574,842</u>
<i>Sinking Fund—</i>		
Government and semi-Government Securities .. .. .	17,493,100	19,693,100
Contractors' and Customers' Deposits .. .. .	70,977	79,282
	<u>49,292,215</u>	<u>55,347,224</u>

*Advances for Capital Works.*

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

	Balance. 30.6.72. \$	Balance. 30.6.73. \$	Variation for Year. \$
Customers' Advances for Capital Works (Self Help)	42,360,832	41,707,293	— 653,539
Advances for Construction of Offices and Showrooms	3,137,578	2,932,578	— 205,000
Advances for Construction of Power Stations ..	..	2,266,028	+ 2,266,028
	<u>45,498,410</u>	<u>46,905,899</u>	<u>+ 1,407,489</u>
Advances from Provident Fund .. ..	48,282,610	49,969,300	+ 1,686,690
	<u>93,781,020</u>	<u>96,875,199</u>	<u>+ 3,094,179</u>

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

	1971-72.		1972-73.	
	\$	\$	\$	\$
Contributions received .. .. .	4,324,459		6,145,249	
Interest credits .. .. .	2,506,014		2,422,735	
	<u>6,830,473</u>		<u>8,567,984</u>	
Less refunds of instalments and expired deposits, and transfers to customers' accounts as payment for supplies of electricity .. ..	..	9,356,006	..	9,221,523
Net Decrease .. .. .	..	<u>2,525,533</u>	..	<u>653,539</u>

*Loans.*

The loan liability of \$270,040,238 to the Treasury at 30th June, 1973, was determined after the deduction of \$37,371,628, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1972-73 was \$2,915,681, in respect of which a credit of \$678,146 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 \$21,500 on account of loans authorized in 1971-72, loan moneys raised by the Commission during the year amounted to \$79,149,190. The sources of these moneys were—

	\$
Public Loans .. .. .	10,320,800
Private Loans .. .. .	66,866,590
Retired Staff Loans .. .. .	1,961,800
	<u>79,149,190</u>

The net increase in Commission loans in 1972-73 was \$35,660,126. The difference of \$43,489,064 between the total raisings of \$79,149,190, 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, 1973, Reserves totalled \$28,739,504 compared with \$37,308,870 at 30th June, 1972.

(i) *General Reserve.*—The decrease of \$10,962,887 in the balance of this Reserve is accounted for as follows :—

	\$	\$
Balance at 30th June, 1972 .. .. .	..	25,859,735
Less—Deficit from Revenue Appropriation Account	..	11,641,033
Less—Credit on account of contributions to the National Debt Sinking Fund for 1972-73 not payable by the Comm- ission, less certain charges .. .. .	..	<u>678,146</u>
	..	<u>10,962,887</u>
Balance at 30th June, 1973 .. .. .	..	<u>14,896,848</u>

(ii) *Customers' and Other Contributions for Capital Works.*—The balances of this Reserve at 30th June, 1972 and 1973, 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, 1972 .. .. .		91,335,972
Add—Contributions—Commission .. .. .	5,618,581	
Officers .. .. .	3,744,771	
	<hr/>	9,363,352
Investment Income .. .. .		6,283,961
		<hr/>
Less—Benefit Payments .. .. .		106,983,285
		5,596,970
		<hr/>
Balance of Fund at 30th June, 1973 .. .. .		101,386,315

The Fund was represented by—

Assets—	\$	\$
Investments in Commission—Loan Advances .. .. .	49,969,300	
Inscribed Stock (at cost) .. .. .	30,965,300	
	<hr/>	80,934,600
Other Investments (at cost)—Company Shares .. .. .	9,711,896*	
Company Debentures .. .. .	5,114,875	
Housing Societies .. .. .	273,979	
Property .. .. .	1,260,400	
Mortgages .. .. .	3,211,000	
Convertible Notes .. .. .	3,000	
	<hr/>	19,575,150
Accrued Income—Contributions .. .. .	97,500	
Interest .. .. .	1,660,609	
	<hr/>	1,758,109
		<hr/>
		102,267,859
Less—Liabilities—		
Investment Purchases Awaiting Settlement .. .. .	796,555	
Benefits Accrued and Unpaid .. .. .	84,089	
Valuation Fees Unpaid .. .. .	900	
	<hr/>	881,544
		<hr/>
		101,386,315

\* Market Valuation 30th June, 1973, \$9,191,607

## 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, 1972, to 30th June, 1973, are :—

	\$	\$
Balance of Fund at 30th June, 1972 .. .. .		1,707,618
Add Contributions—Commission .. .. .	512,869	
Employees .. .. .	341,762	
	<hr/>	854,631
Investment Income .. .. .		176,073
		<hr/>
Less—Benefit Payments .. .. .		2,738,322
		382,681
		<hr/>
Balance of Fund at 30th June, 1973 .. .. .		2,355,641

The Fund was represented by—

Assets—	\$	\$
Advances to Commission .. .. .		21,025
Investments (at Cost)—Company Shares .. .. .	423,324*	
Company Debentures, Notes, &c. .. .. .	1,396,476	
Property .. .. .	250,025	
Mortgages .. .. .	279,000	
Convertible Notes .. .. .	51,050	
	<hr/>	2,399,875
Accrued Income—Contributions .. .. .	13,875	
Interest .. .. .	38,394	
	<hr/>	52,269
		<hr/>
Less—Liabilities—		2,473,169
Benefits Accrued and Unpaid .. .. .		117,528
		<hr/>
		2,355,641

\* Market Valuation 30th June, 1973, \$354,659

## 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 *Gas and Fuel Corporation (Colonial Gas Holdings Limited) Act 1973*, ratified and approved an offer by the Corporation, dated 15th January, 1973, to acquire the shares of Colonial Gas Holdings Limited. One of the conditions contained in the offer was acceptance by the holders of not less than ninety per cent. of Colonial Gas Holdings Limited shares. This condition was met and control of the Company passed to the Corporation on 13th April, 1973.

The following statement shows income and expenditure of the Corporation for the year ended 30th June, 1973, the consolidated figures of the Corporation and its subsidiary the Geelong Gas Company for the year ended 30th June, 1972, and the consolidated figures of the Corporation and its subsidiaries the Geelong Gas Company and Colonial Gas Holdings Limited for the year ended 30th June, 1973.

Consolidated. 1971-72.		Gas and Fuel Corporation. 1972-73.	Consolidated. 1972-73.
\$		\$	\$
	Income—		
	Sales—		
45,871,992	Gas .. .. .	47,985,993	61,129,113
14,275,704	Residual Products and Appliances .. ..	15,873,096	27,700,871
60,147,696		63,859,089	88,829,984
	Expenditure—		
9,061,814	Gas .. .. .	10,620,618	14,363,911
13,643,037	Distribution .. .. .	13,369,213	17,182,186
16,047,260	Selling Expenses including cost of Appliances, Heatane Gas &c., sold .. .. .	17,378,329	29,442,605
5,067,639	Management .. .. .	5,380,870	6,657,068
23,555	Audit Fees .. .. .	23,094	45,529
16,050	Directors' Fees .. .. .	15,272	36,922
525,877	Research and Development .. .. .	537,817	539,351
948,088	Superannuation and Retiring Allowances ..	1,011,442	1,229,412
925,380	Long Service Leave .. .. .	1,130,082	1,560,245
9,727,658	Interest (Unallocated) .. .. .	9,679,953	11,313,865
120,345	Other costs .. .. .	122,291	126,041
..	Income Tax Provision .. .. .	..	296,237
56,106,703		59,268,981	82,793,372
4,040,993	Profit on Trading .. .. .	4,590,108	6,036,612
..	Net trading profit of subsidiary companies ..	801,814	..
4,040,993		5,391,922	6,036,612
1,602,400	<i>Less</i> —Contribution to Consolidated Fund—State of Victoria .. .. .	1,753,440	1,828,400
2,191,066	Amortisation of Natural Gas change-over costs .. .. .	2,617,470	3,002,393
50,000	Contingency Reserve .. .. .	50,000	50,000
..	Interest incurred on debentures issued to purchase subsidiary company shares ..	450,987	..
..	Pre-acquisition Profit of subsidiary company	..	635,794
3,843,466		4,871,897	5,516,587
197,527	Balance carried to Profit and Loss Appropriation Account .. .. .	520,025	520,025

The quantity of gas sold for the year was 402,518,000 therms returning 15·19 cents per therm compared with, in 1971-72, 247,011,000 therms for a unit return of 18·57 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 \$48,000,000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1971-72 and 4 per cent. thereof, \$1,920,000, was paid to the Consolidated Fund in June, 1973. A special grant of \$91,600 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, 1972 .. .. .	7,094	
Net Profit for year from Profit and Loss Account ..	520,025	
	<hr/>	
Available for Appropriation .. .. .	..	527,119
Preference Shares Dividend at 4 per cent. per annum for year ended 30th June, 1973.. .. .	315,278	
“ B ” Preference Shares Dividend— 6 per cent. per annum for half year ended 30th June, 1973	180,575	
	<hr/>	495,853
Balance carried forward 30th June, 1973 .. .. .	..	<hr/> 31,266

The following is a consolidated statement of the balances of the Corporation and its subsidiary the Geelong Gas Company at 30th June, 1972, and of the Corporation and its subsidiaries, the Geelong Gas Company and Colonial Gas Holdings Limited, at 30th June, 1973, arranged to show the funds employed and the assets representing the total funds. The Corporation's balances at 30th June, 1973, are also shown.

Consolidated 30.6.72.		Gas and Fuel Corporation 30.6.73.		Consolidated 30.6.73.
\$		\$	\$	\$
	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
..	2,873,087 6 per cent " B " Cumulative Preference Shares of \$2 each .. .. .	5,746,174		5,746,174
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) .. .. .	..	21,628,126	<u>21,628,126</u>
	Reserves—			
2,118,643	General Reserve .. .. .	2,199,316		2,199,316
1,766,316	Land Revaluation Reserve .. .. .	1,766,316		1,766,316
1,310,812	Asset Realization Reserve (Note No. 3) .. .. .	1,328,471		1,328,471
557,336	Contingencies Reserve .. .. .	607,336		607,336
			5,901,439	<u>5,901,439</u>
7,094	Profit and Loss Appropriation Account .. .. .	..	31,266	31,266
<u>21,642,153</u>			<u>27,560,831</u>	<u>27,560,831</u>
	Deferred Liabilities—			
10,093,373	Advances from State of Victoria .. .. .	10,095,590		10,095,590
1,252,738	Less securities purchased and cancelled by the National Debt Commission .. .. .	1,358,503		1,358,503
<u>8,840,635</u>			8,737,087	<u>8,737,087</u>
	Debentures and Debenture Stock (Secured)—			
7,227,680	Redeemable within twelve months .. .. .	7,371,545		8,371,545
162,250,367	Redeemable after twelve months .. .. .	175,862,585		198,178,685
..	Purchase consideration due to former shareholders of Colonial Gas Holdings Ltd. (Part) .. .. .	312,903		312,903
<u>169,478,047</u>	\$ Contingent Liabilities—	\$	183,547,033	<u>206,863,133</u>
199,960,835	1,499 Uncalled amount on Shares held in another company .. .. .	..	219,844,951	<u>243,161,051</u>
	4,462,809 Commitments under Contracts for Capital Expenditure and Bank Guarantees .. .. .	3,388,693		
	Fixed Assets—			
158,988,883	Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in Progress (at cost or valuation) .. .. .	168 393,968		210,474,275
29,426,544	Less Provision for Depreciation (see explanatory note No. 2 herein) .. .. .	33,257,254		45,533,127
<u>129,562,339</u>	Carried forward .. .. .	..	135,136,714	<u>164,941,148</u>

Consolidated 30.6.72.		Gas and Fuel Corporation 30.6.73.	Consolidated. 30.6.73.
\$		\$	\$
129,562,339	Brought forward ..		135,136,714
<b>Current Assets—</b>			
475,247	Cash in Hand and at Banks .. ..	832,258	912,303
6,250,000	Short-term Deposits .. ..	1,050,000	2,979,543
11,760,075	Trade and Other Debtors ( <i>less</i> provision for Bad and Doubtful Debts and Consumers' Deposits) .. ..	12,458,961	18,125,683
4,597,235	Stocks at Cost or Valuation .. ..	4,515,249	6,852,144
187,923	Prepayments .. ..	253,637	273,044
<u>23,270,480</u>			<u>19,110,105</u>
<b>Less Current Liabilities—</b>			
..	Amount owing to Subsidiaries .. ..	287,720	..
7,412,765	Trade and Other Creditors .. ..	8,120,988	10,989,193
3,716,172	Bank Overdraft .. ..	2,220,889	2,681,785
192	State of Victoria (Balance of advances for purchase of preference shares) ..	9,174	9,174
..	Purchase consideration due to the former shareholders of Colonial Gas Holdings Ltd. (Part) .. ..	426,533	426,533
<b>Provisions—</b>			
3,556,844	Long Service Leave .. ..	4,259,550	5,178,025
513,709	Retiring Allowances .. ..	424,149	494,510
121,100	Deferred Repairs .. ..	165,000	547,500
157,639	Preference Dividend .. ..	338,214	338,214
..	Income Tax .. ..	..	270,981
<u>15,478,421</u>			<u>16,252,217</u>
<u>7,792,059</u>	Net Current Assets .. ..		<u>2,857,888</u>
<b>Investments—</b>			
27,000	Company Shares (at cost) .. ..	27,000	36,713
..	In Subsidiary Company .. ..	24,392,150	..
..	Shares in Associate Company (at valuation) .. ..	..	550,000
			<u>24,419,150</u>
<u>27,000</u>			<u>586,713</u>
<b>Intangibles—</b>			
1,875,949	Goodwill on consolidation .. ..	..	5,798,524
634,116	Unamortised Debenture Issue Expenses ..	537,035	537,035
53,506,547	Natural Gas Change-over Costs .. ..	50,613,808	56,810,473
6,562,825	Pipeline Establishment Expenses .. ..	6,280,356	6,280,356
<u>62,579,437</u>			<u>57,431,199</u>
<u>199,960,835</u>			<u>219,844,951</u>
			<u>243,161,051</u>

**DIRECTORS' EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1973.**

1. *Preference Shares.*—The Articles of Association of the Corporation restrict the transfer of the 4 per cent. preference shares to any person other than the State of Victoria, except in special circumstances. The restrictions on transfer of 4 per cent. preference shares do not apply to the 6 per cent. "B" preference shares.

2. *Provision for Depreciation.*—The cost of plant in normal course of retirement \$152,382 (1972 \$207,963) has been deducted from the provision for depreciation.

3. *Asset Realisation Reserve.*—Profits on sale of assets, including land, amounting to \$17,659 (1972 \$1,310,810) have been transferred to the Asset Realisation Reserve.

4. *Debentures.*—The debentures of The Geelong Gas Company are secured by floating charge over the assets of the company and its subsidiary Queenscliffe Gas and Coke Co. Limited. Debentures of Colonial Gas Holdings Limited are secured by floating charge over the assets of that company and its subsidiary The Colonial Gas Association Limited.

5. *Contingent Liabilities (Unsecured).*—These liabilities consisted of commitments under contract for capital expenditure and guarantees by the Corporation approximating \$3,252,287 (1972 \$4,333,839) and the Princes Gate long term lease. Commitments under contract by The Geelong Gas Company approximate \$70,842 (1972 \$128,970) and by Colonial Gas Holdings Limited \$65,564 (1972 \$107,991). An undetermined amount may exist relating to legal action pending against Thermal Traders (Vic.) Pty. Limited, a subsidiary of Colonial Gas Holdings Limited.

6. *Consolidated Accounts.*—Under the heading "Consolidated" are the accounts of the Gas and Fuel Corporation of Victoria and its subsidiary companies The Geelong Gas Company and Colonial Gas Holdings Limited, incorporated in Victoria, and their respective subsidiaries.



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, 1972.	1972-73.	Total.
	\$	\$	\$
<b>Acquisition of Shares—</b>			
Subscription for 4,000,000 Ordinary Shares of \$2 ..	8,000,000	..	8,000,000
Purchase of Preference Shares .. .. .	7,438,894	50,000	7,488,894
	15,438,894	50,000	15,488,894
<b>Advances—</b>			
Advance for Capital Works .. .. .	12,000,000	..	12,000,000
Loan Flotation Expenses .. .. .	95,590	1,640	97,230
	12,095,590	1,640	12,097,230
<b>Preference Share Dividend Guarantee—</b>			
Advanced to the Corporation .. .. .	354,694	..	354,694
Less Repayments .. .. .	354,694	..	354,694
	..	..	..
<b>Total Investments and Advances by the State .. .. .</b>	<b>27,534,484</b>	<b>51,640</b>	<b>27,586,124</b>
<b>Cost to the State on account of the above—</b>			
Debt Charges.. .. .	19,446,467	1,264,651	20,711,118
<b>Less Recoups, &amp;c., from Corporation—</b>			
Debt Charges .. .. .	8,792,586	613,721	9,406,307
Dividends on Preference Shares .. .. .	5,161,823	297,789	5,459,612
	13,954,409	911,510	14,865,919
<b>Net Cost to the State .. .. .</b>	<b>5,492,058</b>	<b>353,141</b>	<b>5,845,199</b>

The above statement does not take into account the sum of \$1,920,000, already referred to, which was paid into the Consolidated Fund in 1972-73 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, 1973, namely, \$8,675,000.

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 4 per cent. preference shares by sale is restricted to sale at par to the State. At 30th June, 1973, the State was the registered owner of 3,738,760 shares. The transfer of a further 1,100 shares was in course and \$9,174 was held by the Corporation for future purchases.

### GEELONG HARBOR TRUST.

The operations of the Trust for the year ended 31st December, 1972, resulted in a deficit of \$15,140 compared with a surplus of \$734,951 for the previous year. The decline in the overall financial result followed a decrease of \$751,689 in revenue, caused mainly by reduced wharfage received on crude oil imports. Appropriations to Sinking Fund and Provision for Long Service Leave amounted to \$73,609.

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

	1971.	1972.
<i>Revenue.</i>	\$	\$
<b>Operating Revenue—</b>		
Harbor Revenue .. .. .	2,724,160	2,050,081
Shipping Services .. .. .	852,531	772,806
Other .. .. .	217,599	227,476
<b>Non-operating Revenue—</b>		
Interest .. .. .	57,396	48,572
Sale of Scrap Materials .. .. .	551	1,613
<b>Total Revenue .. .. .</b>	<b>3,852,237</b>	<b>3,100,548</b>
 <i>Expenditure.</i> 		
<b>Operating Expenses—</b>		
Administration, &c. .. .. .	494,256	560,234
Shipping Services .. .. .	841,460	839,209
Maintenance .. .. .	437,264	348,910
Depreciation and Amortization .. .. .	861,181	872,577
<b>Non-operating Expenses—</b>		
Superannuation .. .. .	76,307	153,555
Interest .. .. .	376,115	310,011
Miscellaneous .. .. .	30,703	31,192
<b>Total Expenditure .. .. .</b>	<b>3,117,286</b>	<b>3,115,688</b>
Surplus .. .. .	734,951	..
Deficit .. .. .	..	15,140
 <b>Appropriations—</b>		
Sinking Fund .. .. .	69,283	49,316
Insurance Fund .. .. .	76,000	..
Port Development Fund .. .. .	500,000	..
Long Service Leave .. .. .	16,998	24,293
<b>Total Appropriations .. .. .</b>	<b>662,281</b>	<b>73,609</b>

The following statement summarizes the Trust's financial position as at 31st December, 1971 and 1972 :—

31.12.71.		31.12.72.
\$		\$
	Source of Funds—	
	External—	
6,928,316	Loan Liability .. .. .	4,931,631
	Internal—	
5,543,204	Endowments .. .. .	5,559,903
12,496,209	Net Revenue Account—Accumulated Surplus .. .. .	12,407,460
2,350,371	General Reserve .. .. .	2,787,471
6,194,191	Specific Reserves and Funds .. .. .	6,218,947
6,018,963	Less Investments .. .. .	6,019,696
175,228		199,251
20,565,012		20,954,085
27,493,328		25,885,716
	Represented by—	
	Current Assets—	
3,456	Cash .. .. .	1,060
1,172,580	Investments .. .. .	110,548
310,500	Sundry Debtors and Prepayments .. .. .	278,620
41,867	Stores (at cost) .. .. .	38,083
1,528,403		428,311
	Less—Current Liabilities—	
..	Bank Overdraft .. .. .	91,698
207,565	Sundry Creditors and Accruals .. .. .	170,703
4,422	Contractors' Deposits and Retentions .. .. .	16,855
211,987		279,256
1,316,416		149,055
	Deferred Assets—	
61,314	Various Advances, &c. .. .. .	96,011
	Fixed Assets (at Cost less Depreciation)—	
226,324	Land (Purchased and Vested) .. .. .	227,606
1,808,303	Buildings and Improvements .. .. .	1,853,480
22,005,422	Harbor Works .. .. .	21,588,421
1,870,366	Floating Plant .. .. .	1,752,671
180,391	Other Plant and Vehicles .. .. .	197,295
24,792	Furniture and Fittings .. .. .	21,177
26,115,598		25,640,650
27,493,328		25,885,716

*Specific Reserves and Funds.*—Transactions within the respective Reserves and Funds during 1972 are given hereunder :—

	Port Development Fund.	Sinking Fund.	Insurance Reserve Fund.	Provision for Long Service Leave.
	\$	\$	\$	\$
Balance forward 1st January, 1972 .. .. .	4,043,450	288,222	1,687,291	175,228
Allocation from Revenue .. .. .	..	49,316	..	53,562
Interest on Investments .. .. .	257,878	15,965	102,574	..
	4,301,328	353,503	1,789,865	228,790
Less—				
Expenditure for year .. .. .	270,000	155,000	..	29,539
Balance 31st December, 1972 .. .. .	4,031,328	198,503	1,789,865	199,251
	6,218,947			

**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. The Australian Wheat Board and the Australian Barley Board pay the Grain Elevators Board, for the use of its facilities, a remuneration based on operating costs, interest and loan expenses, depreciation and a charge for hiring grain handling facilities.

