

1974-75

VICTORIA

SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1975

Ordered by the Legislative Assembly to be printed, 26th November, 1975.

By Authority:

C. H. RIXON, GOVERNMENT PRINTER, MELBOURNE.

INDEX

	PAGE
Albury–Wodonga (Victoria) Corporation	3
Cancer Institute	5
Chicory Marketing Board	54
Citrus Fruit Marketing Board	55
Coal Mine Workers Pensions Tribunal	7
Country Fire Authority	8
Dandenong Valley Authority	11
Egg and Egg Pulp Marketing Board	56
Electricity Commission	13
Gas and Fuel Corporation of Victoria	21
Geelong Harbor Trust	30
Grain Elevators Board	32
Greyhound Racing Control Board	35
Home Finance Trust	36
Hospitals Superannuation Board	38
Housing Commission	40
Latrobe Valley Water and Sewerage Board	48
Local Authorities Superannuation Board	50
Marketing Boards	54
Melbourne and Metropolitan Board of Works	60
Melbourne and Metropolitan Tramways Board	67
Melbourne Harbor Trust	69
Melbourne Underground Rail Loop Authority	71
Metropolitan Fire Brigades Board	73
Motor Accidents Board	75
Oats Marketing Board	54
Onion Marketing Board	58
Portland Harbor Trust	77
Public Trustee	79
Rural Finance and Settlement Commission	82
State Accident Insurance Office	90
State Motor Car Insurance Office	92
State Superannuation Board of Victoria	94
Tobacco Leaf Marketing Board	58
Totalizator Agency Board	98
Victorian Development Corporation	101

REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT OF 11TH NOVEMBER, 1975, IN RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR ENDED 30TH JUNE, 1975.

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 11th November, 1975. 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.

ALBURY-WODONGA (VICTORIA) CORPORATION.

The *Albury-Wodonga Agreement Act* 1973, which came into operation on 10th April, 1974, ratified an Agreement called the "Albury-Wodonga Area Development Agreement" entered into on 23rd October, 1973, between the Commonwealth of Australia and the States of New South Wales and Victoria. The purpose of the Agreement is the growth and development of the Albury-Wodonga area and, to this end, the Agreement makes provision for the establishment of three Corporations—the Albury-Wodonga Development Corporation, the principal working body of the project, and two State Corporations—constituted by Acts of the Parliaments of the Commonwealth and the two States, respectively. The three corporations work as a single entity responsible to the Ministerial Council consisting of the appropriate Commonwealth and State Ministers. The principal functions of the State Corporations are to acquire, hold, manage and provide land in the areas designated for urban and regional development.

The Victorian Corporation, the Albury-Wodonga (Victoria) Corporation, was constituted by the Albury-Wodonga Agreement Act and consists of three members appointed by the Governor in Council. These three members are also the three full-time members of the Development Corporation.

Also, the Agreement provides for the preparation and submission to the Ministerial Council for approval each year of a Development Plan and related Financial Programme which, when approved, is binding on the Development Corporation and each State Corporation. Administrative expenses are shared equally between the parties to the Agreement.

The Act requires the State Corporation to prepare at the end of each financial year a profit and loss account and a balance-sheet and provides for an annual audit by the Auditor-General.

The audit of the accounts of the Corporation has not been completed and the figures shown in the statements hereunder are subject to the completion thereof.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1975.

										\$
<i>Income—</i>										
Rent	..	..	..	..	..	..	..	..	..	4,968
<i>Expenditure—</i>										
Maintenance of Properties	..	..	..	..	..	..	..	..	..	110
Provision for Loan Interest	..	..	..	..	..	..	..	..	..	594,778
Miscellaneous	..	..	..	..	..	..	..	..	..	33
										<u>594,921</u>
<i>Deficit</i>	..	..	..	..	..	..	..	..	..	<u>589,953</u>

BALANCE SHEET AS AT 30TH JUNE, 1975.

										\$
<i>Funds Employed—</i>										
Capital Advances—										
Commonwealth Government	..	..	..	..	..	..	..	..	..	22,846,792
Reserves and Provisions—										
Loan Interest	..	..	..	..	..	..	..	..	..	594,778
										<u>23,441,570</u>
Accumulated Deficit—										
Deficit for 1974-75	..	..	..	..	..	..	..	..	..	589,953
										<u>22,851,617</u>
<i>Represented by—</i>										
Fixed Assets—										
Land and Buildings	..	..	..	..	..	..	..	..	..	22,440,910
Current Assets—										\$
Cash	..	..	..	..	..	..	..	..	406,740	
Debtors	..	..	..	..	..	..	..	..	4,313	
									<u>411,053</u>	
<i>Less Current Liabilities</i>	..	..	..	..	..	..	..	..	..	<u>22,851,963</u>
										346
										<u>22,851,617</u>

During the year, repayable advances received from the Commonwealth through the Victorian Treasury totalled \$22,846,792. Expenditure on the acquisition of land and buildings in the designated areas aggregated \$22,440,910.

The Agreement provides for the deferment of repayments of principal for ten years but interest calculated at the long-term bond rate is payable from the date of receipt of the advance and is added to the principal outstanding.

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. Moneys so appropriated for the year ended 30th June, 1975, amounted to \$6,203,858.

In the following statements the figures relating to the financial year 1974–75 are subject to final audit.

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

1973–74.			1974–75.
\$			\$ \$
	Nursing Services—		
774,809	Wards .. .. .	.. .. .	1,013,886
444,397	Other .. .. .	.. .. .	514,991
			<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
2,723,416	Medical, Professional and Ancillary Services .. .. .	.. .. .	1,528,877
1,780,486	Administration and Ancillary Services .. .. .	.. .. .	3,687,174
326,302	Scientific and Research Departments .. .. .	.. .. .	2,287,567
			446,645
<hr style="width: 100px; margin-left: 0; margin-right: 0;"/>			<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
6,049,410			7,950,263
			<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>

The revenue for the past two years was :—

4,743,088	State Government Grant for Maintenance .. .. .	.. .. .	6,203,858
250,763	Commonwealth Pharmaceutical Benefits Grant .. .. .	.. .. .	303,564
61,020	Commonwealth Hospital Benefits Grant .. .. .	.. .. .	63,536
44,526	Commonwealth Home Nursing Subsidy .. .. .	.. .. .	68,625
836,640	Patients' Fees .. .. .	.. .. .	1,189,011
70,002	Miscellaneous .. .. .	.. .. .	91,409
<hr style="width: 100px; margin-left: 0; margin-right: 0;"/>			<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
6,006,039			7,920,003
			<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>

The following abridged balance-sheets set out the financial position as at 30th June, 1974, and 1975 :—

ASSETS.

30.6.74.			30.6.75.
\$			\$ \$
	Maintenance Fund—		
181,631	Cash at Bank .. .. .	.. .. .	17,129
319,198	Sundry Debtors .. .. .	.. .. .	573,086
99,510	Stores on Hand .. .. .	.. .. .	136,738
			<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
			726,953
269,130	Investment of Specific Purpose Funds and Trusts .. .. .	.. .. .	257,673
	Capital Funds—		
1,508,146	Cash at Bank .. .. .	.. .. .	1,441,672
586,180	Investments .. .. .	.. .. .	2,795,130
5,035,941	Building Improvements .. .. .	.. .. .	6,118,391
2,280,964	Furniture, Plant and Equipment .. .. .	.. .. .	2,662,684
61,733	Motor Cars .. .. .	.. .. .	70,265
			<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
			13,088,142
<hr style="width: 100px; margin-left: 0; margin-right: 0;"/>			<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>
10,342,433	Total Assets .. .. .	.. .. .	14,072,768
			<hr style="width: 100px; margin-left: auto; margin-right: 0;"/>

LIABILITIES AND FUNDS.

30.6.74. \$							30.6.75. \$	\$
	Maintenance Fund—							
112,373	Sundry Creditors (net)	..	..	..	..	..	303,974
264,111	Accrued Expenditure	..	..	..	..	..	326,785
98,242	Clearing Accounts, Salaries and Wages, &c.					..	1,494	
125,613	Balance of Fund	..	..	..	..	..	94,700
							726,953	
	Specific Purpose Funds and Trusts—							
155,522	Research Investigation Fund	..	..	..	..	..	113,185
113,608	Other Funds	..	..	..	..	..	144,488
							257,673	
9,472,964	Capital Funds	..	..	..	..	..	13,088,142
10,342,433	Total Liabilities and Funds						..	14,072,768

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. 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. However, subsequent developments have required the periodical sale of investments prior to maturity date. These forced sales have resulted in losses which adversely affect the Tribunal's ability to meet its foreseen pension commitments. The current actuarial position is yet to be determined.

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

1973-74.	INCOME.								1974-75.
\$									\$
1,770	Treasurer—Contribution	..	..	..	..	..	..	..	16,421
26,040	Interest on Investments	..	..	..	..	..	..	..	16,421
27,810									16,421
EXPENDITURE.									
175,220	Pensions	..	..	..	..	..	..	..	169,786
26,749	Loss on Sale of Investments	..	..	..	..	..	..	..	42,997
9,032	Administration	..	..	..	..	..	..	..	11,169
211,001									223,952
183,191	Deficit for year	..	..	..	..	..	..	..	207,531

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

30.6.74.									30.6.75.
\$									\$
391,989	Accumulated Funds	..	..	..	..	..	..	..	184,458
Represented by—									
665	Fixed Assets	..	..	..	..	..	..	..	665
396,000	Investments at Cost	..	..	..	..	..	..	..	184,000
396,665									184,665
4,676	Less Excess of Current Liabilities over Current Assets	..	..	..	..	..	..	..	207
391,989									184,458

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 officers 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 total contributions from these sources to be determined, 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, 1975, contributions provided \$8,643,691 towards the amount required to meet estimated expenditure for the year, \$8,651,863, less the surplus of \$2,632 brought forward from 1973-74. There was a shortfall in contributions of \$5,540 due to the failure of two insurance companies to meet their commitments within the year.