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

Wheat receivals for the 1971-72 season totalled 64,287,216 bushels while 11,955,087 bushels of barley were handled. The comparable totals for the 1970-71 season were 32,957,129 bushels and 9,786,467 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 1971-72 accounting period of \$78,544 compared with a surplus of \$79,489 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.*

1970-71.					1971-72.		
\$					\$	\$	\$
	Australian Wheat Board—						
4,575,722	Wheat Handling Charges	..	..	..	..	4,685,010	
	Australian Barley Board—						
929,843	Barley Handling Charges	..	..	..	..	1,133,555	
<u>5,505,565</u>	Total Revenue—Grain Handling	..	..	..	..	<u>5,818,565</u>	

*Expenditure.*

	Operating and Maintenance—						
670,694	Geelong Terminal	..	..	..	..	673,706	
1,237,449	Country Elevators	..	..	..	..	1,448,587	
140,239	Bulk Wheat Storages	..	..	..	..	120,195	
43,005	Sunshine Sub-terminal	..	..	..	..	42,479	
237,367	Portland Terminal	..	..	..	..	283,458	
						<u>2,568,425</u>	
581,921	Administration Expenses	..	..	..	..	647,898	
<u>2,910,675</u>						<u>3,216,323</u>	
576,002	*Depreciation	..	..	..	..	588,598	
1,637,999	Interest on Loans	..	..	..	..	1,631,366	
	Sinking Fund Charges—						
5,313	National Debt Sinking Fund	..	..	..	..	5,313	
296,087	Debentures and Inscribed Stock Sinking Fund	..	..	..	..	298,421	
<u>5,426,076</u>						<u>5,740,021</u>	
79,489	Net Surplus	..	..	..	..	78,544	
460,901	Add—Net Accumulation brought forward	..	..	..	..	590,464	
39,203	Interest earned on General Reserve Fund Investment	..	..	..	..	71,855	
24,169	Interest earned on Insurance Reserve Fund Investment	..	..	..	..	25,653	
43,532	Interest earned on Renewals Reserve Fund Investment	..	..	..	..	58,013	
451,281	Interest earned on Depreciation Reserve Fund Investment	..	..	..	..	511,107	
90,889	Interest—Other Investments	..	..	..	..	98,295	
34,528	Reserve Fund Interest Equity relating to Assets written off	..	..	..	..	3,118	
<u>1,223,992</u>						<u>1,437,049</u>	
	Less Appropriations—						
451,281	*Depreciation Reserve Fund	..	..	..	..	511,107	
39,203	*General Reserve Fund	..	..	..	..	71,855	
24,169	*Insurance Reserve Fund	..	..	..	..	25,653	
43,532	*Renewals Reserve Fund	..	..	..	..	58,013	
34,528	Debentures and Inscribed Stock Sinking Fund	..	..	..	..	3,118	
40,815	Adjustment in hire charge, previous years	..	..	..	..	..	
..	Transfer to Renewals Reserve Fund	..	..	..	..	177,000	
..	Transfer to Office Building Reserve	..	..	..	..	129,000	
<u>633,528</u>						<u>975,746</u>	
<u>590,464</u>	Net Accumulation at 31st October	..	..	..	..	<u>461,303</u>	

\* Approved by the Honorable the Treasurer

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

31.10.71.		31.10.72.
\$		\$      \$      \$
	<b>Current Assets—</b>	
415,354	Sundry Debtors and Advances .. .. .	900,888
65,526	Cash .. .. .	72,970
<hr/>		<hr/>
480,880		973,858
14,826,703	Investments .. .. .	16,441,199
	<b>Fixed Assets—at Cost—</b>	
	<b>Construction—</b>	
18,797,886	Country Elevators .. .. .	18,805,781
3,615,488	Geelong Terminal .. .. .	3,615,488
1,467,890	Sunshine Sub-Terminal .. .. .	1,467,890
		<hr/>
		23,889,159
	<b>Equipment and Plant—</b>	
5,060,708	Country Elevators .. .. .	5,084,441
1,651,439	Geelong Terminal .. .. .	1,670,497
199,607	Sunshine Sub-Terminal .. .. .	199,406
		<hr/>
		6,954,344
4,840	Marmalake No. 1 Emergency Store .. .. .	4,840
339,913	Motor Vehicles, Office Furniture and Equipment .. .. .	382,787
534,798	Freehold Land and Buildings .. .. .	613,205
		<hr/>
		1,000,832
2,856,986	Horizontal Emergency Storages .. .. .	31,844,335
5,302	National Debt Sinking Fund—Cash in Fund .. .. .	2,373,655
		<hr/>
		8,290
<hr/>		<hr/>
49,842,440		51,641,337
	<b>Current Liabilities—</b>	
593,189	Sundry Creditors .. .. .	541,630
	<b>Loans—</b>	
1,597,726	Government of Victoria .. .. .	1,568,180
27,232,927	Public .. .. .	27,163,573
		<hr/>
		28,731,753
	<b>Reserves and Funds—</b>	
	<b>Cancelled Securities Reserves—</b>	
563,536	National Debt Sinking Fund .. .. .	596,466
1,387,532	Debentures and Inscribed Stock .. .. .	1,403,687
989,660	Matured Public Loans .. .. .	1,276,060
8,901,968	Depreciation Reserve Fund .. .. .	9,959,910
4,840	Marmalake No. 1 Emergency Storage Reserve .. .. .	4,840
500,000	Office Building Reserve .. .. .	629,000
471,030	Insurance Reserve Fund .. .. .	527,486
2,570,229	General Reserve Fund .. .. .	2,642,084
1,169,334	Debentures and Inscribed Stock Sinking Fund .. .. .	1,238,226
1,155,750	Renewals Reserve Fund .. .. .	1,361,745
169,599	Provision for Long Service Leave and Retiring	
	Gratuities .. .. .	203,826
703,676	Superannuation Fund .. .. .	802,835
		<hr/>
		20,646,165
1,220,145	Reserve Fund Contribution for Renewal of Assets .. .. .	1,254,633
	<b>Suspense Accounts—</b>	
16,850	Border Wheat Agreements and Tenderers' Deposits .. .. .	5,853
3,985	Rebagging Wheat .. .. .	5,853
		<hr/>
		5,853
590,464	Revenue Account—Net Accumulation .. .. .	461,303
<hr/>		<hr/>
49,842,440		51,641,337

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 \$20,646,165 at 31st October, 1972, compared with \$18,587,154 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, 1971 .. .. .	1,155,750
<i>Add</i> —Appropriated from Accumulated Funds .. .. .	177,000
Interest on Investments Appropriated .. .. .	58,013
	<hr/>
	1,390,763
<i>Less</i> —Renewals and Improvements—	
Electrification Country Silos and Belting .. .. .	29,018
	<hr/>
Balance 31st October, 1972 .. .. .	<u>1,361,745</u>

## HOME FINANCE TRUST.

The *Home Finance Act* 1962 empowers the Home Finance Trust to raise money from lending institutions by way of deposit or bank overdraft for the purpose of making housing loans on the security of first or second mortgage. In terms of the Act, the Treasurer may, with the approval of the Governor in Council, execute guarantees in favour of the Commissioners of the State Savings Bank of Victoria or any person or body agreeing to deposit money with the Trust or in favour of any bank providing accommodation by way of overdraft.

The amount so agreed to be deposited or lent at 30th June, 1973, was \$30,400,000 compared with \$29,450,000 at 30th June, 1972. Of the amount of \$30,400,000, 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 .. .. .	15,860,000	
Trading Banks .. .. .	1,150,000	
	<hr/>	17,010,000
Insurance Companies .. .. .	..	2,290,000
Other .. .. .	..	350,000
		<hr/>
		30,400,000
		<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 .. .. .	30,400,000
Less—Amount repaid to lending institutions .. .. .	5,478,470
	<hr/>
Total liability of Trust to lending institutions .. .. .	24,921,530
	<hr/>

Loans approved by the Trust to borrowers amounted to \$39,397,959, of which sum \$4,135,590 related to second mortgages. Discharged mortgages, including mortgages on repossessed properties sold under contracts of sale, amounted to \$11,571,370. Advances secured by first mortgage at 30th June, 1973, amounted to \$20,858,097 (net) and, by second mortgage, to \$1,074,975 (net).

The net surplus for the year on account of transactions relating to first mortgages (Home Finance Fund No. 1) was \$52,056. The surplus on account of second mortgages (Home Finance Fund No. 2) was \$5,830.

A summary of the income and expenditure of the Trust for 1971–72 and 1972–73 is furnished below. The figures for 1972–73 are subject to audit.

1971–72.		1972–73.	
\$	<i>Income.</i>	\$	\$
1,508,800	Interest Receivable from Mortgagors and on Sales, &c. ..	1,521,808	
1,399,715	Less Interest Payable to Depositors (including Overdraft Interest)	1,435,658	
		<hr/>	
109,085			86,150
11,149	Insurance Commission .. .. .	..	11,760
625	Other .. .. .	..	642
			<hr/>
120,859			98,552
			<hr/>
	<i>Expenditure.*</i>		
6,400	Fees—Members of Trust .. .. .	..	7,500
834	Rent—Office Premises at 191 Queen Street .. .. .	..	..
2,207	Printing and Stationery .. .. .	..	826
1,261	Postage and Telephone .. .. .	..	1,990
17,500	Contribution to Treasury .. .. .	..	30,000
292	Sundry .. .. .	..	350
			<hr/>
28,494			40,666
			<hr/>
92,365	Operating Surplus .. .. .	..	57,886
			<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, 1972, and 1973.

30.6.72.		<i>Assets.</i>		30.6.73.
\$				\$
25,747,499		Current ordinary loans secured by first mortgage .. ..	.. ..	24,951,169
3,820,397		Less repayments by mortgagors .. ..	.. ..	4,093,072
				<u>20,858,097</u>
2,263,010		Current ordinary loans secured by second mortgage .. ..	.. ..	1,953,590
944,962		Less repayments by mortgagors .. ..	.. ..	878,615
				<u>1,074,975</u>
133,620		Repossessed properties sold under contracts of sale .. ..	.. ..	118,620
40,965		Less payments of instalments of principal .. ..	.. ..	37,246
				<u>81,374</u>
177,539		Arrears—(net) under mortgages and contracts of sale .. ..	.. ..	123,038
11,244		Sundry Debtors .. ..	.. ..	56,263
52,269		Cash at Bank .. ..	.. ..	..
970,000		Cash on Fixed Deposit .. ..	.. ..	3,380,000
40		Cash on Hand .. ..	.. ..	40
				<u>25,573,787</u>
24,548,897				<u>25,573,787</u>
		<i>Liabilities.</i>		
23,959,003		Deposits by lending institutions and accommodation by way of		
		overdraft—repayment guaranteed by Treasurer of Victoria .. ..	.. ..	24,921,530
1,569		Prepayments by mortgagors of valuation and inspection fees .. ..	.. ..	5,906
11,890		Mortgagors' equities in properties repossessed and sold .. ..	.. ..	11,478
20		Sundry Creditors .. ..	.. ..	572
576,415		Accumulated Surplus—Home Finance Funds Nos. 1 and 2 .. ..	.. ..	634,301
				<u>25,573,787</u>
24,548,897				<u>25,573,787</u>

### HOSPITALS SUPERANNUATION BOARD.

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

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

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 1972-73 were not available to me, as the computer processing of the accounts of members of the Fund was not complete.

Summaries of the transactions of the Management Account within the Fund during 1971-72 and an abridged Balance Sheet of the Fund as at 30th June, 1972, are given below:—

#### MANAGEMENT ACCOUNT.

##### ADMINISTRATION.

	\$	\$
<i>Income—</i>		
Management Proportion of Contributions .. .. .		159,255
Commission .. .. .		4,162
Distribution of Earnings .. .. .		18,977
		<hr/> 182,394
<i>Expenditure—</i>		
Salaries and Wages .. .. .		82,969
Provision for Long Service Leave .. .. .		2,500
Staff Superannuation .. .. .		1,841
Fees—Actuarial, audit, medical, &c. .. .. .		20,672
Office and Miscellaneous Expenses .. .. .		20,609
Depreciation .. .. .		6,404
Transfer to Accumulated Fund .. .. .		47,399
		<hr/> 182,394

##### ACCUMULATED FUND.

Balance, 1st July .. .. .	57,557
Transfer from Administration .. .. .	47,399
	<hr/> 104,956
<i>Less—</i>	
Purchase of Office Furniture, &c. .. .. .	4,217
Alterations and Renovations to Board's Premises .. .. .	24,365
	<hr/> 28,582
Balance, 30th June .. .. .	<hr/> 76,374

##### MANAGEMENT RESERVE ACCOUNT.

Balance, 1st July .. .. .	148,564
Transfer from Welfare Account .. .. .	15,316
	<hr/> 163,880

## BALANCE SHEET.

	\$	\$
<i>Assets</i>		
Approved Scheme—Life Assurance Offices Investments (net) ..	13,216,260	
Other Investments .. ..	734,009	
	<hr/>	13,950,269
Other Assets—		
Cash at Bank and on Hand .. ..	..	3,302
Accruals and Outstandings .. ..	..	42,794
Prepayments .. ..	..	40,907
Investments (Face Value \$3,536,238) .. ..	..	3,530,825
Office Furniture, Equipment, Fittings and Motor Vehicles (less Depreciation) .. ..	..	22,833
		<hr/>
		17,590,930
<i>Accounts and Liabilities.</i>		
Approved Scheme—		
Members' Accounts .. ..	13,319,709	
Beneficiaries' Account (Deferred Benefits) .. ..	137,575	
Income Stabilization Reserve Account .. ..	141,425	
Insurance Account .. ..	351,560	
	<hr/>	13,950,269
Other Accounts and Liabilities—		
Provident Account .. ..	..	1,796,693
Non-Contributing Members' Accounts .. ..	..	218,478
Welfare Account .. ..	..	200,000
Beneficiaries (Disability Benefits) .. ..	..	43,409
Supplementary Contributions—Members' Accounts .. ..	..	552,821
Annuities .. ..	..	24,754
Terminal Benefits—Class " B " Institutions .. ..	..	262,477
Sundry Benefits, &c. Outstanding .. ..	..	205,628
General Reserve Account .. ..	..	9,545
Mortgage Indemnity Fund .. ..	..	4,171
Part IVA Schemes .. ..	..	22,186
Management—		
Sundry Creditors and Accrued Expenses .. ..	9,304	
Provision for Long Service Leave .. ..	11,000	
Accumulated Fund—	\$	
Capital .. ..	39,941	
Surplus .. ..	76,374	
	<hr/>	116,315
Reserve .. ..	163,880	
	<hr/>	300,499
		<hr/>
		17,590,930

## HOUSING COMMISSION.

The Commission is responsible for the improvement of existing housing conditions and the provision of suitable houses for letting or selling to eligible persons.

For these purposes, the State has made loan allocations to the Commission and the Commission, itself, has raised loan moneys by the issue of debentures. However, the major funds which have been allocated to the Commission for housing projects have been those which, between 1945-46 and 1970-71, were advanced by the Commonwealth in terms of a series of Commonwealth-State Housing Agreements, the last of which expired on 30th June, 1971. Also, many municipalities have, in various forms, assisted the Commission with cash contributions, rate refunds and gifts of land for housing projects of a special nature.

During 1972-73, loan advances totalling \$26,250,000 for housing generally and \$1,746,552 for slum reclamation were received from the Treasurer of Victoria from the Works and Services Account, and the Commonwealth provided \$2,019,495 for defence housing, \$781,037 as an interest subsidy and \$331,250 for assistance towards the granting of rental rebates. In addition, the Commonwealth provided \$1,500,000 by way of loan during 1972-73, under the Commonwealth *Housing Assistance Act* 1973, to be used in the provision of houses for leasing to approved needy persons.

A summary of the Commission's revenue and expenditure for 1971-72 and 1972-73 is furnished below :—

1971-72.	REVENUE.	1972-73.
\$		\$      \$
21,091,280	Rentals .. .. .	21,628,574
2,872,666	Gross Surplus—House Sales .. .. .	3,065,120
413,289	Gross Profit—Land Sales for Residential Purposes .. .. .	6,486
2,136,425	Interest—House Sales (net) .. .. .	2,042,386
599,431	Sundry .. .. .	649,384
..	Transfer from Land (Residential) Unrealized Profit Suspense Account .. .. .	188,554
332,036	Miscellaneous .. .. .	390,271
27,445,127		27,970,775
	EXPENDITURE.	
9,280,425	Interest—less amounts capitalized and applied to House Sales .. .. .	9,635,742
2,369,929	Loan Redemption—Commonwealth-State Agreements .. .. .	2,434,339
11,650,354		12,070,081
	<i>Less</i> Interest and Redemption Included in Operating Costs of Parking	
240,678	Bays and Hot Water Services .. .. .	303,405
11,409,676		11,766,676
16,603	Contribution to National Debt Sinking Fund .. .. .	17,862
7,000	"    "    Debenture Loan Sinking Fund .. .. .	7,000
1,587,704	Administration—General .. .. .	1,673,502
1,102,498	House Sales .. .. .	1,092,995
35,306	Land Sales—Residential .. .. .	7,955
161,476	Cost of Rent Collection in Country Areas, &c. .. .. .	166,160
3,406,556	Rates—less amount capitalized .. .. .	3,735,246
90,044	Insurable Risks .. .. .	63,708
4,219	Loan Conversion Expenses .. .. .	3,617
2,914,048	Provision for Accruing Maintenance .. .. .	3,355,888
107,323	"    "    Irrecoverable Rents .. .. .	128,388
1,233,695	Cost of Communal Services—Flats and Garden Maintenance .. .. .	1,377,300
32,892	Operating Costs—Laundries .. .. .	68,405
111,818	Parking Bays .. .. .	151,405
463,841	Appropriation to House Purchasers' Death Benefit Fund .. .. .	452,453
1,273,057	Transfer to House Sales Unrealized Profit Suspense Account .. .. .	1,033,917
249,022	Transfer to Land (Residential) Unrealized Profit Suspense Account .. .. .	..
299,162	Maintenance and Repairs on Houses Sold .. .. .	228,226
27,794	Maintenance (Rental) Bad Debts written off .. .. .	49,437
616,187	Central Heating and Hot Water Services .. .. .	690,762
38,848	Miscellaneous .. .. .	47,455
25,188,769		26,118,357
2,256,358	Operational Profit for the year .. .. .	1,852,418
952,362	<i>Less</i> appropriation to House Purchasers' Interest Receivable Reserve .. .. .	743,266
1,303,996	Profit—Transferred to Accumulated Surplus Account .. .. .	1,109,152

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

1971-72.		1972-73.	
\$		\$	
*267,644	Surplus—Miscellaneous Funds .. .. .	..	*620,286
146,905	Net Profit—Residential Land Sales .. .. .	..	214,066
1,068,644	Realized Profit—House Sales .. .. .	..	1,686,804
<u>1,483,193</u>			<u>2,521,156</u>
<i>Less—</i>			
145,503	Loss—Rental operations .. .. .	1,368,173	
33,694	Cost of Statutory Functions—non-revenue producing ..	43,831	1,412,004
<u>1,303,996</u>	Balance—Profit—General Revenue Account as at close of year ..		<u>1,109,152</u>

\* Includes notional interest on interest-free loans—1971-72, \$98,221 ; 1972-73, \$127,848.

*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 :—

	1971-72.		1972-73.	
	\$	\$	\$	\$
Gross rental charges .. .. .	..	22,905,825	..	23,609,301
<i>Deduct—</i>				
Rental rebates allowed .. .. .	..	1,890,410	..	2,105,796
Losses from vacancies .. .. .	..	255,385	..	206,181
		<u>2,145,795</u>		<u>2,311,977</u>
		20,760,030		21,297,324
<i>Add—</i>				
Commonwealth Assistance to offset rebates allowed .. .. .	..	331,250	..	331,250
Credit for Rentals—General Revenue Account		<u>21,091,280</u>		<u>21,628,574</u>

The increase of \$703,476 in gross rental charges was mainly due to additional units becoming available for tenancy.

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, 1,544 units were sold for a total sum of \$16,660,886. Details are :—

	No.	Cost.	Selling Price.	Surplus.
		\$	\$	\$
<i>Cash Sales—</i>				
State .. .. .	1	2,388	7,833	5,445
Commonwealth—State Housing Agreement 1945 ..	12	69,756	119,292	49,536
Commonwealth—State Housing Agreement 1956 ..	4	34,914	40,228	5,314
Works and Services Account .. .. .	..	..	..	..
<i>Sales per War Service Homes Commission—</i>				
Commonwealth—State Housing Agreement 1945 ..	57	351,504	567,560	216,056
Commonwealth—State Housing Agreement 1956 ..	3	24,213	30,893	6,680
<i>Terms Sales—</i>				
State .. .. .	14	36,306	114,088	77,782
Commonwealth—State Housing Agreement 1945 ..	523	3,433,605	5,163,744	1,730,139
Commonwealth—State Housing Agreement 1956 ..	178	1,525,528	1,794,350	268,822
Works and Services Account .. .. .	569	6,526,033	6,824,359	298,326
<i>Repossessions Resold—</i>				
State .. .. .	8	48,738	78,821	30,083
Commonwealth—State Housing Agreement 1945 ..	31	201,204	285,192	83,988
Commonwealth—State Housing Agreement 1956 ..	137	1,251,111	1,537,414	286,303
Works and Services Account .. .. .	7	90,466	97,112	6,646
	<u>1,544</u>	<u>13,595,766</u>	<u>16,660,886</u>	<u>3,065,120</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 .. .. .	3,065,120	
<i>Less</i> Transfer to House Sales Unrealized Profit Suspense Account	1,033,917	
	<hr/>	2,031,203
Interest receivable on terms Sales .. .. .	10,374,904	
<i>Less</i> Interest payable on houses sold .. .. .	8,578,140	
	<hr/>	
Interest on House Sales (net) .. .. .	1,796,764	
<i>Less</i> Appropriation to House Purchasers' Death Benefit Fund	452,453	
	<hr/>	1,344,311
Other House Sales revenue .. .. .		390,719
		<hr/>
		3,766,233
<i>Less</i> Administration—House Sales .. .. .	1,092,995	
Maintenance and repairs on houses sold .. .. .	228,226	
Miscellaneous .. .. .	14,942	
	<hr/>	1,336,163
		<hr/>
		2,430,070
<i>Less</i> Appropriation to Interest Receivable Reserve—House Purchasers .. .. .		743,266
		<hr/>
Net Credit to General Revenue — Realized Profit on House Sales .. .. .		1,686,804
		<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 \$214,066 compared with \$146,905 for 1971–72.

The financial position of the Commission as at 30th June, 1972 and 1973, is summarized hereunder :—

30. 6. 72.		30. 6. 73.
\$		\$            S
	<i>Current Assets—</i>	
2,915,795	Sundry Debtors .. .. .	3,071,334
1,204,908	Cash at Bank and in Transit .. .. .	2,283,698
<u>4,120,703</u>		<u>5,355,032</u>
13,841,780	<i>Investments</i> .. .. .	21,125,008
	<i>Deferred Assets—</i>	
214,237,108	House Purchase Debtors .. .. .	219,008,274
	<i>Fixed Assets—</i>	
53,819,013	Estates—Cost of land, developmental and incidental expenses	59,889,356
279,601,689	Dwellings and Shops .. .. .	293,537,693
724,800	Holmesglen Housing Factory—Land and Buildings .. .. .	728,083
21,456,061	Properties acquired for Slum Reclamation .. .. .	21,350,134
493,608	Store-rooms, Offices, &c. .. .. .	560,905
882,780	Plant, Vehicles, Office Furniture and Equipment .. .. .	897,018
528,726	Concrete House Project .. .. .	330,999
400	Shares—31 Melrose Street Pty. Ltd. .. .. .	400
<u>357,507,077</u>		<u>377,294,588</u>
767,448	<i>Deposit and Trust Account—Cash at Bank and Securities</i> .. .. .	906,348
	<i>Intangibles—</i>	
211,429	Plans and Designs, &c. .. .. .	223,757
<u>590,685,545</u>	<b>Total</b> .. .. .	<u>623,913,007</u>
	<i>Current Liabilities—</i>	
1,746,045	Sundry Creditors .. .. .	2,095,002
	<i>Loans—</i>	
475,498,769	Government advances .. .. .	500,934,040
400,000	Debenture issues .. .. .	400,000
5,240,927	Death Benefit Fund advances .. .. .	5,127,670
<u>481,139,696</u>		<u>506,461,710</u>
	<i>Advances and Subsidies—</i>	
2,475,421	Subsidy from Loan for Slum Reclamation .. .. .	2,470,395
1,725,650	Subsidy from Municipalities .. .. .	1,725,650
84,316	Gift of Flats—City of Prahran .. .. .	84,316
4,372,247	Commonwealth Grant—Dwellings for Aged Pensioners .. .. .	5,850,247
<u>8,657,634</u>		<u>10,130,608</u>
	<i>Reserves and Sinking Funds, &amp;c.—</i>	
177,447	Interest Equalization Reserve .. .. .	256,002
100,000	Debenture Loans Redemption .. .. .	100,000
779,117	Cancelled Securities—National Debt Sinking Fund .. .. .	917,974
132,560	Debenture Loan Sinking Fund .. .. .	147,830
26,659,107	Loan Redemption—Commonwealth—State Agreements .. .. .	28,111,125
3,046,889	Accruing Maintenance Provision .. .. .	2,668,016
100,000	Irrecoverable Rents Provision .. .. .	100,000
28,792,393	Unrealized Profit Suspense Account—House Sales .. .. .	29,805,176
381,278	Unrealized Profit Suspense Accounts—Land and Shops .. .. .	209,380
9,338,804	House Purchasers' Death Benefit Fund .. .. .	10,280,991
6,658,319	Realized Profit Reserves .. .. .	6,566,710
13,122,714	Interest Receivable Reserve—House Purchasers .. .. .	14,379,757
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>91,993,628</u>		<u>96,247,961</u>
6,381,094	<i>Accumulated Surplus</i> .. .. .	8,071,378
	<i>Deposit and Trust Account—</i>	
767,448	Contractors' deposits and other trust moneys .. .. .	906,348
<u>590,685,545</u>	<b>Total</b> .. .. .	<u>623,913,007</u>

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

*Sundry Debtors*, \$3,071,334. Details are :—

	\$
Rental Arrears .. .. .	527,562
Tenants' Maintenance Arrears .. .. .	126,435
Works and Materials, &c., for other bodies and adjoining owners, &c. ..	1,044,294
Debtors on account of Shop and Land Sales (net) .. .. .	1,152,956
Revenue Accruals, Prepayments and Advances, &c. .. .. .	220,087
	<u>3,071,334</u>

*Investments*.—The book value of investments increased during the year from \$13,841,780 to \$21,125,008. Relevant details as at 30th June, 1973, are :—

	\$
Short-term Investments .. .. .	8,000,000
Interest-free advances—to other Public Authorities .. .. .	2,828,825
Loan to a Public Authority .. .. .	20,437
Investments—Sinking Fund .. .. .	147,830
Investments—Death Benefit Fund .. .. .	10,127,916
	<u>21,125,008</u>

*Concrete House Project*.—The amounts, \$528,726 as at 30th June, 1972, and \$330,999 as at 30th June, 1973, 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, 1972 .. .. .	..	528,726
<i>Deduct—</i>		
Increase in Current Liabilities .. .. .	31,746	
Decrease in Current Assets .. .. .	59,534	
Decrease in book value of Equipment, Plant, Tools, &c. ..	79,090	
Increase in provision for Long Service Leave .. .. .	27,357	197,727
Item—"Concrete House Project" as at 30th June, 1973 .. .. .	..	<u>330,999</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 1972-73 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 1971-72 and 1972-73 are :—

	1971-72.		1972-73.	
	\$	%	\$	%
Rates .. .. .	270,438	7·35	335,924	8·25
Interest .. .. .	962,903	5·33	1,073,174	5·41
Administration .. .. .	1,764,433	30·77	2,080,379	37·61
	<u>2,997,774</u>		<u>3,489,477</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 \$27,996,552 was made available to the Commission by the Treasurer of Victoria from the Works and Services Account of which \$26,250,000 was for housing generally and \$1,746,552 for slum reclamation. In addition \$2,019,495 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 \$578,121,575. At 30th June, 1973, the liability in respect of loans was \$506,461,710. Details are :—

	\$	\$
<i>State Housing.</i>		
From the Government of Victoria—Housing .. ..	54,135,332	
"    "    "    "    "    "    Slum Reclamation .. ..	25,724,357	
,,    Debenture issues of the Commission .. ..	1,040,000	
	<hr/>	
	80,899,689	
Government Loan transferred to the Commission .. ..	60,000	
	<hr/>	80,959,689
<i>Less</i> Securities purchased out of National Debt Sinking Fund and cancelled .. ..	1,617,909	
Debentures redeemed under Housing Act .. ..	640,000	
Repayments on Slum Reclamation .. ..	8,064,281	
	<hr/>	10,322,190
		<hr/>
		70,637,499
 <i>Commonwealth–State Housing Agreements.</i>		
Loan Advances received from the Commonwealth of Australia	492,034,216	
<i>Less</i> Repayments .. ..	61,337,675	
	<hr/>	430,696,541
 <i>House Purchasers' Death Benefit Fund.</i>		
Loan to Commission .. ..		5,127,670
		<hr/>
<i>Loan Liability as per Balance-sheet</i> .. ..		506,461,710
		<hr/>

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 1972–73, \$1,478,000 was advanced under the Commonwealth *States Grants (Dwellings for Aged Pensioners) Act* 1969 for the provision of self contained dwellings for eligible pensioners. To 30th June, 1973, \$6,363,665 had been spent on this project.

*Provision for Maintenance.*—As at 30th June, 1972, the balance of the Accruing Maintenance Provision was \$3,046,889. To this amount there was added in 1972–73 the sum of \$3,355,888 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the account in 1972–73 was \$3,734,761 leaving a balance at credit of the account at the close of the year of \$2,668,016.

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, 1972 .. .. .	..	28,792,393
<i>Add—</i>		
Transfer from General Revenue Account .. .. .	1,033,917	
Increase in profits from adjustment of capital costs of former years' sales .. .. .	216,543	
	<hr/>	1,250,460
		<hr/>
		30,042,853
<i>Less—</i>		
Sundry adjustments arising from cancellation of sales, reduction of sale prices, &c. .. .. .	..	237,677
Balance at credit 30th June, 1973 .. .. .	..	<hr/>
		29,805,176

*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, 1973, are summarized below :—

	\$	\$
Balance as at 1st July, 1972 .. .. .	..	9,338,804
<i>Add</i> Appropriation for year (section 109 Act No. 6275) ..	452,453	
Income from Investments .. .. .	581,017	
Premiums .. .. .	16,995	
	<hr/>	1,050,465
		<hr/>
		10,389,269
<i>Deduct</i> Payments on Account of Deceased Purchasers ..	89,935	
Administration Expenses .. .. .	18,343	
	<hr/>	108,278
Balance as at 30th June, 1973 .. .. .	..	<hr/>
		10,280,991

The sum of the investments of the Fund, \$10,127,916, includes an amount of \$5,127,670 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 \$21,125,008".

In respect of the advance of \$5,127,670, 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.

*Realized Profit Reserves, \$6,566,710.*—This balance comprises profit on land, \$6,418,303, and on shops \$148,407. During the year there was a reduction of \$56,678 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 \$34,931 being the net realized loss on shop sales during the year.

*Interest Receivable Reserve—House Purchasers, \$14,379,757.*—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, 1972 .. .. .	..	13,122,714
<i>Add—</i>		
Appropriation House Sales Trading Account .. .. .	743,266	
Interest received—Rental Revenue Account .. .. .	513,777	1,257,043
	<hr/>	<hr/>
Balance at credit 30th June, 1973 .. .. .	..	14,379,757

*Depreciation.*—No provision has been made out of revenue for depreciation of houses. The charge to 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, \$8,071,378.*—The variations in this account during the year are shown below :—

	\$	\$
Balance—1st July, 1972 .. .. .	..	6,381,094
<i>Add—</i>		
Amount written back to Revenue from Loan Redemption Reserve .. .. .	533,496	
Balance of Special Leases Reserve .. .. .	28,376	
Adjustment to Interest Equalisation Reserve for 1971–72 .. .. .	88,126	
Credit Balance, General Revenue Account .. .. .	1,109,152	1,759,150
	<hr/>	<hr/>
		8,140,244
<i>Less</i> Adjustment of Realized Profit of former years due to capital cost variations and cancellation of sales contracts, &c. .. .. .		68,866
		<hr/>
Balance—30th June, 1973 .. .. .	..	8,071,378

## 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 by the State to 30th June, 1973, amounted to \$18,906,323.

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

### DISPOSAL AREA REVENUE ACCOUNT.

1971-72. \$								1972-73. \$	\$
<i>Income—</i>									
3,512	Rental, Board Properties	..	..	..	..	..	..	5,493	
1,759	Sundry	..	..	..	..	..	..	1,535	
26,995	Profit—Cattle Trading Account	..	..	..	..	..	..	39,457	
42,776	Profit—Sheep Trading Account	..	..	..	..	..	..	90,060	
35,000	State Electricity Commission—Contribution to Pasture Depreciation							2,917	
110,042								139,462	
<i>Expenditure—</i>									
114,905	Farm Operation and Maintenance	..	..	..	..	..	..	127,034	
67,451	Interest on Loans and on Overdraft	..	..	..	..	..	..	67,424	
15,747	Administrative and Sundry Expenses	..	..	..	..	..	..	15,576	
3,039	Maintenance Farm Dwellings	..	..	..	..	..	..	3,981	
..	Provision for Depreciation	..	..	..	..	..	..	11,358	
201,142								225,373	
91,100	Deficit on Disposal Area Account transferred to General Revenue Account							85,911	

### GENERAL REVENUE ACCOUNT.

\$								\$	\$
<i>Income—</i>									
859,412	Water Charges	..	..	..	..	..	..	880,699	
407,027	Disposal Charges	..	..	..	..	..	..	409,594	
..	Recoups from Environment Protection Authority	..	..	..	..	..	..	148,972	
59,767	Other	..	..	..	..	..	..	96,639	
1,326,206								1,535,904	
<i>Expenditure—</i>									
421,314	Interest on Loans	..	..	..	..	..	..	419,913	
54,477	Depreciation	..	..	..	..	..	..	76,667	
277,783	Maintenance and Operation of Works	..	..	..	..	..	..	294,867	
289,343	Overhead Services	..	..	..	..	..	..	282,740	
..	Environment Protection	..	..	..	..	..	..	148,972	
17,500	Other Expenses	..	..	..	..	..	..	36,750	
1,060,417								1,259,909	
265,789	Surplus for year	..	..	..	..	..	..	275,995	
91,100	Deficit on Disposal Area Revenue Account	..	..	..	..	..	..	85,911	
174,689	<i>Net surplus for year</i>	..	..	..	..	..	..	190,084	

The Board's balances at 30th June, 1972 and 1973, are summarized hereunder :—

30.6.72.						30.6.73.	
\$						\$	\$
	<b>Current Assets—</b>						
14,599	Stores, Tools, &c.	..	..	..	..	13,634	
124,866	Livestock, Wool and Ensilage on Hand	..	..	..	..	121,397	
197,661	Debtors and Prepayments, &c.	..	..	..	..	253,078	
							388,109
1,964,196	Investments	..	..	..	..		2,418,822
	<b>Fixed Assets—</b>						
16,914,179	Works (including Works in Progress)	..	..	..	..	16,949,960	
267,634	Plant and Equipment	..	..	..	..	276,783	
491,413	Land, Buildings, Residences	..	..	..	..	491,413	
109,849	Office and Laboratory Equipment	..	..	..	..	109,849	
							17,828,005
17,783,075							
1,561,696	Less Depreciation	..	..	..	..	1,756,323	
							16,071,682
16,221,379							
	<b>Intangibles—</b>						
523,709	Interest on Works during Construction	..	..	..	..		523,709
							19,402,322
19,046,410							
	<b>Current Liabilities—</b>						
216,517	Bank Overdraft	..	..	..	..	436,435	
10,473	Sundry Creditors	..	..	..	..	3,779	
51,334	Long Service Leave Provision	..	..	..	..	62,242	
							502,456
	<b>Loan Liability—</b>						
17,041,931	State of Victoria	..	..	..	..	16,959,272	
96,250	Rural Finance and Settlement Commission	..	..	..	..	59,500	
							17,018,772
17,416,505							
	<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	
444,462	Appropriation for Plant Renewals, &c.	..	..	..	..	505,567	
875,987	Loans Redeemed Reserve	..	..	..	..	992,950	
136,000	Capital Facility Reserve	..	..	..	..	136,000	
12,000	Plantation Reserve	..	..	..	..	22,700	
1,455	Accumulated Surplus	..	..	..	..	63,876	
							1,881,094
19,046,410							19,402,322
							19,402,322

## 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 this 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 28th February, 1973, are compared hereunder with those for the previous year.

### INSURANCE ACCOUNT.

		1971-72.	1972-73.
		\$	\$
<i>Receipts.</i>			
Balance at Bank, 1st March .. .. .	.. .. .	1,883	1,579
Surrender Values .. .. .	.. .. .	1,634	1,127
Death Claims .. .. .	.. .. .	..	2,129
Matured Policies .. .. .	.. .. .	3,630	5,836
Other .. .. .	.. .. .	..	3
		7,147	10,674
<i>Payments.</i>			
Death Claims .. .. .	.. .. .	863	2,129
Matured Policies .. .. .	.. .. .	3,071	7,415
Surrender Values .. .. .	.. .. .	1,634	1,127
Balance at Bank at end of year .. .. .	.. .. .	1,579	3
		7,147	10,674

## PROVIDENT FUND.

							1971-72.	1972-73.
							\$	\$
<i>Receipts.</i>								
Balance at Bank, 1st March .. .. .	..	..	..	..	..	..	50,334	10,142
Contributions .. .. .	..	..	..	..	..	..	762,441	..
Interest on Investments .. .. .	..	..	..	..	..	..	207,704	178,354
Investments Redeemed.. .. .	..	..	..	..	..	..	654,873	558,552
							<u>1,675,352</u>	<u>747,048</u>
<i>Payments.</i>								
Death Claims .. .. .	..	..	..	..	..	..	41,013	19,680
Resignations and Retirements .. .. .	..	..	..	..	..	..	482,208	432,555
Additional Interest .. .. .	..	..	..	..	..	..	9,852	9,813
Refunds of Contributions .. .. .	..	..	..	..	..	..	7,802	..
Investments .. .. .	..	..	..	..	..	..	396,000	268,000
Transfer of Contributions to Benefit Contracts Account .. .. .	..	..	..	..	..	..	728,335	..
Balance at Bank at end of year .. .. .	..	..	..	..	..	..	10,142	17,000
							<u>1,675,352</u>	<u>747,048</u>

The position of the Fund at 29th February, 1972 and 28th February, 1973, was :—

							1972.	1973.
							\$	\$
Contributors' Credits .. .. .	..	..	..	..	..	..	3,044,230	2,747,558
Unallotted Interest .. .. .	..	..	..	..	..	..	244,308	240,392
Sundry Creditors .. .. .	..	..	..	..	..	..	7,635	18,026
							<u>3,296,173</u>	<u>3,005,976</u>
Represented by—								
Cash at Bank .. .. .	..	..	..	..	..	..	10,142	17,000
Investments .. .. .	..	..	..	..	..	..	3,214,421	2,924,116
Sundry Debtors .. .. .	..	..	..	..	..	..	2,363	2,362
Accrued Interest .. .. .	..	..	..	..	..	..	69,247	62,498
							<u>3,296,173</u>	<u>3,005,976</u>

## BENEFIT CONTRACTS ACCOUNT.

							1971-72.	1972-73.
							\$	\$
<i>Income.</i>								
Contract Premiums .. .. .	..	..	..	..	..	..	5,401,229	6,309,102
Interest on Investments .. .. .	..	..	..	..	..	..	1,750,691	2,148,683
							<u>7,151,920</u>	<u>8,457,785</u>
<i>Expenditure.</i>								
Death Benefits .. .. .	..	..	..	..	..	..	463,987	523,862
Withdrawal Benefits .. .. .	..	..	..	..	..	..	907,966	1,456,042
Retirement Benefits .. .. .	..	..	..	..	..	..	766,744	865,236
Contribution to Administration .. .. .	..	..	..	..	..	..	421,879	496,961
Other .. .. .	..	..	..	..	..	..	1,797	1,910
							<u>2,562,373</u>	<u>3,344,011</u>
Surplus .. .. .	..	..	..	..	..	..	<u>4,589,547</u>	<u>5,113,774</u>

As at 29th February, 1972, and 28th February, 1973, the funds of the Benefit Contracts Account amounted to \$29,392,507 and \$34,506,281 respectively, and were represented by—

	1972. \$	1973. \$
Investments .. .. .	29,234,472	34,572,182
Less Mortgage Reserve Account .. .. .	4,710	10,911
	<u>29,229,762</u>	<u>34,561,271</u>
Plus Excess of Other Assets over Current Liabilities .. .. .	162,745	..
Less Excess of Current Liabilities over Other Assets .. .. .	..	54,990
	<u>29,392,507</u>	<u>34,506,281</u>

#### DISABILITY FUND ACCOUNT.

The operations of the Account for the period 1st October, 1971, to 29th February, 1972, and for the year ended 28th February, 1973, are detailed hereunder :—

	<i>Income.</i>	
	1971-72. \$	1972-73. \$
Contributions .. .. .	349,399	940,019
Withdrawal Benefits .. .. .	4,125	274,685
Investment Income .. .. .	4,653	83,196
	<u>358,177</u>	<u>1,297,900</u>

	<i>Expenditure.</i>	
Contributions Refunded .. .. .	2,946	22,809
Benefits .. .. .	8,409	570,050
Contribution to Administration .. .. .	21,243	61,393
	<u>32,598</u>	<u>654,252</u>
Surplus .. .. .	325,579	643,648

As at 29th February, 1972, and 28th February, 1973, the funds of the Disability Fund Account amounted to \$325,579 and \$969,227 respectively, and were represented by :—

	1972. \$	1973. \$
Investments .. .. .	290,000	1,126,409
Plus Excess of Other Assets over Current Liabilities .. .. .	35,579	..
Less Excess of Current Liabilities over Other Assets .. .. .	..	157,182
	<u>325,579</u>	<u>969,227</u>

#### MANAGEMENT ACCOUNT.

	<i>Income.</i>	
	1971-72. \$	1972-73. \$
Interest on Investments .. .. .	5,483	4,852
Contribution to Administration—		
From Benefit Contracts Account .. .. .	421,879	496,961
From Disability Fund .. .. .	21,243	61,393
Rent .. .. .	13,686	9,764
Computer Bureau Fees .. .. .	178,188	273,284
	<u>640,479</u>	<u>846,254</u>



*Expenditure.*

	1971-72.	1972-73.
Board Members' Fees .. .. .	1,315	1,265
Salaries .. .. .	218,207	259,311
Hire of Computer and other Office Machines .. .. .	208,265	218,849
Other Administration Charges .. .. .	109,421	131,490
Rates, &c. .. .. .	8,576	10,568
Depreciation .. .. .	24,318	27,214
	<u>570,102</u>	<u>648,697</u>
Surplus .. .. .	<u>70,377</u>	<u>197,557</u>

As at 29th February, 1972 and 28th February, 1973, accumulated funds of the Management Account were :—

	1972. \$	1973. \$
Accumulated Funds .. .. .	646,767	816,908
Asset Replacement Reserve .. .. .	159,772	178,837
	<u>806,539</u>	<u>995,745</u>
Represented by—		
Investments .. .. .	58,018	55,875
Freehold Property .. .. .	581,990	571,900
Furniture, Equipment and Office Machines .. .. .	52,362	51,759
Motor Vehicles .. .. .	10,439	15,573
Prepayments, &c. .. .. .	3,074	5,730
	<u>705,883</u>	<u>700,837</u>
<i>Plus Excess of Current Assets over Current Liabilities</i> .. .. .	<u>100,656</u>	<u>294,908</u>
	<u>806,539</u>	<u>995,745</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.

The accounts of Boards constituted under the Act are subject to audit by the Auditor-General. Comments on and summaries of the accounts of four Boards, namely, the Chicory, Egg and Egg Pulp, Onion and Tobacco Leaf Marketing Boards follow.

With reference to the Oats Board, the proclamation of 23rd June, 1970, declaring oats to be a commodity for the purposes of the Marketing of Primary Products Act, was revoked with effect from 15th November, 1972. The affairs of the Board are currently in the hands of a liquidator, and are in the process of being wound up.

A new Board, the Citrus Fruit Marketing Board, was constituted on 19th June, 1973.

### *Chicory Marketing Board.*

Financial accounts in respect of the pool period ended on 31st March, 1973, are in course of audit. Details of the operations in this and the previous pool are :—

1971-72. tons.		1972-73. tons.
123	Total Chicory acquired .. .. .	126
\$		\$
29,232	Proceeds from sales .. .. .	19,445
..	Chicory Stock on hand .. .. .	10,613
<u>29,232</u>		<u>30,058</u>
	Applied to :—	
399	Freight and Cartage .. .. .	208
..	Storage .. .. .	152
1,021	Salaries .. .. .	1,330
168	Other Expenses .. .. .	823
26,065	Payments to Growers .. .. .	26,778
1,579	Proceeds held .. .. .	767
<u>29,232</u>		<u>30,058</u>

The Board's balances are summarized hereunder :—

31.3.72.		31.3.73.
	Assets—	
\$		\$
5,693	Cash at Bank .. .. .	1,484
5,000	Investments .. .. .	..
75	Stock on Hand .. .. .	11,003
2,118	Sundry Debtors .. .. .	1,487
395	Plant (at Cost less Depreciation) .. .. .	197
<u>13,281</u>		<u>14,171</u>
	Liabilities—	
423	Sundry Creditors .. .. .	573
10,312	Reserve Fund .. .. .	10,285
2,546	Pool Balance .. .. .	3,313
<u>13,281</u>		<u>14,171</u>

*Egg and Egg Pulp Marketing Board.*

This Board administers the marketing of eggs and egg products in Victoria. It operates grading floors in Melbourne and Ballarat in addition to a number of receiving and selling depots which are situated in both metropolitan and country areas. Grading and selling operations are also conducted on behalf of the Board by its authorized agents, producer agents and distributors. Pulp is manufactured by the Board in its factories in Melbourne and Bendigo.

Pursuant to the provisions of the *Poultry Levy (Collection Arrangement) Act* 1965, the Board is responsible for the collection of a hen levy on behalf of the Commonwealth. An amount of \$3,749,879 (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 1972-73 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 :—

1971-72.		1972-73.	
\$		\$	\$
21,509,441	Advances to Producers (Current production) .. ..	24,296,212	
2,124	Purchases of Eggs and Pulp from other sources .. ..	911	
<u>21,511,565</u>		<u>24,297,123</u>	
2,737,354	Less Producers' Contributions on Account of Local Marketing Charges .. ..	3,084,937	
<u>*18,774,211</u>	Net Advances to Producers .. ..	..	*21,212,186
Disposal of Eggs—			
16,472,067	Sold in Shell on Local Market .. ..	19,724,167	
68,131	Sold in Shell on Overseas Market .. ..	138,270	
†3,473,648	Converted to Egg Products and Sold .. ..	†3,292,264	
<u>20,013,846</u>		<u>23,154,701</u>	
Inc. 73,056	Increase or Decrease in Stock on Hand .. ..	Dec. 134,133	
<u>20,086,902</u>	Total Value of Disposals .. ..	<u>23,020,568</u>	
4,270,770	Add—Distribution from Poultry Industry Trust Fund ..	3,749,879	
<u>24,357,672</u>		<u>26,770,447</u>	
5,432,787	Less—Grading, Selling, Manufacturing and Administrative Costs .. ..	4,961,607	
<u>18,924,885</u>	Net Proceeds of Pool .. ..	..	21,808,840
150,674	Net Pool Surplus .. ..	..	596,654
<u>164,676</u>	Accumulated Surplus brought forward .. ..	248,289	
43,310	Add Adjustments not applicable to current Pool Account (Net)	23,375	
<u>207,986</u>		<u>271,664</u>	
110,371	Less Transfer to Reserve Fund .. ..	116,589	
<u>97,615</u>		..	155,075
<u>248,289</u>	Accumulated Surplus at close of Pool Period .. ..	..	<u>751,729</u>

\* Does not take account of amounts payable by producers in respect of the hen levy imposed by the Commonwealth.

† Subject to adjustment on final realization of export sales from Australian Egg Board.

The following is a statement of the Board's balances at 30th June, 1973. Comparative figures at the end of the preceding pool period are also given.

The Board's funds were—

1.7.72.		30.6.73.
\$		\$
898,681	Reserve Fund .. .. .	1,015,272
93,713	Capital Profit—Sales of Land .. .. .	93,494
468,131	Surplus Distribution 1947-48 (ex Commonwealth) .. .. .	468,131
	Accumulated Surplus—	
248,289	1971-72 .. .. .	751,729
..	1972-73 .. .. .	..
1,708,814		2,328,626

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

1.7.72.		30.6.73.
\$		\$
	Current Assets—	
5,775	Cash on Hand and at Bank .. .. .	385,653
143,570	Claim on Poultry Industry Trust Fund .. .. .	..
	Stock on Hand—	
578,986	Eggs and Egg Products at valuation .. .. .	444,853
121,553	Packing materials at cost .. .. .	135,790
38,163	Supplies at cost or valuation .. .. .	37,802
738,702		618,445
	Debtors—	
796,581	Trade .. .. .	719,998
*451,681	Australian Egg Board .. .. .	*276,997
161,554	Amount due under Contracts of Sale .. .. .	123,167
1,409,816		1,120,162
45,000	Less Provision for Doubtful Debts .. .. .	30,000
1,364,816		1,090,162
2,252,863		2,094,260
	Less Current Liabilities—	
617,205	Creditors .. .. .	656,046
780,482	Reserve Bank of Australia .. .. .	..
186,931	Department of Primary Industry (Hen Levy) .. .. .	64,952
..	Refund due to Poultry Industry Trust Fund .. .. .	30,630
121,013	Provision for Employees Long Service Leave, Annual Leave and Sick Pay .. .. .	103,895
1,705,631		855,523
547,232	Working Capital .. .. .	1,238,737
	Fixed Assets—(at cost less depreciation)	
124,942	Freehold Properties .. .. .	122,340
393,158	Leasehold Properties .. .. .	375,228
582,324	Plant and Equipment .. .. .	525,896
24,155	Motor Vehicles .. .. .	23,285
37,003	Office Machinery and Equipment .. .. .	43,140
1,161,582		1,089,889
1,708,814		2,328,626

\* 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 \$444,853 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 30th June, 1973, and has the effect of providing a reserve of \$100,000 not incorporated in the accounts.

*Onion Marketing Board.*

Final accounts in respect of the pool period that ended on 15th November, 1972, have been audited. Details of the operations in this and the previous pool are :—

	Pool.	
	1971.	1972.
	tons.	tons.
Total Onions acquired .. .. .	11,128	11,611
	\$	\$
Proceeds from sales .. .. .	796,498	772,599
Administration and marketing expenses .. .. .	110,649	122,861
Payments to growers .. .. .	676,207	665,820

The average return per ton to the growers was \$60.77 in 1971 and \$57.34 in 1972.

*Tobacco Leaf Marketing Board.*

For some years prior to 8th November, 1971, a manager performed the functions of the Tobacco Leaf Marketing Board. As from and including that date, the functions of the Board were performed by the then newly-elected Board members.

The accounts of the Board for the accounting period ended 31st March, 1972, were not available at the time of preparation of my last Supplementary Report.

A summary of the financial operations for that period and also for the period ended 31st March, 1973, is set out hereunder. The figures for 1972-73 are subject to completion of the audit.

1971-72.		1972-73.
\$		\$
15,577,136	Gross proceeds from sales of tobacco leaf .. .. .	15,141,527
<u>15,577,136</u>		<u>15,141,527</u>
	<i>Applied to :—</i>	
266,496	Broker's Commission .. .. .	256,861
60,829	Freight .. .. .	65,641
8,291	Rehandling Charges .. .. .	9,764
65,937	Commonwealth Tax Levy .. .. .	63,399
85,895	Insurance .. .. .	209,536
233,659	Marketing Board Charge .. .. .	227,124
1,644	Other Expenses .. .. .	363
954,867	Growers' Liens, Orders, &c. .. .. .	1,109,777
13,899,518	Net Proceeds to Growers .. .. .	13,199,062
<u>15,577,136</u>		<u>15,141,527</u>

The Board's charge of \$227,124 against the sales proceeds for 1972-73, together with other receipts amounting to \$47,220, was expended as shown hereunder. The comparable figures for 1971-72 are also shown.

1971-72.		1972-73.
\$		\$
36,720	Salaries .. .. .	43,542
12,263	Appraisers' fees and allowances .. .. .	12,057
4,048	Board Members—Allowances, Travel and Air Fares .. .. .	15,846
9,162	Travelling Expenses—other than for Board Members .. .. .	12,570
9,251	Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal .. .. .	8,565
6,339	Depreciation .. .. .	10,231
8,665	Industry Surveys .. .. .	12,515
47,701	General and Administrative Expenses .. .. .	46,252
108,121	Surplus .. .. .	112,766
<u>242,270</u>		<u>274,344</u>

The Board's balances are summarized hereunder :—

31.3.1972.		31.3.1973.
\$		\$
	<i>Assets—</i>	
52,909	Cash at Bank and on Hand .. .. .	30,323
20,000	Term Deposits .. .. .	..
5,373	Advances to Growers, &c. .. .. .	3,774
35,000	Advance Insurance Premium Payment .. .. .	25,000
7,591	Office Furniture and Equipment .. .. .	6,172
7,905	Motor Vehicles .. .. .	5,734
104,584	Land and Buildings .. .. .	105,358
409,951	1970, 1971 and 1972 Surplus Leaf—Processing Costs .. .. .	326,596
643,313		502,957
	<i>Liabilities—</i>	\$
42,120	Sundry Creditors .. .. .	25,965
51,224	Insurance Equalization .. .. .	64,257
250,000	Liability to Lending Institution .. .. .	..
8,367	Miscellaneous .. .. .	8,367
183,481	Growers' Funds brought forward .. .. .	291,602
108,121	<i>Add—</i> Surplus for year .. .. .	112,766
643,313		404,368
		502,957

**MELBOURNE AND METROPOLITAN BOARD OF WORKS.**

The audit of the books and accounts of the Board for the year ended 30th June, 1973, 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 :—

1971-72.						1972-73.		
\$						\$	\$	\$
<b>Rates and Charges—</b>								
26,933,761	Water Supply	..	..	..	..	30,959,582		
34,383,338	Sewerage	..	..	..	..	36,476,840		
6,157,040	Drainage and Rivers	..	..	..	..	6,311,305		
<u>67,474,139</u>						<u>73,747,727</u>		
<b>Farm—</b>								
227,108	Gross profit on cattle	..	..	..	..	588,597		
51,841	Gross profit on sheep	..	..	..	..	358		
3,769	Rent	..	..	..	..	1,976		
<i>Deficit</i> 87	Sundry Trading Operations	..	..	..	..	1,553		
<u>282,631</u>						<u>592,484</u>		
<u>67,756,770</u>	Gross Revenue	..	..	..	..	..	..	<u>74,340,211</u>
<b>Working Expenses—</b>								
7,894,271	Management	..	..	..	..	..	10,328,240	
12,835,014	Maintenance	..	..	..	..	..	15,080,768	
30,699,222	Interest (including overseas exchange)	..	..	..	..	..	36,977,606	
<u>51,428,507</u>						<u>62,386,614</u>		
<u>16,328,263</u>	Gross Surplus	..	..	..	..	..	..	<u>11,953,597</u>
<b>General Expenditure—</b>								
369,471	Loan Flotation Expenses	..	..	..	..	272,541		
272,355	Staff Retiring Gratuities	..	..	..	..	282,616		
2,732,849	Contributions to Superannuation Fund	..	..	..	..	871,186		
329,310	Depreciation—Furniture and Fittings, Works Temporarily Capitalized, &c.	..	..	..	..	341,380		
271,406	Pensions (cost of living allowances in superannuation payments)	..	..	..	..	..		
2,652	Provision for Statutory Expenditure	..	..	..	..	12,578		
<u>3,978,043</u>						<u>1,780,301</u>		
<b>Statutory Expenditure—</b>								
132,669	Fees for valuations	..	..	..	..	150,152		
59,037	Contributions to Municipalities	..	..	..	..	49,111	<u>199,263</u>	
<u>4,169,749</u>	Carried forward	..	..	..	..	..	<u>1,979,564</u>	<u>11,953,597</u>

1971-72.		1972-73.	
\$		\$	\$
4,169,749	Brought forward	.. .. .	1,979,564 11,953,597
Provisions and Transfers to Reserves—			
1,148,081	Renewals Fund	.. .. .	987,783
1,676,784	Sinking Fund	.. .. .	1,882,659
2,840,281	Loans Redeemed Reserve	.. .. .	3,616,380
5,000,000	General Reserve	.. .. .	5,000,000
<u>10,665,146</u>			<u>11,486,822</u>
14,834,895	Expenditure, &c. from Gross Surplus	.. .. .	13,466,386
..	Net Deficit	.. .. .	1,512,789
1,493,368	Net Surplus	.. .. .	..
..	<i>Add</i> —Transfer from Rates Equalization Fund—Metropolitan General Fund		1,512,789
1,493,368	<i>Less</i> —Transfer to Rates Equalization Fund—Metropolitan General Fund		..

For the past three years the Board has been providing increased contributions in order to fund in full its liabilities for superannuation. Advice received from the Actuary during 1972-73 showed that the Board had in previous years provided a total of \$1,386,461 in excess of the actuarial amount required to meet its liabilities. An adjustment of \$500,000 has been effected in the current year, whilst the remaining \$886,461 is subject to future adjustment.

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 amount allocated 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).
		\$	\$	\$	\$
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
1972-73	.. .. .	30,959,582	36,476,840	6,311,305	563,208,142

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 \$6,278,384 higher than the previous year. The percentage of revenue absorbed by interest rose to 50.14 as compared with 45.50 in 1971-72.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund, \$457,175 ; Sinking Funds, \$2,395,095 ; and Superannuation Fund, \$622,269.



The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1973, are shown hereunder :—

	Contributions from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1973.
	\$	\$	\$	\$
Sinking Funds.. .. .	1,906,853	2,395,095	4,301,948	52,203,845
Loans Redeemed Reserve .. ..	3,616,379	..	3,616,379	20,364,857
Renewals Fund .. .. .	987,783	457,175	1,444,958	24,482,738
Superannuation Fund .. .. .	926,794	622,269	1,549,063	12,769,337
	<u>7,437,809</u>	<u>3,474,539</u>	<u>10,912,348</u>	<u>109,820,777</u>

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of \$182,832,382 as at 30th June, 1973. Thus, the sum of the Board's Funds and Reserves as at that date was \$292,653,159. Of this sum, \$62,714,570 was invested and \$229,938,589 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 \$585,916,021 compared with \$568,049,861 in 1971-72.

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

1971-72.		1972-73.
\$		\$
8,682,227	Revenue—	
	Metropolitan Improvement Rate and Sundry Income .. ..	9,021,503
	Less Expenditure—	
1,719,753	Management .. .. .	1,644,222
899,787	Maintenance .. .. .	1,215,549
59,216	Interest .. .. .	64,809
24,194	Contribution to Sinking Fund—Metropolitan Improvement Fund	24,194
106,809	Proportion of Statutory and General Charges .. ..	95,097
100,000	Contribution to Highways and Bridges Maintenance Reserve	75,000
4,937,659	Compensation for Reserved Land and Acquisitions .. ..	4,440,510
4,251,649	Road and Foreshore Works .. .. .	1,451,548
..	Contribution to Melbourne Underground Rail Loop Authority	173,912
<u>12,099,067</u>		<u>9,184,841</u>
3,416,840	Net Deficit .. .. .	163,338
3,416,840	Add—Transfer from Rates Equalization Fund—Metropolitan Improvement Fund .. .. .	163,338
..		..

At 30th June, 1973, the credit balances in the accounts of the Board relating to its planning and highways functions were:—

	\$
Loan Liability—Loan 1477 .. .. .	800,000
Sinking Fund—Metropolitan Improvement Fund .. .. .	385,104
Assets Acquired Reserve—Metropolitan Improvement Fund .. .. .	65,040,281
General Reserve—Metropolitan Improvement Fund .. .. .	59,195,162
Rates Equalization Fund—Metropolitan Improvement Fund .. .. .	1,933,489
Maintenance Reserve—Highways and Bridges .. .. .	175,000
	<u>127,529,036</u>

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

Metropolitan Improvement Fund—		\$	\$
Cash at Bank .. .. .	.. .. .	117,682	
Less amount due to Metropolitan General Fund .. .. .	.. .. .	2,129,130	
		<u>          </u>	o/D 2,011,448
Securities—Short Term .. .. .	.. .. .		5,830,000
Arrears—Rates and Charges (estimate) .. .. .	.. .. .		261,445
Sundry Debtors—			
Land Sales .. .. .	.. .. .	1,784,534	
Rent .. .. .	.. .. .	68,614	
Accrued Interest .. .. .	.. .. .	16,366	
		<u>          </u>	1,869,514
Reserved Land—held temporarily under Section 57, Act No. 6849 .. .. .	.. .. .	25,757,351	
Compensation under Section 42, Act No. 6849 .. .. .	.. .. .	1,276,321	
		<u>          </u>	27,033,672
Planning, Highways and Foreshore Works—Capitalized Expenditure .. .. .	.. .. .		94,545,853
			<u>          </u>
			<u>127,529,036</u>

Included in the total of \$65,040,281 in Assets Acquired Reserve—Metropolitan Improvement Fund is an amount of \$51,174,237 which represents the contributions made by the Treasurer of Victoria from the Roads (Special Projects) Fund in connexion with expenditure by the Board on the following Special Projects :—

			To 30.6.72.	1972-73.	Total.
			\$	\$	\$
Special Project No. 1—St. Kilda Junction .. .. .	.. .. .	.. .. .	7,568,422	3,985	7,572,407
„ „ No. 3—South Eastern Freeway .. .. .	.. .. .	.. .. .	12,871,991	361,106	13,233,097
„ „ No. 4—Tullamarine Freeway .. .. .	.. .. .	.. .. .	13,807,357	71,482	13,878,839
„ „ No. 23—St. Kilda Road Underpass .. .. .	.. .. .	.. .. .	1,936,959	252,603	2,189,562
„ „ No. 24—Eastern Freeway—Section I .. .. .	.. .. .	.. .. .	8,593,002	4,516,303	13,109,305
„ „ No. 25—City Ring Road—Western Section .. .. .	.. .. .	.. .. .	274,334	507,011	781,345
„ „ No. 26—City Ring Road—Eastern Section .. .. .	.. .. .	.. .. .	303,072	..	303,072
„ „ No. 34—Median Guard—South Eastern Freeway .. .. .	.. .. .	.. .. .	106,610	..	106,610
			<u>45,461,747</u>	<u>5,712,490</u>	<u>51,174,237</u>

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 30.6.72.	1972-73.	Total.
			\$	\$	\$
Widening High Street, St. Kilda .. .. .	.. .. .	.. .. .	3,952,367	1,215,774	5,168,141
City Ring Road—Southern Section .. .. .	.. .. .	.. .. .	596,585	676,375	1,272,960
City Ring Road—Western Section .. .. .	.. .. .	.. .. .	..	761,879	761,879
Eastern Freeway—Section I. .. .. .	.. .. .	.. .. .	..	6,446,519	6,446,519
Eastern Freeway to Burke Road .. .. .	.. .. .	.. .. .	..	200,345	200,345
			<u>4,548,952</u>	<u>9,300,892</u>	<u>13,849,844</u>

*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 :—

1972.		1973.
\$	Current Assets—	\$      \$
920,470	Cash in Hand and at Bank .. .. .	732,020
53,905,000	Securities—Short Term .. .. .	47,630,000
3,425,628	Arrears of Rates and Charges .. .. .	4,723,429
2,323,292	Sundry Debtors .. .. .	4,779,228
3,456,612	Stores and Materials on Hand .. .. .	3,940,165
474,841	Livestock on Hand .. .. .	476,239
	Reserved Land—Metropolitan Improvement Fund—	
24,090,570	Acquired Land .. .. .	25,757,351
1,195,812	Compensation for loss on sales .. .. .	1,276,321
89,792,225		89,314,753
	Fixed Assets—	
76,157,420	Highways and Bridge Works .. .. .	92,406,496
1,925,970	Foreshore Works .. .. .	2,139,357
247,137,965	Water Supply Works .. .. .	283,656,946
329,648,921	Sewerage Works .. .. .	392,921,735
793,818	Sewerage House Connexions .. .. .	793,818
41,657,095	Main Drainage and River Improvement Works .. .. .	45,215,073
26,815,929	Buildings, Water Meters and other items .. .. .	33,144,815
724,137,118		850,278,240
23,251,361	Less Renewals Fund .. .. .	24,482,738
700,885,757		825,795,502
5,601,780	Plant and Tools .. .. .	6,802,068
2,139,232	Motor Vehicles .. .. .	2,360,187
585,236	Furniture and Fittings .. .. .	790,194
709,212,005		835,747,951
	Investments—	
14,603,000	External—Stock—Short Term Securities, &c. .. .. .	12,091,600
2,880,930	Internal—Stock—Melbourne and Metropolitan Board of Works .. .. .	2,999,170
17,483,930		15,090,770
816,488,160	Total Assets .. .. .	940,153,474

1972.		1973.
\$	Current Liabilities—	\$      \$
5,252,233	Loan Interest, Matured Debentures and Inscribed Stock ..	6,186,952
11,365,351	Sundry Creditors and Deposits .. ..	17,542,041
<u>16,617,584</u>		<u>23,728,993</u>
	 Deferred Liabilities—	
11,965,956	Superannuation Fund .. ..	12,769,337
1,401,466	Provision for Furlough .. ..	1,676,577
<u>13,367,422</u>		<u>14,445,914</u>
	 Loan Liability—	
30,848,786	Government of Victoria .. ..	49,253,478
538,406,486	Other .. ..	599,000,582
<u>569,255,272</u>		<u>648,254,060</u>
<u>599,240,278</u>	Total Liabilities .. ..	<u>686,428,967</u>
	 Excess of Assets over Liabilities, represented by—	
16,748,478	Loans Redeemed Reserve .. ..	20,364,857
47,558,173	Sinking Fund—Metropolitan General Fund .. ..	51,818,741
35,674,361	General Reserve—Metropolitan General Fund .. ..	42,150,243
<u>99,981,012</u>		<u>114,333,841</u>
692,652	Less Fixed Assets Retired .. ..	737,164
<u>99,288,360</u>		<u>113,596,677</u>
343,724	Sinking Fund—Metropolitan Improvement Fund .. ..	385,104
50,026,899	Assets Acquired Reserve—Metropolitan Improvement Fund .. ..	65,040,281
53,303,506	General Reserve—Metropolitan Improvement Fund .. ..	59,195,162
2,096,827	Rates Equalization Fund—Metropolitan Improvement Fund .. ..	1,933,489
2,580,105	Rates Equalization Fund—Metropolitan General Fund .. ..	1,067,316
366,000	Exchange Reserve .. ..	366,000
207,209	Deferred Maintenance Reserve .. ..	207,209
100,000	Highways and Bridges Maintenance Reserve .. ..	175,000
907,516	Insurance Account .. ..	779,884
242,628	Sewage Disposal Contributions Reserve .. ..	1,002,375
1,321,721	Water Supply Distribution Charges Reserve .. ..	1,899,365
892,938	Distributable Expense Variance Account .. ..	1,412,061
5,570,449	Special Reserve .. ..	6,664,584
<u>217,247,882</u>		<u>253,724,507</u>

The increase of \$6,475,882 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 .. ..	..	1,491,366
Contributions towards cost of works .. ..	..	602,123
Capital works financed from revenue (allocation) .. ..	..	5,000,000
National Debt Sinking Fund—Commonwealth Contribution .. ..	..	42,375
		<u>7,135,864</u>
<i>Less—</i>		
Transfer to Special Reserve .. ..	436,297	
Loss on sale of stores and plant .. ..	29,895	
Variance between standard prices of items purchased for stock and invoice prices .. ..	193,790	
		<u>659,982</u>
		<u>6,475,882</u>

Included in the total of excess of assets over liabilities is a Special Reserve amounting to \$6,664,584. This reserve has been established by transfers from General and other Reserves, profits on sales of property and interest, and the funds thereby provided have been applied towards the cost of the new Head Office building.

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, 1973, the Board's total liability in respect of such loans stood at \$598,200,582. 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 \$49,253,478 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 \$127,767,322. Major increases were :—

	\$
Reservoir and Conduit Construction, &c. .. .. .	21,738,725
Water Supply—extension large mains .. .. .	9,936,033
„ „ reticulation, water meters, &c. .. .. .	5,118,416
Construction and Amplification—sewage disposal, &c.—Farm .. .. .	707,063
Sewerage—extension mains, purification plants, &c. .. .. .	57,376,541
„ Pumping Stations .. .. .	4,470,208
Main Drains and River Improvements—extensions, &c. .. .. .	3,557,977
Metropolitan Main Highways .. .. .	16,249,077
New Head Office .. .. .	5,216,599

## MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1973, 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>	
		1971-72.	1972-73.
		\$	\$
Traffic Receipts—Tram .. .. .	.. .. .	18,843,773	19,636,387
” ” —Bus .. .. .	.. .. .	4,035,337	4,272,911
Miscellaneous Operating Receipts .. .. .	.. .. .	213,971	250,508
” Non-operating Receipts .. .. .	.. .. .	258,553	511,161
Received from the Drivers' Licence Suspense Account .. .. .	.. .. .	700,000	620,000
		<hr/>	<hr/>
Total Revenue .. .. .	.. .. .	24,051,634	25,290,967
		<hr/>	<hr/>
		<i>Expenditure.</i>	
Traffic Operation Costs —Tram .. .. .	.. .. .	9,582,851	11,223,586
” ” ” —Bus .. .. .	.. .. .	2,559,850	3,108,562
Maintenance of Permanent Way .. .. .	.. .. .	1,235,762	1,297,524
” ” Tramcars .. .. .	.. .. .	2,948,316	3,498,891
” ” Buses .. .. .	.. .. .	1,196,000	1,415,769
” ” Electrical Equipment .. .. .	.. .. .	744,153	841,692
” ” Buildings and Grounds .. .. .	.. .. .	323,726	402,598
Traction Energy Costs .. .. .	.. .. .	801,702	803,665
Fuel Oil (Buses) .. .. .	.. .. .	249,122	275,361
Bus Licence Fees and Road Tax .. .. .	.. .. .	20,926	21,569
General Administration and Stores Department Costs .. .. .	.. .. .	1,737,044	1,885,228
Workers Compensation Insurance .. .. .	.. .. .	543,094	649,151
Payroll Tax .. .. .	.. .. .	624,884	771,151
Interest on Capital Debt .. .. .	.. .. .	1,498,476	1,629,612
Depreciation and Amortization Provisions .. .. .	.. .. .	922,188	919,825
Charges for Accrued Sick Leave.. .. .	.. .. .	70,332	58,788
” ” Long Service Leave .. .. .	.. .. .	365,985	471,465
” ” Retiring Gratuities .. .. .	.. .. .	611,166	731,987
” ” Public Liability Claims .. .. .	.. .. .	297,372	325,152
Non-operating expenses .. .. .	.. .. .	100,071	106,167
		<hr/>	<hr/>
Total Expenditure .. .. .	.. .. .	26,433,020	30,437,743
		<hr/>	<hr/>
Result for year .. .. .	.. .. .	Deficit 2,381,386	Deficit 5,146,776
		<hr/>	<hr/>

The Board's balances as at 30th June, 1972 and 1973, are summarized hereunder :—

30.6.72.			30.6.73.
\$	Current Assets—		\$
98,974	Balances at Bank and Cash in Hand .. .. .	.. .. .	145,160
146,704	Sundry Debtors .. .. .	.. .. .	177,913
1,152,698	Stores on Hand and Work in Progress .. .. .	.. .. .	1,020,887
			<hr/>
1,398,376			1,343,960
			<hr/>
		Fixed Assets—	
19,024,551	Permanent Way, Overhead Construction, Transmission Lines..	.. .. .	19,466,138
10,613,558	Rolling Stock .. .. .	.. .. .	10,761,528
4,713,366	Land and Buildings .. .. .	.. .. .	4,811,019
3,399,672	Plant, Furniture, and Fittings, &c. .. .. .	.. .. .	3,554,212
			<hr/>
37,751,147			38,592,897
20,377,548	Less Provision for Depreciation .. .. .	.. .. .	21,093,297
			<hr/>
17,373,599			17,499,600
			<hr/>
18,771,975	Carried forward .. .. .	.. .. .	18,843,560

30.6.72.						30.6.73.	
\$						\$	
18,771,975		Brought forward	..	..	..	..	18,843,560
2,014,263	Intangible Assets	..	..	..	..	2,014,413	
1,500,147	Less Provision for Amortization	..	..	..	..	1,540,432	
514,116							473,981
1,621,753	Investments	..	..	..	..	..	1,621,753
20,907,844	Total Assets	..	..	..	..	..	20,939,294
Current Liabilities—							
391,417	Bank Overdraft	..	..	..	..	287,409	
966,480	Other	..	..	..	..	1,142,371	
1,357,897							1,429,780
Accrued Liabilities—							
354,924	Interest on Loans	..	..	..	..	391,094	
873,166	Other	..	..	..	..	1,090,099	
1,228,090							1,481,193
3,350,000	Special State Advance from Works and Services Account	..	..	..	..	..	7,205,000
26,821,965	Liability in respect of Loans from Banks, Superannuation Funds, etc.	..	..	..	..	..	27,620,205
32,757,952	Total Liabilities	..	..	..	..	..	37,736,178
The excess of Liabilities over Assets is represented by—							
10,794,192	The Accumulated Deficit brought forward	..	..	..	..	..	13,175,578
2,381,386	Plus—Deficit for year	..	..	..	..	..	5,146,776
13,175,578	Accumulated Deficit at 30th June	..	..	..	..	..	18,322,354
157,573	Less—Grants from Commonwealth of Australia for Tramlines constructed at its request	..	..	..	..	157,573	
967,897	Net Contributions towards Major Tramways Works constructed at the request of other Authorities	..	..	..	..	967,897	
200,000	Grant from Country Roads Board towards Tram Track Construction	..	..	..	..	400,000	
1,325,470							1,525,470
11,850,108							16,796,884

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 \$620,000 from the Drivers' Licence Suspense Account is the amount which was determined by the Treasurer as being payable in 1972–73 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 advances amounting to \$7,205,000 from the Works and Services Account indicate the amount of direct financial assistance given to the Board by the State during the last three years.

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:—

	30.6.72.	30.6.73.
	\$	\$
Provision for depreciation and amortization	20,260,349	21,013,086
Sinking Fund	1,617,346	*1,620,643
Total Provision	21,877,695	22,633,729

\* Of the investments of the Board amounting to \$1,621,753, as at 30th June, 1973, investments to the sum of \$1,620,643 were accepted as being held on behalf of the Sinking Fund.

## MELBOURNE HARBOR TRUST.

In the conduct of the audit of the accounts, 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 accounting year of the Trust has been changed from a calendar year to a financial year as from 1st January, 1973.

The Trust's Revenue Accounts for the year 1972 and the six months from January to June, 1973, are shown in the following summary :—

							1972.	1973.
							\$	January-June
							\$	\$
<i>Revenue.</i>								
Charges on Ships .. .. .	..	..	..	..	..	..	2,111,836	1,162,182
Charges on Goods .. .. .	..	..	..	..	..	..	8,408,486	4,908,466
Charges for Services—Cranes .. .. .	..	..	..	..	..	..	1,319,565	828,256
Charges for Services—Other .. .. .	..	..	..	..	..	..	827,296	402,207
Rents and Licence Fees from Lands .. .. .	..	..	..	..	..	..	2,492,091	1,316,761
Other Revenue.. .. .	..	..	..	..	..	..	318,343	159,063
Total Revenue .. .. .	..	..	..	..	..	..	<u>15,477,617</u>	<u>8,776,935</u>
<i>Expenditure and Provisions.</i>								
Payment to the Consolidated Fund .. .. .	..	..	..	..	..	..	1,486,169	425,630
Operating Expenses .. .. .	..	..	..	..	..	..	4,258,082	2,150,585
Maintenance .. .. .	..	..	..	..	..	..	3,198,679	1,473,068
Interest on Loans .. .. .	..	..	..	..	..	..	2,506,359	1,297,941
Other Expenses .. .. .	..	..	..	..	..	..	1,625,444	719,202
Provision for Depreciation .. .. .	..	..	..	..	..	..	2,745,325	1,844,744
Provision for Insurance .. .. .	..	..	..	..	..	..	121,772	85,213
Total Expenditure .. .. .	..	..	..	..	..	..	<u>15,941,830</u>	<u>7,996,383</u>
<i>Appropriations.</i>								
Sinking Fund .. .. .	..	..	..	..	..	..	..	600,000
Deficit (Surplus) for year .. .. .	..	..	..	..	..	..	<u>464,213</u>	<u>180,552</u>

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

							1972.	1973.
							\$	January-June
							\$	\$
Depreciation .. .. .	..	..	..	..	..	..	401,335	204,574
Insurance .. .. .	..	..	..	..	..	..	49,396	17,590
Periodical Maintenance .. .. .	..	..	..	..	..	..	10,000	5,000
Superannuation Pensions .. .. .	..	..	..	..	..	..	150,000	75,000
Service Grant Gratuities .. .. .	..	..	..	..	..	..	30,000	10,000
Long Service Leave .. .. .	..	..	..	..	..	..	50,000	25,000
							<u>690,731</u>	<u>337,164</u>



The following statement, based on the balance-sheet, analyses the sources of funds available to the Trust up to 30th June, 1973, and the application thereof, and includes relative figures at the end of the year 1972 :—

31.12.72.	<i>Source of Funds.</i>						30.6.73.
\$							\$
	<i>External—</i>						
45,644,349	Loan Liability	..	..	..	..	..	46,201,059
1,356,921	Sundry Creditors	..	..	..	..	..	1,560,275
542,572	Bank Overdraft	..	..	..	..	..	176,255
41,322	Trust Accounts	..	..	..	..	..	36,886
							47,974,475
	<i>Internal—</i>						
12,467,215	Capital Redemption Reserve	..	..	..	..	..	12,548,315
6,237,000	General Reserve	..	..	..	..	..	6,237,000
3,907,159	Insurance Provision	..	..	..	..	..	3,970,164
2,059,420	Superannuation Accounts	..	..	..	..	..	2,136,716
30,812,989	Provision for Depreciation	..	..	..	..	..	32,814,765
61,554	Provision for Periodical Maintenance	..	..	..	..	..	62,922
1,455,370	Provision for Pensions and Gratuities	..	..	..	..	..	1,533,495
450,000	Provision for Long Service Leave	..	..	..	..	..	475,000
2,032,604	Sinking Fund	..	..	..	..	..	2,604,712
9,180,153	Revenue Account Balance	..	..	..	..	..	9,360,705
							71,743,794
116,248,628							119,718,269

*Application of Funds.*

108,376,977	Works of Construction and Plant (at cost)	..	..	..	..	..	109,788,222
2,602,561	Investments (at cost) and Cash	..	..	..	..	..	4,262,444
	<i>Current Assets—</i>						
837,625	Sundry Debtors	..	..	..	..	..	1,166,444
343,972	Advances for Housing	..	..	..	..	..	376,431
954,351	Materials in Stock (at cost)	..	..	..	..	..	1,023,914
							2,566,789
1,059,216	General Reserve Fund Investments (at cost) and Cash	..	..	..	..	..	1,059,216
2,032,604	Sinking Fund Investments (at cost) and Cash	..	..	..	..	..	2,004,712
41,322	Cash Held in Trust Accounts	..	..	..	..	..	36,886
116,248,628							119,718,269

**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 operations 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, 1973, loan liability amounted to \$17,986,250 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 of \$2,000,000.

The Act requires that the Victorian Railways Board shall pay to the Authority in each financial year such amount as is determined by the Treasurer. In respect of 1972-73, the Treasurer determined that the amount to be so paid was \$899,022, and this sum was received during the year.

The legislation provides that the Treasurer shall determine the amounts required to be paid to the Authority each year for the purpose of defraying administrative costs and annual redemption payments.

The legislation also provides that the Melbourne and Metropolitan Board of Works and the City of Melbourne shall each pay annually to the Authority an amount equal to one-quarter of the administrative costs and annual redemption payments of the Authority. The two bodies each paid the sum of \$173,912, which sums were applied to the annual redemption payments.

The Act also requires the Treasurer to determine what proportion of the amount which he has determined shall be paid by the Victorian Railways Board—\$899,022 for 1972-73, as mentioned above—is to be applied towards administrative costs and annual redemption payments. In this connexion, the Treasurer determined that of the \$899,022, the amount of \$347,824 be applied by the Authority towards the annual redemption payments. He further determined that, in respect of administrative costs, no amount was required to be applied from the Railways Board's payment or paid by the Melbourne and Metropolitan Board of Works and the City of Melbourne. Administrative costs are being capitalized in the accounts of the Authority.

Interest earned on short term investments during 1972-73 was \$439,260. 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 1972-73 amounting to \$9,651,837 included payments for construction work, fees to the consulting engineers, and land acquisition expenses.

The financial position of the Authority as at 30th June, 1972, and 1973, is set out hereunder. Fixed assets in the financial statement are shown at cost.

1971-1972.		1972-73.
\$		\$            \$
	<b>Fixed Assets—</b>	
3,395,520	Loop Development .. .. .	10,634,118
..	Land Acquisition .. .. .	2,233,339
101,365	Plant .. .. .	252,565
29,754	Office Furniture, Fittings and Equipment ..	58,454
3,286	Motor Vehicle .. .. .	3,286
<u>3,529,925</u>		<u>13,181,762</u>
	<b>Current Assets—</b>	
293,354	Cash at Bank and on Hand .. .. .	131,076
3,305,000	Investments—Short Term .. .. .	6,857,637
39,150	Accrued Interest Receivable .. .. .	200,555
3,820	Prepayments .. .. .	99,729
75,626	Sundry Debtors .. .. .	2,705
<u>3,716,950</u>		<u>7,291,702</u>
	<b>Less Current Liabilities—</b>	
492,789	Sundry Creditors .. .. .	513,332
103,431	Accrued Interest Payable .. .. .	285,004
..	Contractors' Deposits .. .. .	24,243
..	Inscribed Stock Applications .. .. .	70,000
<u>596,220</u>		<u>892,579</u>
<u>3,120,730</u>		<u>6,399,123</u>
	<b>Investments—</b>	
500	Sinking Fund .. .. .	22,004
	<b>Intangibles—Capitalized Costs—</b>	
286,255	Administrative and Financial Expenses ..	1,090,871
<u>6,937,410</u>		<u>20,693,760</u>

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

\$		\$            \$
	<b>External—</b>	
5,498,750	Loans—Secured by Inscribed Stock .. .. .	17,986,250
	<b>Contributions—</b>	
	<b>Annual Redemption Payments—</b>	
40,000	Victorian Railways Board .. .. .	387,824
20,000	City of Melbourne .. .. .	193,912
20,000	Melbourne and Metropolitan Board of Works	193,912
<u>80,000</u>		<u>775,648</u>
	<b>Administrative Costs—</b>	
56,975	Victorian Railways Board .. .. .	56,975
	<b>Capital Works—</b>	
1,301,685	Victorian Railways Board .. .. .	1,852,883
	<b>Internal—</b>	
..	Sinking Fund Reserve .. .. .	22,004
<u>6,937,410</u>		<u>20,693,760</u>

## 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 1972-73 are subject to audit, shows receipts and disbursements for the past two years :—

	1971-72.		1972-73.	
	\$	\$	\$	\$
<i>Receipts.</i>				
Statutory Contributions—				
Fire Insurance Companies .. .. .	6,298,800		7,652,332	
Municipalities .. .. .	3,149,400		3,864,000	
Brokers and Owners .. .. .	169,862		124,788	
	9,618,062		11,641,120	
Patrol Services, Testing and Inspecting Appliances ..	793,600		883,505	
Sale of Materials, Property and Plant .. .. .	102,603		133,505	
Rents .. .. .	75,435		86,406	
Interest on Investments .. .. .	123,480		151,660	
Investments Matured .. .. .	51,000		800	
Miscellaneous .. .. .	97,826		25,491	
Balance carried forward to next year .. .. .	o/D 1,194,319		o/D 1,842,800	
	12,056,325		14,765,287	
<i>Disbursements.</i>				
Balance brought forward from previous year .. .. .	o/D 198,889		o/D 1,194,319	
Salaries, Wages and Maintenance, &c. .. .. .	9,831,046		11,008,466	
Superannuation Contributions and Staff Insurance Subsidies	700,352		785,098	
Purchases of Property, Plant and Equipment .. .. .	912,208		400,241	
Interest on Loans .. .. .	48,114		128,113	
Loan Repayments .. .. .	20,716		34,050	
Short Term Investments (Net) .. .. .	345,000		1,215,000	
	12,056,325		14,765,287	

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 provide the Board with a certificate to the Balance Sheet and related statements. The financial position of the Board as shown in these statements as at 30th June, 1972, and 1973, is set out in abridged form hereunder :—

30.6.72.		30.6.73.
\$		\$
	Source of Funds—	
	External—	
1,716,673	Loan Liability .. .. .	2,882,623
	Internal—	
5,506,101	Excess of Assets over Liabilities .. .. .	5,403,500
9,797,978	Funds .. .. .	11,975,543
8,917,698	Less invested on account of Superannuation and other Trust purposes .. .. .	10,789,347
880,280		1,186,196
6,386,381		6,589,696
8,103,054		9,472,319

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

30.6.72					30.6.73			
\$					\$	\$	\$	
	<b>Current Assets—</b>							
74,561	Sundry Debtors	..	..	..	..	70,866		
331,244	Stock on Hand	..	..	..	..	317,822		
1,270	Work in Progress	..	..	..	..	1,653		
<u>407,075</u>						<u>390,341</u>		
	<i>Less—</i>							
	<b>Current Liabilities—</b>							
81,784	Sundry Creditors	..	..	..	..	7,918		
1,194,319	Cash Balance Overdrawn (net)	..	..	..	..	1,842,800		
<u>1,276,103</u>						<u>1,850,718</u>		
869,028	<i>Dr.</i>							<i>Dr.</i> 1,460,377
<u>1,712,938</u>	Investments	..	..	..	..	..	..	2,927,438
	<b>Fixed Assets—</b>							
5,573,953	Land and Buildings	..	..	..	..	5,997,636		
508,235	Plant, Machinery and Equipment	..	..	..	..	497,485		
1,176,956	Rolling Stock	..	..	..	..	1,510,137		
						<u>8,005,258</u>		
<u>8,103,054</u>								<u>9,472,319</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 deficit of \$111,151 compared with a surplus of \$129,234 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 \$785,000 and the provisions for sinking fund and accruing long service leave, there was a deficit of \$215,168 on the year's operations. This compares with a surplus of \$30,885 in 1971-72. The deficit for 1972-73 was mainly due to the marked decline in revenue consequent upon the reduced volume of shipping using the harbor facilities during the year.

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

1971-72.		1972-73.	
\$		\$	\$
	Operating Revenue—		
323,358	Wharfage Rates .. .. .	285,498	
59,303	Tonnage Rates .. .. .	41,216	
4,903	Slipway Charges and Licences .. .. .	5,643	
287,196	Shipping Services .. .. .	227,088	
59,385	Rent .. .. .	58,130	
558,822	Handling Charges, &c.—Grain Terminal .. .. .	236,153	
33,334	Cool Store Operations .. .. .	32,045	
545	Other .. .. .	411	
1,326,846			886,184
	Operating Expenditure—		
165,065	Administrative .. .. .	183,292	
111,446	Maintenance .. .. .	133,344	
214,124	Shipping Services .. .. .	221,464	
297,912	Grain Terminal Expenses (including Depreciation) .. .. .	202,679	
13,565	Depreciation—Harbor Works, &c. .. .. .	11,635	
19,698	Cool Store Expenses .. .. .	24,796	
821,810			777,210
505,036	Operating Surplus .. .. .		108,974
	Non-operating Revenue—		
26,370	Interest .. .. .		12,394
531,406			121,368
	Non-operating Expenditure—		
1,020,512	Loan Interest .. .. .	1,055,174	
55	Loan Flotation Expenses, &c. .. .. .	47	
1,020,567			1,055,221
489,161	Excess of Expenditure over Revenue .. .. .		933,853
580,000	Contribution by State from the Consolidated Fund for maintenance of port facilities and for other purposes .. .. .		785,000
90,839			148,853
	Provisions—		
8,015	Long Service Leave .. .. .	13,251	
51,939	Sinking Fund .. .. .	53,064	
59,954			66,315
30,885	Surplus for year .. .. .		..
..	Deficit for year .. .. .		215,168

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, \$2,924,371, and National Debt Sinking Fund contributions, \$156,071.

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

30.6.72.		30.6.73.
\$		\$      \$
282,500	Current Liabilities .. .. .	275,203
	Deferred Liabilities—	
10,000	Treasury Advance .. .. .	10,000
21,174,672	Loan Funds .. .. .	21,728,065
6,771	Provision for Overburden Removal, Cape Grant Quarry ..	5,352
22,173	"    "    Plant Maintenance .. .. .	37
83,288	Other .. .. .	76,567
<u>21,296,904</u>		<u>21,820,021</u>
	Funds of the Trust—	
31,460	Endowments .. .. .	29,768
1,022,836	Sinking Fund .. .. .	1,139,534
474,328	Loans Redeemed Reserve .. .. .	560,935
<u>1,528,624</u>		<u>1,730,237</u>
13,494	Less—Accumulated Deficit .. .. .	315,268
<u>1,515,130</u>		<u>1,414,969</u>
<u>23,094,534</u>		<u>23,510,193</u>
	Current Assets—	
108,164	Cash .. .. .	22,597
131,918	Stores .. .. .	114,916
254,192	Other .. .. .	166,282
		<u>303,795</u>
2,076,565*	Investments .. .. .	2,024,080*
	Fixed Assets—	
25,339	Property Vested ( <i>less</i> Written Off) .. .. .	23,647
67,477	Other ( <i>less</i> Depreciation) .. .. .	66,423
18,099,417	Harbor Construction Works and Plant ( <i>less</i> Depreciation) ..	18,505,983
2,331,462	Grain Terminal Construction Works and Plant ( <i>less</i> Depreciation) .. .. .	2,586,265
		<u>21,182,318</u>
<u>23,094,534</u>		<u>23,510,193</u>

\* Includes investments on account of Sinking Fund.

Loan Funds at 30th June, 1973, comprised advances from the Treasurer, \$3,672,900, (including \$24,900 discount and expenses on loans) and \$18,055,165 raised by the Trust by the issue of Inscribed Stock and Debentures.

Deferred Liabilities do not include the amount of \$2,924,371, interest accrued on advances from the Treasurer.

Investments, \$2,024,080, 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, 1972, and 1973.

	30.6.72.	30.6.73.
	\$	\$
Estates—Mental Patients, Deceased Persons, Trusts and Agencies .. .. .	24,225,876	26,901,648
Moneys held in Trust for Minors .. .. .	2,113,362	2,305,936
Unclaimed Moneys .. .. .	1,983,228	2,278,683
Estates Guarantee and Reserve Account.. .. .	1,548,133	1,543,620
Maintenance Fund .. .. .	220,122	198,250
Interest Reserve .. .. .	200,000	225,000
Suspense—Amounts pending allocation or adjustment .. .. .	2,289	1,807
Building Depreciation Account .. .. .	..	4,690
	<u>30,293,010</u>	<u>33,459,634</u>

The Common Fund was invested as follows :—

	30.6.72.	30.6.73.
	\$	\$
Inscribed Stock .. .. .	6,558,300	6,568,300
Bank Deposit Stock .. .. .	1,800,000	3,000,000
Loans to Municipal and other Statutory Bodies .. .. .	4,032,890	3,955,067
Mortgages .. .. .	14,636,766	16,590,213
Loan to Co-operative Housing Society .. .. .	88,204	72,204
Cash at Bank and in Hand .. .. .	647,460	76,220
Land and Buildings .. .. .	2,529,390	3,197,630
	<u>30,293,010</u>	<u>33,459,634</u>

In addition to the funds held as the Common Fund, the Public Trustee had under his control at 30th June, 1973, estate investments in government and semi-government securities amounting to \$1,490,634 as well as other property, including land and buildings, to a substantial but, in the absence of ledger control, not readily ascertainable value.

The *Public Trustee (Amendment) Act 1971* empowered the Public Trustee to apply funds from the Common Fund, to a maximum of \$5,000,000, to purchase land and buildings for use by him in connection with his duties, powers or functions under the Public Trustee Act. To 30th June, 1973, a sum of \$3,197,630 had been so applied.

The Act requires the Public Trustee to establish a Building Operations Account and a Building Depreciation Account in respect of the investment in land and building. Gross rentals, \$382,647, including \$221,243 transferred from the Estates Guarantee and Reserve Account pursuant to sub-section 6 (c) of Section 56A of the Act, were credited to the Building Operations Account for the year. After debiting operating expenses of \$23,968 in respect of the land and building at 168 Exhibition Street, Melbourne, and paying \$4,690 into the Building Depreciation Account, the balance of \$353,989 was transferred to the Interest Suspense Account, in terms of sub-section 8 of Section 56A of the Act.

Interest received from the investment of moneys forming part of the Common Fund is required by the Act to be paid into the 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 1971-72 and 1972-73 were :—

1971-72.	INTEREST SUSPENSE ACCOUNT.						1972-73.	
\$						\$	\$	
2,016,255	Income from investments	..	..	..	..	2,225,886		
..	Transfer from Building Operations Account	..	..	..	..	353,989		
<u>2,016,255</u>							<u>2,579,875</u>	
	Appropriations—							
1,289,910	Interest allocated to estates	..	..	..	..	1,567,807		
200,000	Provision for interest payable to estates	..	..	..	..	225,000		
10,000	Estates Guarantee and Reserve Account	..	..	..	..	96,327		
516,345	Consolidated Fund	..	..	..	..	690,741		
<u>2,016,255</u>							<u>2,579,875</u>	

ESTATES GUARANTEE AND RESERVE ACCOUNT.

1,434,309	Balance at 1st July	..	..	..	..	..	1,548,133
103,874	Interest credited on balance	..	..	..	..	..	120,772
10,000	Transfer from Interest Suspense Account	..	..	..	..	..	96,327
<u>1,548,183</u>							<u>1,765,232</u>
50	Less Legal costs and other expenses	..	..	..	..	369	
..	Transfer to Building Operations Account	..	..	..	..	221,243	
							<u>221,612</u>
<u>1,548,133</u>	Balance at 30th June	..	..	..	..	..	<u>1,543,620</u>

The Public Trustee deemed it necessary in 1972-73 to supplement the funds available in the Reserve Account by an allocation of \$96,327 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 \$245,513 compared with a surplus of \$173,891 in the preceding year. Particulars are :—

1971-72.							1972-73.	
\$						\$	\$	
	<i>Receipts—</i>							
617,912	Fees and Commission	..	..	..	..	743,209		
516,345	Surplus—Interest Suspense Account	..	..	..	..	690,741		
<u>1,134,257</u>							<u>1,433,950</u>	
	<i>Less Payments—</i>							
852,117	Salaries, pay in lieu of long service leave, overtime and payroll tax	..	..	..	..	971,124		
2,574	Publicity	..	..	..	..	2,419		
70,586	Rent	..	..	..	..	177,739		
35,089	Other Expenses (net)	..	..	..	..	37,155		
<u>960,366</u>							<u>1,188,437</u>	
<u>173,891</u>	Surplus for the year	..	..	..	..	..	<u>245,513</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 from all sources during the last three years were :—

—	1970-71.	1971-72.	1972-73.
	\$	\$	\$
Fees and Commission . . . . .	506,192	617,912	743,209
Probate Duty . . . . .	1,017,237	661,274	706,417
Surplus from Interest Suspense Account . . . . .	554,089	516,345	690,741
Maintenance—Patients in Mental Hospitals . . . . .	116,047	57,814	70,266
Stationery, Postages recouped . . . . .	22,360	20,440	22,480
Sundry Receipts . . . . .	25,995	26,171	23,157
	2,241,920	1,899,956	2,256,270

At 30th June, 1973, the Public Trustee held, as part of the Common Fund, moneys unclaimed for a period of at least six years amounting to \$726,126. However, if legislative amendments embodied in the *Unclaimed Moneys Act 1973* come into effect such moneys will, in future, be channelled into the Public Account.

A review by officers of the Organization 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 \$3,647,975. At the close of the year, \$29,209,072 was held by borrowers of which \$24,616,149 was held in respect of primary industries and \$4,592,923 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 1972-73.

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 \$7,229.

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, 1972 ..	7,010,182	
Repayments of advances, 1st July, 1972, to 30th June, 1973 ..	35,026	
	—————	7,045,208†
		11,829,208
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1973 .. .. .	7,285,577	
Amount transferred to Rural Reconstruction Scheme 1971 ..	4,541,566	
	—————	11,827,143
Unexpended balance 30th June, 1973 .. .. .	.. .. .	2,065

\* 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, 1973, 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 :—

1972. \$	INCOME.	1973. \$	\$
2,015,265	Interest .. .. .	1,894,355	
42,926	Application and Legal Fees .. .. .	54,237	
<hr/>		<hr/>	
2,058,191			1,948,592
	EXPENDITURE AND PROVISIONS.		
308,861	Administration .. .. .	351,712	
1,405,628	Interest on Loan Indebtedness .. .. .	1,496,728	
100,221	Interest on Redeemed Securities .. .. .	109,901	
5,013	Provision for Long Service Leave .. .. .	6,449	
72,814	Provision for Superannuation .. .. .	85,906	
<hr/>		<hr/>	
1,892,537			2,050,696
<hr/>			
..	Operating Loss for Year .. .. .	..	102,104
165,654	Operating Profit for Year .. .. .	..	..
	<i>Add—</i>		
139,961	Interest on Investments .. .. .	..	214,875
6,434	Surplus on Sale of Residences, &c. .. .. .	..	..
<hr/>		<hr/>	
312,049			112,771
<hr/>		<hr/>	
	<i>Less—</i>		
70,698	National Debt Sinking Fund—Contribution .. .. .	70,698	
6,490	Discounts and Expenses on Loans .. .. .	4,809	
81,650	Provision for Doubtful Debts .. .. .	17,982	
<hr/>		<hr/>	
158,838			93,489
<hr/>		<hr/>	
153,211	Balance Transferred to Profit and Loss Appropriation Account .. .. .	..	19,282
<hr/>		<hr/>	

At 30th June, 1972 and 1973, funds available to the Commission were :—

30.6.72. \$		30.6.73. \$	\$
27,664,663	Loan Funds— Loan Liability—Treasurer of Victoria (net) .. .. .	..	28,187,706
5,159	Other Funds— Advances <i>Farmers Debts Adjustment Act</i> 1943—Treasurer of Victoria .. .. .	..	4,728
196,239*	Funds provided by Grant under Commonwealth's <i>Loan (Farmers' Debt Adjustment) Act</i> 1935 .. .. .	..	140,118*
19,404	Interest on Mortgages prior to 26th April, 1950 .. .. .	..	19,404
<hr/>		<hr/>	
261,720	Trust Account—Amounts in suspense .. .. .	..	164,250
30,540	Sundry Creditors .. .. .	..	236,829
2,476,663	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	..	34,671
85,033	Provision for Long Service Leave .. .. .	..	2,727,315
1,514,998	Provision for Superannuation .. .. .	..	100,039
548,689	Provision for Doubtful Debts .. .. .	..	1,740,310
1,630,000	Loan Equalization Account .. .. .	..	548,689
946,474	General Reserve .. .. .	..	1,630,000
933,093	Profit and Loss Appropriation Account .. .. .	..	1,012,006
<hr/>		<hr/>	
36,312,675			286,039
<hr/>		<hr/>	
			36,667,854

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

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

30.6.72.		30.6.73.
\$		\$            \$
Loans and Advances—		
30,924,142	Loans under Part III.— <i>Rural Finance Act</i> 1958 .. .. .	29,222,560
197,643	Advances under <i>Farmers Debts Adjustment Act</i> 1935, and Part IV.— <i>Rural Finance Act</i> 1958 .. .. .	162,185
25,873	Contracts of Sale .. .. .	24,326
		<hr/>
		29,409,071
845,391	Interest Due and Accrued .. .. .	775,987
484,866	Amount Due for Administration—Other Commission Functions ..	192,817
Cash at Treasury, &c.—		
23,159	Rural Rehabilitation Fund .. .. .	2,065
34,423	National Debt Sinking Fund .. .. .	15,076
		<hr/>
		17,141
Fixed Assets—		
75,745	Furniture and Office Equipment <i>less</i> Depreciation ..	75,090
45,369	Motor Cars <i>less</i> Depreciation .. .. .	46,656
92,314	Residences and Offices .. .. .	87,103
		<hr/>
		208,849
2,764	Charges paid in Advance .. .. .	4,694
Cash—		
35,024	At Bank and in hand .. .. .	65,193
1,023,917	At call .. .. .	3,208,707
		<hr/>
		3,273,900
2,502,045	Investment Pool (at cost) on account of Provisions and General Reserve .. .. .	2,785,395
<hr/>		<hr/>
36,312,675		36,667,854
<hr/>		<hr/>

#### *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, 1972 .. .. .		1,093,855
Principal repayments .. .. .		1,127,410
Interest .. .. .		93,673
		<hr/>
		2,314,938
Payments—		
Repayments re-advanced .. .. .		83,518
Administration costs .. .. .		67,955
Repaid to Commonwealth .. .. .		725,311
Treasurer of Victoria—Instalments of Principal and Interest .. .. .		20
Balance—30th June, 1973 .. .. .		1,438,134
		<hr/>
		2,314,938
		<hr/>

*Marginal Dairy Farms Reconstruction Scheme.*—A sum of \$90,000 was provided in 1972–73 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*. The total advances provided by the Commonwealth to 30th June, 1973, amounted to \$375,000.

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—	\$
Balance—1st July, 1972 .. .. .	43,476
Commonwealth .. .. .	90,000
Deposits and Principal Repayments .. .. .	31,050
Interest received .. .. .	15,553
	180,079
Payments—	
Marginal Dairy Farms Purchases .. .. .	123,076
Balance—30th June, 1973 .. .. .	57,003
	180,079

*Rural Reconstruction Scheme 1971.*—During the year a further sum of \$13,570,000 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.

In addition, a sum of \$100,000 was made available in 1972–73 under this scheme for assistance specifically to the fruit growing industry in accordance with the provisions of the Commonwealth's *States Grants (Fruit-Growing Reconstruction) Act 1972*. The purpose of this aspect of the scheme is to provide compensation to farmers obliged to abandon fruit growing because their farms are not economic units.

Receipts and payments during the year were :—

Receipts—	\$
Balance—1st July, 1972 .. .. .	1,335,026
Commonwealth Grants—Rural Reconstruction .. .. .	13,570,000
Fruit Growers Compensation .. .. .	100,000
Transfer from Rural Rehabilitation Fund .. .. .	56,120
Principal Repayments and Deposits .. .. .	1,294,283
Interest received .. .. .	629,169
	16,984,598
Payments—	
Fruit Growers Compensation .. .. .	90,005
Debt reconstruction loans .. .. .	9,083,932
Farm build-up loans .. .. .	5,908,720
Farm purchases .. .. .	58,436
Rural rehabilitation loans .. .. .	28,050
Interest to Commonwealth .. .. .	358,305
Investments .. .. .	132,024
Balance—30th June, 1973 .. .. .	1,325,126
	16,984,598

*Other Agency Operations—*

	\$	\$
<i>Receipts—</i>		
Treasurer of Victoria—		
Works and Services Account .. .. .	.. .. .	2,880,570
<i>Borrowers—</i>		
Repayments of Principal .. .. .	503,008	
Interest on Advances .. .. .	560,602	
	<hr/>	1,063,610
Sale of Agency Property .. .. .	.. .. .	35,955
		<hr/>
		3,980,135
<i>Less Payments—</i>		
Balance—1st July, 1972 .. .. .	3,919	
Primary Industry .. .. .	1,228,852	
Secondary Industry .. .. .	1,415,070	
Treasurer of Victoria—Instalments of Principal and Interest	633,250	
Interest from S.P.C. .. .. .	466,315	
Freight Subsidies .. .. .	231,885	
	<hr/>	3,979,291
Balance—30th June, 1973 .. .. .	.. .. .	<hr/>
		844

**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, 1973, a sum of \$131,260,991 has been allocated for soldier settlement. Of this sum, \$116,863,585 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, 1973, was \$35,455,244.

With the exception of \$1,801,283 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 1972–73, \$3,757,203 was so credited, bringing the total repayments to 30th June, 1973, to \$71,162,048.

Principal assets of the Commission at 30th June, 1973, were :—

	\$
Land and Improvements held by settlers under purchase lease .. .. .	28,288,410
Advances to finance single unit farms .. .. .	5,723,354
Advances to effect improvements and for purchase of stock, &c. .. .. .	10,435
Unpaid balances under Contracts of Sale .. .. .	108,510

In respect of Soldier Settlement, the Commission's Profit and Loss account for 1972–73 shows :—

	\$	\$
<i>Expenditure—</i>		
Interest .. .. .	2,497,959	
Less Interest transferred and borne by the State .. .. .	973,719	
	<hr/>	
	1,524,240	
Administrative Costs .. .. .	203,178	
Provision for Long Service Leave .. .. .	3,752	
Provision for Superannuation .. .. .	48,962	
	<hr/>	1,780,132
<i>Income—</i>		
Interest earned .. .. .	793,610	
Rents, Fees and Sundries .. .. .	807	
	<hr/>	794,417
Deficit for 1972–73 .. .. .	.. .. .	<hr/>
		985,715

The total accumulated deficit to 30th June, 1973, amounted to \$27,136,120. 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, 1973, have been calculated by the Commission to be \$28,307,358.

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 \$33,131,527 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, 1973, was \$23,475,138—a reduction of \$9,656,389, made up as hereunder :—

	To 30.6.72.	1972-73.	Total.
	\$	\$	\$
Settlers' repayments to the Consolidated Fund .. .. .	5,150,770	722,892	5,873,662
Borne by the State pursuant to Section 41 .. .. .	3,782,727	..	3,782,727
	<u>8,933,497</u>	<u>722,892</u>	<u>9,656,389</u>

Assets of the Commission at 30th June, 1973, were :—

	\$	\$
Estates purchased and developed not yet disposed of .. .. .	..	8,183,093
Unpaid balances under Contracts of Sale .. .. .	..	244,857
Land and improvements held under Purchase Lease—Division 4 .. .. .	..	15,461,793
Advances to Settlers—Division 6 .. .. .	..	32,388
Land and Improvements under mortgage—Division 4 .. .. .	..	618,936
Capital Expenses not allocated to Estates .. .. .	..	120,507
Other assets—		
Buildings and working plant at cost <i>less</i> depreciation .. .. .	..	153,665
Plant, materials and services not yet allocated .. .. .	..	416,413
		<u>570,078</u>
		<u>25,231,652</u>

The Profit and Loss Account for the year ended 30th June, 1973, excluding livestock transactions, shows :—

	\$	\$
<i>Expenditure—</i>		
Interest and Loan-raising Expenses .. .. .	..	1,477,546
<i>Less</i> Interest Capitalized .. .. .	..	192,408
,, Interest transferred and borne by the State under Section 41 .. .. .	..	206,169
		<u>398,577</u>
		1,078,969
Administrative Costs .. .. .	..	145,665
Provision for Long Service Leave .. .. .	..	3,032
Provision for Superannuation .. .. .	..	19,148
Shire Rates .. .. .	..	19,800
		<u>1,266,614</u>
<i>Income—</i>		
Interest earned, agistment, &c. .. .. .	..	673,304
<i>Deficit</i> .. .. .	..	<u>593,310</u>



The accumulated deficit to 30th June, 1973, before taking into account profits from livestock trading, amounted to \$4,615,256. 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 \$106,046 (1972, \$368,550), thereby increasing the accumulated profit from this activity to \$1,273,487 at 30th June, 1973.

#### 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, 1972 .. .. .	1,176,676	
Less—Transfer of surplus to Rural Finance and Settlement Fund ..	176,676	
	<hr/>	
Premiums Raised 1972–73 .. .. .	244,814	1,000,000
Interest on Investments .. .. .	72,833	
	<hr/>	317,647
Gross Income .. .. .	..	<hr/> 1,317,647
<i>Expenditure—</i>		
Current Claims admitted—1972–73 .. .. .	75,120	
Administration Expenses .. .. .	35,886	
Statutory contribution to Country Fire Authority .. .. .	41,679	
	<hr/>	
Total Expenditure .. .. .	..	152,685
Balance at 30th June, 1973 .. .. .	..	<hr/> 1,164,962

The transfer of \$176,676 to the Rural Finance and Settlement Fund from the balance brought forward at 1st July, 1972, 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, I certified was the surplus in the Fund at the close of business on 30th June, 1972.

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

	\$	\$
Investments—Inscribed Stock, &c. held in Common Pool .. .. .	1,156,789	
Accrued Interest .. .. .	21,522	
Arrears of Premium .. .. .	20,204	
Cash at Bank .. .. .	6,287	
	<hr/>	
		1,204,802
<i>Less—</i>		
Claims Admitted but not Paid .. .. .	34,065	
Provision for Stamp Duty .. .. .	5,775	
	<hr/>	
		39,840
Balance at 30th June, 1973 .. .. .	..	<hr/> 1,164,962

## STATE ACCIDENT INSURANCE OFFICE.

As mentioned in my Report on the Treasurer's Accounts, the time of receipt of the accounts of this Office prevented their inclusion in that Report.

The financial transactions of the Office are conducted through the State Accident Insurance Fund.

Operations of the Office for the year resulted in a net profit of \$1,220,540. This profit has yet to be appropriated, as at 30th June, 1973, in terms of Section 68 of the *Workers Compensation Act 1958*.

Comparative analyses of Income and Expenditure and relevant details of the Appropriation Account for the past three years are furnished below :—

## INCOME AND EXPENDITURE.

	1970-71.	1971-72.	1972-73.
Income—	\$	\$	\$
Premiums Earned .. .. .	11,659,351	12,922,493	16,466,603
Interest .. .. .	816,413	858,727	1,180,290
Rents (Net) .. .. .	208,860	249,174	314,194
	12,684,624	14,030,394	17,961,087
Expenditure—			
Claims .. .. .	8,747,640	9,791,938	15,851,523
Management .. .. .	529,915	672,303	596,675
Agents' Commission .. .. .	245,517	215,243	292,304
Loss—Sale of Property .. .. .	1,039	77	45
	9,524,111	10,679,561	16,740,547
Net Profit .. .. .	3,160,513	3,350,833	1,220,540
	%	%	%
Loss ratio to earned premium income .. .. .	75.0	75.8	96.3

## APPROPRIATION ACCOUNT.

	1970-71.	1971-72.	1972-73.
	\$	\$	\$
Net Profit .. .. .	3,160,513	3,350,833	1,220,540
Adjustment of Licence Fees in Advance for previous years .. .. .	98,321	..	..
	3,258,834	3,350,833	1,220,540
Appropriations—			
Bonus Equalization Reserve .. .. .	1,408,834	1,800,833	Yet to be determined.
General Reserve .. .. .	300,000	550,000	
Consolidated Fund .. .. .	1,550,000	1,000,000	
	3,258,834	3,350,833	1,220,540

Premiums in respect of policies issued to government and semi-government bodies are treated in the accounts as fully earned irrespective of time of receipt. Other premiums due are apportioned between earned and unearned on a time basis related to the period of cover.

An amendment to the *Workers Compensation Act 1958*, under the terms of the *Workers Compensation Act 1973*, has had the effect of providing that increases in the rates of compensation operative from 9th May, 1972 are to apply to all payments of compensation made on or after 6th March, 1973, irrespective of the date of injury or disease. Accordingly, the estimate of the amount of unpaid and unsettled claims at 30th June, 1973, needed to be increased substantially. This increase is reflected in the Income and Expenditure Account by the sharp rise in the figure for incurred claims and in the adverse effect of this rise on the year's profit result. The increased expenditure was, however, offset to some extent by higher premium income generally and by an amount of \$2,385,304 on account of accrued premium arising out of a re-assessment of current and past years' premiums in respect of the State Electricity Commission.

The amounts shown as incurred claims for the past three financial years were determined as follows :—

	1970-71.	1971-72.	1972-73.
	\$	\$	\$
Claims paid during the year .. .. .	7,045,636	8,306,875	10,205,476
Add Claims unpaid as at close of year .. .. .	16,540,197	18,025,260	23,671,307
	<u>23,585,833</u>	<u>26,332,135</u>	<u>33,876,783</u>
Less Claims unpaid brought forward from previous year ..	14,838,193	16,540,197	18,025,260
Incurred claims .. .. .	<u>8,747,640</u>	<u>9,791,938</u>	<u>15,851,523</u>

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

30.6.72	<i>Assets.</i>		30.6.73.
\$	Current—	\$	\$
18,200,895	Cash at Treasury .. .. .	5,168,748	
2,002,006	Sundry Debtors, <i>less</i> Bad Debts Provision .. .. .	4,013,068	
		<u>9,181,816</u>	
7,659,140	Inscribed Stock and Debentures .. .. .		23,861,248
242,083	Balance due <i>re</i> sale of Property—412 Collins-street, Melbourne .. .. .		217,875
	Fixed—		
123,765	Furniture, Office Machines, and Cars— <i>less</i> Depreciation .. .. .	127,330	
4,838,631	Property (at cost <i>less</i> Building Depreciation Provision)— Offices—480-490 Collins-street, Melbourne .. .. .	4,867,667	
		<u>4,994,997</u>	
<u>33,066,520</u>			<u>38,255,936</u>
	<i>Liabilities and Funds.</i>		
	Current—		
1,030,363	Unearned Premiums .. .. .	1,305,233	
18,025,260	Claims Outstanding .. .. .	23,671,307	
50,016	Sundry Creditors .. .. .	684,700	
1,000,000	Provision for Contribution to Consolidated Fund .. .. .	...	
204,596	Provision for Reinsurance Premiums .. .. .	179,263	
		<u>25,840,503</u>	
	Deferred—		
3,031,264	Bonus Equalization Reserve .. .. .	1,396,872	
125,021	Building Maintenance Provision .. .. .	198,021	
		<u>1,594,893</u>	
	Funds—		
9,570,000	General Reserve .. .. .	9,570,000	
30,000	Building Improvement Reserve .. .. .	30,000	
..	Appropriation Account .. .. .	1,220,540*	
		<u>10,820,540</u>	
<u>33,066,520</u>			<u>38,255,936</u>

\* Yet to be dealt with in accordance with Section 68 of the *Workers Compensation Act* 1958.

Outstanding claims have been assessed by the case method, all claims being individually examined by officers acting under direction of experienced senior officers. For the purpose of arriving at the figure under this head at balancing date, the aggregate obtained by this method of assessment has been supplemented by additional amounts to provide for certain contingent liabilities.

## STATE MOTOR CAR INSURANCE OFFICE.

As mentioned in my Report on the Treasurer's Accounts, the time of receipt of the accounts of this Office prevented their inclusion in that Report.

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

The Office has accumulated losses of \$28,711,973 in the period from its inception in 1941 to 30th June, 1973.

Operations for the year resulted in an overall loss of \$7,721,968 compared with a loss of \$3,402,245 in 1971-72.

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

	1971-72.			1972-73.		
	Third-Party.	Comprehensive.	Total.	Third-Party.	Comprehensive.	Total.
	\$	\$	\$	\$	\$	\$
Net Premiums earned .. ..	17,347,535	6,007,860	23,355,395	19,493,425	6,520,985	26,014,410
Stamp Duty recouped .. ..	..	330,843	330,843	..	426,492	426,492
	17,347,535	6,338,703	23,686,238	19,493,425	6,947,477	26,440,902
Claims .. ..	23,061,971	4,335,428	27,397,399	30,092,634	4,508,275	34,600,909
Management .. ..	536,099	1,242,070	1,778,169	577,167	1,459,282	2,036,449
Licence Fee .. ..	..	321,196	321,196	..	376,542	376,542
	23,598,070	5,898,694	29,496,764	30,669,801	6,344,099	37,013,900
Operating Profit .. ..	..	440,009	440,009	..	603,378	603,378
Operating Loss .. ..	6,250,535	..	6,250,535	11,176,376	..	11,176,376
Net Operating Loss .. ..	..	..	..	..	\$ 5,810,526	\$ 10,572,998
Add—Loss on Disposal of Property .. ..	..	..	..	..	241	..
					5,810,767	10,572,998
Less—Interest—Fund at Treasury .. ..	..	..	..	..	2,408,522	2,851,030
Net Loss .. ..	..	..	..	..	3,402,245	7,721,968
Loss ratio to earned premium income—					%	%
Third-party .. ..	..	..	..	..	132.9	154.4
Comprehensive .. ..	..	..	..	..	72.2	69.1

Premium rates for Third Party Insurance were increased from 1st October, 1972, and those for Comprehensive Insurance from 1st June, 1973. Earned premiums have been calculated on the "time" basis, using the monthly method of apportionment.

A further decline in the overall financial position of the Office was chiefly attributable to a substantial increase in the value of incurred claims on account of Third Party operations. As in previous years, the assessment of the estimated liability for unsettled and unreported claims at the close of the year had a major influence on the financial result.

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

	1970-71.	1971-72.	1972-73.
	\$	\$	\$
Claims paid during the year .. .. .	12,350,834	14,276,186	17,640,634
Add—Claims unpaid as at close of year .. .. .	50,363,215	59,149,000	71,601,000
	<u>62,714,049</u>	<u>73,425,186</u>	<u>89,241,634</u>
Less—Claims unpaid brought forward from previous year .. .. .	44,591,789	50,363,215	59,149,000
Incurred claims .. .. .	<u>18,122,260</u>	<u>23,061,971</u>	<u>30,092,634</u>

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

30.6.72		30.6.73.
\$		\$
	<i>Assets.</i>	
	Current—	
10,076,478	Cash at Treasury .. .. .	2,135,726
3,434,869	Sundry Debtors, less Bad Debts Provision .. .. .	3,818,523
24,939	Trust Account .. .. .	53,373
<u>13,536,286</u>		<u>6,007,622</u>
	Investments—	
37,747,101	Government and Semi-Government Securities .. .. .	53,644,281
	Fixed—	
49,373	Furniture and Office Machines less Depreciation .. .. .	41,735
	Profit and Loss Account—	
20,990,005	Accumulated Loss .. .. .	28,711,973
<u>72,322,765</u>		<u>88,405,611</u>
	<i>Liabilities and Provisions.</i>	
	Current—	
11,460,546	Unearned Premiums .. .. .	14,630,929
60,347,900	Claims Outstanding .. .. .	72,839,093
66,641	Sundry Creditors .. .. .	492,078
447,678	Provision for Reinsurance Premiums .. .. .	443,511
<u>72,322,765</u>		<u>88,405,611</u>

The estimated liability for Third Party Claims outstanding at 30th June, 1973, (including provision for unreported claims and claims of the “Nominal Defendant”) was determined from statistics and other claims experience available to the Insurance Commissioner, together with an assessment of certain individual claims files. Outstanding claims on account of Comprehensive Insurance were calculated from statistical and other information with provision for unknown and unforeseen liabilities.

In respect of both classes of insurance conducted by the Office, the certificate of the Commissioner was accepted as to the reasonableness and adequacy of the provision for unsettled and unreported claims in the accounts at balance date.

## STATE SUPERANNUATION BOARD OF VICTORIA.

By legislative direction, the State Superannuation Board of Victoria is responsible for the administration of the Superannuation Fund, the Pensions Supplementation Fund, the Married Women's Superannuation Fund and the Parliamentary Contributory Superannuation Fund.

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

## SUPERANNUATION FUND.

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

Amending legislation—the *Superannuation Act 1972*—which came into operation on 1st December, 1972 —

- (i) authorizes the Board, with the consent of the Treasurer, to expend moneys standing to the credit of the Fund in the acquisition and management of land ;
- (ii) empowers the Governor in Council to grant land to the Board and authorizes the Board, in consideration of such a grant, to enter into an agreement with the Treasurer to provide its own accommodation ;
- (iii) enlarges the category of contributors eligible to contribute for additional units at reduced rates, as specified in Table D in the Fifth Schedule to the Act, by the inclusion therein of contributors over 50 years of age who are making contributions based on a retiring age of 60 years ;
- (iv) increases benefits payable in respect of child dependants ; and
- (v) varies arrangements under the scheme whereby contributors or pensioners may elect to convert part of their pension entitlement to a lump sum cash entitlement.

In respect of the 1972-73 accounts, provisional figures only were made available for audit, and preliminary examination has indicated that some adjustments will be necessary. The receipts and disbursements of the Fund for the current year as shown by the provisional figures furnished by the Board, compared with the audited figures of the previous year, are summarized below :—

1971-72.							1972-73.	
\$	<i>Receipts.</i>						\$	\$
	Contributions—							
22,362,701	Current (net)	..	..	..	..	..	25,135,832	
424,757	Deferred	..	..	..	..	..	285,596	
								25,421,428
20,377,907	Payments from the Consolidated Fund	..	..	..	..	..	..	22,146,228
11,176,336	Interest on Investments	..	..	..	..	..	..	12,614,696
4,000	Underwriting Commission	..	..	..	..	..	..	2,500
2,984	Valuation Fees on Property Loans (net)	..	..	..	..	..	..	5,826
6,597	Insurance Commission	..	..	..	..	..	..	9,115
37,308	Mortgage Reserve Account Premiums	..	..	..	..	..	..	45,821
449,718	Reserve Units Account (net)	..	..	..	..	..	..	663,203
446	Miscellaneous	..	..	..	..	..	..	..
5,101	Assurance Premiums (net)	..	..	..	..	..	..	25,026
54,847,855								60,933,843

*Disbursements.*

24,732,208	Pensions .. .. .	27,328,941
	Lump Sum Payments—	
20,288	Limited and ill-health Contributors .. .. .	33,614
5,379,894	Cash Options .. .. .	7,096,069
		<hr/>
		7,129,683
3,636,154	Pensions Supplementation Fund—Statutory Transfer .. .. .	4,476,081
11,985	The Consolidated Fund—Act 7081, Sec. 9 (3) (4) .. .. .	13,001
6,918	Interest on Refunds of Reserve Units Contributions .. .. .	9,650
51,666	Profits and Losses on Sales &c. of Securities (net) .. .. .	40,003
..	Assurance Premiums (net) .. .. .	52,474
1,246	Miscellaneous .. .. .	1,374
17,910	Deposit with Crown Solicitor Pending Investment .. .. .	..
<hr/>		<hr/>
33,858,269		39,051,207
		<hr/>
20,989,586	Surplus of Receipts over Disbursements .. .. .	21,882,636
179,523,658	Balance (including Investments) 1st July .. .. .	200,513,244
<hr/>		<hr/>
200,513,244	Balance 30th June .. .. .	222,395,880
<hr/>		<hr/>

Inadequacies in the accounting system of the Board, particularly in relation to contributors' records and housing loans, have been mainly responsible for delay in presenting for audit the final accounts of the Board. These inadequacies arise, in some measure, from the inability of the existing system, largely manual, to cope with an ever increasing volume of transactions and the complexities of legislative requirements. Headway has been made in the progressive application of electronic data processing to certain of the Board's functions. The development of relevant computer sub-systems is the subject of regular audit review and recommendation.

## 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 incorporated in the Pensions Supplementation Act—the *Superannuation (Amendment) Act* 1969 and the *Superannuation Act* 1972—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 before 1st July, 1972. The *Superannuation Act* 1972, operative from 1st December, 1972, provides for one-half of the cost of the increases in pensions and one-half of the cost of the additional pensions granted by the Board by authority of that Act to be recouped to the Pensions Supplementation Fund from the Consolidated Fund.

The sources of revenue to the Fund are—

- (i) transfers from the Superannuation Fund of amounts equal to the full cost of the supplementation of pensions in relation to persons who retired before 1st July, 1967, and to one-half of the cost in relation to persons who retired on or after 1st July, 1967, but before 1st July, 1972 ;
- (ii) transfers from the Consolidated Fund of amounts equal to the remaining half of the cost of supplementary pensions in respect of persons who retired on or after 1st July, 1967, but before 1st July, 1972 ;
- (iii) 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 ; and
- (iv) interest earned on investments of the Fund.

A summary is given below of the year's transactions of the Fund on an accrual basis, together with comparative figures for 1971-72 :—

1971-72. \$		1972-73. \$	\$
	Income—		
3,516,288	Statutory Transfer—Superannuation Fund .. .. .	.. .. .	4,496,089
323,195	Police Pensions Fund .. .. .	.. .. .	692,631
..	Consolidated Fund .. .. .	.. .. .	1,175,043
2,852	Interest on Investments .. .. .	.. .. .	221
<hr/>			<hr/>
3,842,335			6,363,984
	Expenditure—		
4,046,523	Pensions .. .. .	.. .. .	6,363,707
6,720	Police Superannuation Fund .. .. .	.. .. .	25,782
5,719	Loss on Sale of Investments (net) .. .. .	.. .. .	..
<hr/>			<hr/>
			6,389,489
216,627	Deficit met from Accumulated Funds .. .. .	.. .. .	25,505
<hr/>			<hr/>

The Accumulated Funds as at 30th June, 1972 and 1973, respectively, were represented by—

30.6.72. \$		30.6.73. \$	\$
	Assets—		
5,720	Cash at Bank .. .. .	.. .. .	7,575
	Accruals—		
9,616	Superannuation Fund .. .. .	.. .. .	29,624
1,394	Police Pensions Fund .. .. .	.. .. .	4,962
..	Consolidated Fund .. .. .	.. .. .	9,927
<hr/>			<hr/>
25,782	Sundry Debtors—Police Superannuation Fund .. .. .	.. .. .	44,513
<hr/>			<hr/>
42,512	Carried forward.. .. .	.. .. .	52,088



30.6.72.								30.6.73.
\$								\$
42,512	Brought forward ..	..	..	..	..	..	..	52,088
	<i>Less Liabilities—</i>							
11,011	Pensions Approved but Unpaid	..	..	..	..	..	..	46,092
<u>31,501</u>	Accumulated Funds	..	..	..	..	..	..	<u>5,996</u>

MARRIED WOMEN'S SUPERANNUATION FUND.

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

Each contributor is required to contribute to the Fund, through the medium of deductions from salary, a sum equal to 5 per cent. of her salary. Contributions are credited to members' accounts in the Fund and are supplemented by payments out of the Consolidated Fund when benefits become due. Benefits on retirement consist of lump sum payments or annuities.

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

1971-72.	<i>Receipts.</i>						1972-73.	
\$						\$	\$	
1,362,972	Balance 1st July,	..	..	..	..	..	1,871,665	
	<i>Contributions—</i>							
542,241	Officers and the Consolidated Fund	..	..	..	..	705,267		
27,442	The Consolidated Fund—Lump Sums	..	..	..	..	48,902		
							754,169	
104,124	Interest on Investments	..	..	..	..	..	148,924	
<u>2,036,779</u>							<u>2,774,758</u>	
	<i>Disbursements.</i>							
92,747	Lump Sum Payments	..	..	..	..	..	138,964	
9,136	Annuities	..	..	..	..	..	8,640	
	<i>Contributions Refunded, Section 15—</i>							
50,217	Officers	..	..	..	..	..	116,035	
13,014	The Consolidated Fund	..	..	..	..	..	38,528	
							154,563	
1,871,665*	Balance 30th June	..	..	..	..	..	* 2,472,591	
<u>2,036,779</u>							<u>2,774,758</u>	
	<i>*Represented by—</i>							
1,862,695	Investments (at cost)	..	..	..	..	..	2,455,415	
8,970	Cash at Bank	..	..	..	..	..	17,176	
<u>1,871,665</u>							<u>2,472,591</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.

A statutory account, the Supplementary Retirement Account, has been established within the Fund and a member may make contributions to this Account by way of deduction from salary, not exceeding 10 per cent. of gross salary. Withdrawals 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. When 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 1971-72 and 1972-73 were :—

1971-72.				1972-73.	
\$		<i>Receipts.</i>		\$	\$
637,866	Balance 1st July, .. .. .	..	..	..	857,631
	Contributions—				
130,910	Members .. .. .	..	..	132,827	
361,326	The Consolidated Fund .. .. .	..	..	361,326	
					494,153
50,154	Interest on Investments .. .. .	..	..	..	63,824
36	Supplementary Retirement Account .. .. .	..	..	..	114
1,180,292					1,415,722
		<i>Disbursements.</i>			
318,983	Pensions .. .. .	..	..	..	352,729
..	Retiring Allowances .. .. .	..	..	..	252,806
3,678	Refund of Contributions .. .. .	..	..	..	19,916
857,631*	Balance 30th June, .. .. .	..	..	..	*790,271
1,180,292					1,415,722
	*Represented by—				
848,750	Investments (at cost) .. .. .	..	..	..	772,250
8,881	Cash at Bank .. .. .	..	..	..	18,021
857,631					790,271

## 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, 1973.

Turnover for the year ended 31st July, 1973, amounted to \$322,819,271 compared with \$275,426,954 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, 1972 and 1973 :—

1972. \$		1973. \$	\$
	<i>Revenue—</i>		
22,143,565	Board income from totalizator investments .. .. .	..	26,632,591
	<i>Less Expenditure—</i>		
8,999,020	Employees' remuneration and agency fees .. .. .	9,974,304	
1,708,107	Rentals, rates, repairs, maintenance and communications ..	1,962,169	
1,958,021	Depreciation .. .. .	2,783,670	
1,081,408	Administration, printing, stationery and other operating expenses	1,053,568	
<u>13,746,556</u>			<u>15,773,711</u>
8,397,009	<i>Commission Residue</i> .. .. .	..	10,858,880
	<i>Other Income—</i>		
1,323,499	Dividends not paid after six months .. .. .	1,520,129	
351,846	Miscellaneous Income .. .. .	494,287	
<u>1,675,345</u>			<u>2,014,416</u>
10,072,354			12,873,296
560,000	<i>Less Transferred to Distribution Reserve</i>		..
..	Provision for Country Mechanization .. .. .	..	500,000
<u>9,512,354</u>	<i>Total Surplus Funds for Distribution</i> .. .. .	..	<u>12,373,296</u>
	<i>Deduct—</i>		
1,007,606	Advances of first charge administration costs .. .. .	1,163,502	
..	Advances Spring Racing Stakes .. .. .	176,409	
<u>1,007,606</u>			<u>1,339,911</u>
8,504,748	<i>Balances of Surplus Funds</i> .. .. .	..	<u>11,033,385</u>
	<i>Proposed Distribution to Participating Clubs for the period to 31st July, 1973—</i>		
1,007,606	(a) First Charge administration costs .. .. .	1,189,502	
1,007,606	Less Advances .. .. .	1,163,502	
..			26,000
6,829,403	(b) Net Commission Residue .. .. .	9,169,378	
..	Less Advance Spring Racing Stakes .. .. .	176,409	
<u>6,829,403</u>			<u>8,992,969</u>
1,675,345	(c) Other Income .. .. .	..	2,014,416
<u>8,504,748</u>			<u>11,033,385</u>

The item—"First Charge administration costs \$1,189,502"—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 Board's balances as at 31st July, 1972 and 1973, are summarized hereunder :—

1972.		1973.
\$		\$            \$
5,209,807	Contributed Capital .. .. .	5,659,807
	Represented by—	
	Fixed Assets—	
4,193,517	Freehold land and buildings (at cost) .. ..	4,255,840
817,775*	Less provision for depreciation .. ..	1,067,380
3,375,742		3,188,460
2,161,101	Leasehold improvements (at cost) .. ..	2,325,826
1,732,694	Less provision for depreciation .. ..	1,870,106
428,407		455,720
9,330,772	E.D.P. equipment (at cost) .. ..	11,104,892
918,398	Motor vehicles, plant, machinery, fixtures and fittings (at cost) .. ..	984,712
10,249,170		12,089,604
3,676,349*	Less provision for depreciation (NOTE No. 1).. ..	5,931,619
6,572,821		6,157,985
10,376,970		9,802,165
	Other Assets—	
732,110	Sundry Debtors .. ..	602,213
116,974	Stock of E.D.P. Equipment Spares .. ..	100,794
9,830,509	Cash on hand and at bank (including funds on term deposit) .. ..	14,499,808
10,679,593		15,202,815
21,056,563		25,004,980
	Deduct Liabilities—	
8,504,748	Proposed distribution of surplus funds .. ..	11,033,385
584,458	Amounts payable to Treasurer of Victoria .. ..	544,499
4,246,182	Dividends payable on totalizator investments and telephone betting deposits held (NOTE No. 2) .. ..	4,837,817
2,511,368	Sundry Creditors, provisions and accruals (NOTE No. 3) .. ..	2,929,472
15,846,756		19,345,173
5,209,807		5,659,807

\* Provision for depreciation reclassified to year 1972.

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

1. Depreciation for E.D.P. equipment has been accelerated from seven years to six years to more realistically represent the residual value of this asset. The acceleration amounted to \$419,600. Also included is \$250,000 for obsolescence additional to normal depreciation rates for 1972 and 1973.

2. Excludes \$7,018,190 dividends not paid included in the distribution to participating clubs since 1963/64.

3. Includes \$344,641 levied on dog racing since 1965/66, \$241,200 Computer Rights Reserve, \$560,000 Distribution Reserve, and \$500,000 provision for Country Mechanization.

4. Contingent liability on uncompleted capital projects is \$1,500,000.

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. Funds for distribution to 31st July, 1973, totalled \$66,578,592 and establishment expenses \$18,671,270. 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, 1973, to \$5,659,807, including \$450,000 in 1972–73. At that date, recoups of the Clubs' contributions made by the Treasurer out of the Totalizator Agency Board Trust Account, including interest, totalled \$5,242,378 (\$795,082 in 1972–73). Payments by the Treasurer for or towards recouping racing clubs for their contributions continue until the Treasurer certifies by notice published in the *Government Gazette* that such payments are no longer necessary.

The provision of \$500,000 for Country Mechanization included in the Balance Sheet under the heading "Sundry Creditors, Provisions and Accruals" and referred to in Note No. 3 represents an appropriation of the residue of commission. This is not a purpose to which the residue of commission may be applied in terms of Section 116o (3) of the *Racing Act*.

### VICTORIAN INLAND MEAT AUTHORITY.

The audit of the accounts of the Authority for the year ended 30th June, 1973, is in course and the figures given below are subject to the completion thereof.

After making provision for long service leave, \$59,568, annual leave, \$186,312, sick pay, \$71,718 and also provision for loss on realization of stock \$80,000, transactions for 1972-73 resulted in a trading profit of \$22,371 compared with \$146,173 in 1971-72.

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

1971-72.	REVENUE.						1972-73.
\$							\$
9,973,454	Net Sales and Treatment Charges	..	..	..	..	..	14,206,307
15,433	Interest on Investments	..	..	..	..	..	2,770
16,036	Profit on sale of fixed assets	..	..	..	..	..	..
1,800	Other	..	..	..	..	..	..
10,006,723							14,209,077
EXPENDITURE.							
9,327,353	Purchases of Livestock and Meat, Working Expenses, General Expenses and Administration costs	..	..	..	..	..	13,567,090
102,943	Depreciation	..	..	..	..	..	133,126
135,401	Interest—Treasurer of Victoria	..	..	..	..	..	71,944
547	Interest—Rural Finance and Settlement Commission	..	..	..	..	..	4,362
..	Loss on sale of fixed assets	..	..	..	..	..	12,586
77,863	Provision for Long Service Leave	..	..	..	..	..	59,568
158,477	Provision for Annual Leave	..	..	..	..	..	186,312
57,966	Provision for Sick Pay	..	..	..	..	..	71,718
..	Provision for loss on realization of stock	..	..	..	..	..	80,000
9,860,550							14,186,706
146,173	Profit on Trading	..	..	..	..	..	22,371
212,584	Add Compensation for termination of lease—Shepparton	..	..	..	..	..	..
16,900	Provision for loss Shepparton written back	..	..	..	..	..	..
75,307	Payroll tax rebate in respect of 1970-71	..	..	..	..	..	..
..	Accrued Interest on Government Loans at 1st January 1973 written off	..	..	..	..	..	749,245
450,964							771,616
1,659,742	Less Retrospective adjustments to provision for depreciation due to revised rates	..	..	..	..	..	..
365,288	Provision for obsolescence Ballarat works	..	..	..	..	..	..
29,862	Cost of boiler conversion written off	..	..	..	..	..	..
..	Special Maintenance costs incurred during alterations of Ballarat Works	..	..	..	..	..	16,319
1,603,928							755,297
832,903	Accumulated Loss, 1st July	..	..	..	..	..	2,436,831
2,436,831	Accumulated Loss, 30th June	..	..	..	..	..	1,681,534

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

	At 30th June—	
	1972.	1973.
	\$	\$
Current Liabilities .. .. .	1,959,237	1,835,420
Loan for Fixed Assets .. .. .	2,715,612	1,678,900
Capital .. .. .	580,069	580,069
Reserves .. .. .	355,869	2,333,243
	5,610,787	6,427,632
Current Assets .. .. .	1,331,389	2,222,352
Fixed Assets less Depreciation .. .. .	1,842,567	2,523,746
Accumulated Loss .. .. .	2,436,831	1,681,534
	5,610,787	6,427,632

The Treasurer of Victoria has made advances by way of loan to the Authority amounting to \$3,090,000. In accordance with the provisions of the *Victorian Inland Meat Authority (Amendment) Act 1973* which came into operation on 17th April, 1973, the liability to the Treasurer of Victoria at 1st January, 1973, \$2,936,300, was reduced to \$1,000,000. This was effected in the accounts of the Authority by transferring \$1,936,300 to a Government Grants Reserve. The accrued interest outstanding in respect of these advances amounting to \$749,245 was written off.

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 \$1,000,000.

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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, 1973.

## 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.