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 1974-75 totalled \$69,578.

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

	1973-74.	1974-75.
<i>Receipts.</i>	\$	\$
Cash surplus from 1973-74 .. .. .	..	2,632
Statutory contributions—Section 76	6,396,361	8,643,691
Section 80A	38,632	69,578
Other receipts	165,919	246,381
Cash deficit .. .. .	..	616,247
	6,600,912	9,578,529
<i>Payments.</i>		
Deficit from previous year	125,544	..
Salaries, wages and maintenance	4,163,130	6,018,567
Loan repayments including sinking fund	313,800	426,902
Loan interest	310,016	358,080
Land, buildings, rolling-stock and equipment	333,900	502,197
Brigade expenses	139,648	188,259
Motor Replacement Fund	180,000	656,170
Compensation Fund	20,000	20,000
Superannuation	464,359	635,908
Other payments	547,883	772,446
Cash surplus carried forward to next year	2,632	..
	6,600,912	9,578,529

The cost of salaries and wages exceeded the original estimate by \$507,928, and this was the main reason for the substantial deficit in 1974-75.

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. From that date, to 30th June, 1974, however, the sums contributed, as included in the estimates of expenditure approved by the Governor in Council, were arrived at on an arbitrary basis. Contributions to the Fund over this period were \$378,953 less than would have been provided if they had been calculated on the originally approved basis. The unfunded amount was, for accounting purposes, taken up in the provision for depreciation.

Subsequently the Authority decided that, from 1974-75, contributions would be calculated on the originally approved basis, and that the amount short-funded as at 30th June, 1974, would be made good in two instalments in the years 1974-75 and 1975-76.

Accordingly, the contribution of \$656,170 in 1974-75 includes the sum of \$258,968 in respect of the amount short-funded over the previous two years. The necessary adjustment has also been made to the provision for depreciation.

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

	1973-74.	1974-75.
	\$	\$
Balance, 1st July	159,531	378,619
<i>Receipts—</i>		
Loan Proceeds	800,000	1,260,000
Refunds, &c.	45,583	120,652
	<u>1,005,114</u>	<u>1,759,271</u>
<i>Expenditure—</i>		
Buildings	408,080	366,126
Vehicles	82,972	232,068
Radio Equipment	132,041	184,355
Office Equipment	3,402	..
	<u>626,495</u>	<u>782,549</u>
Balance unexpended 30th June	<u>378,619</u>	<u>976,722</u>

The analysis hereunder of the Authority's balance-sheets shows the financial position at 30th June, 1974 and 1975 :—

30.6.74.		\$	30.6.75.	\$	\$
	Source of Funds—				
	<i>External—</i>				
5,235,334	Loan Liability		6,178,948		
378,619	<i>Less unexpended</i>		976,722		
<u>4,856,715</u>			<u>5,202,226</u>		
	<i>Internal—</i>				
276,271	Excess of assets over liabilities transferred from				
	Country Fire Brigades Board		276,271		
3,403,194	Income and Expenditure Account—accumulated balance		3,651,481		
3,879,398	Reserves		4,206,090		
4,627,589	Funds	6,000,103			
	<i>Less invested on account of Compensation,</i>				
3,239,438	<i>Superannuation and other Trust purposes</i>	<u>3,917,055</u>	2,083,048		
<u>8,947,014</u>			<u>10,216,890</u>		
	Current Liabilities—				
265,297	Sundry Creditors	523,718			
..	Bank Overdraft	617,277			
			<u>1,140,995</u>		
	<i>Less Current Assets—</i>				
3,160	Cash on Hand	1,030			
199,858	Sundry Debtors and Prepayments	342,805			
253,222	Stocks—including uniforms issued	190,290			
372,514	Works in progress	<u>239,063</u>	773,188		
<u>828,754</u>					
563,457					367,807
<u>13,240,272</u>					<u>15,786,923</u>

30.6.74						30.6.75		
\$						\$	\$	
	Represented by—							
	<i>*Funds—Investments, Etc.—</i>							
787,306	Motor Replacement	..	..	..	..	1,234,473	
65,188	Sale of Property	..	..	..	..	172,672	
497,629	Sinking Fund—Loans	..	..	..	..	646,011	
37,360	Private Fire Appliances	..	..	..	..	29,289	
668	Other	..	..	..	..	603	2,083,048
<hr/>						<hr/>		
1,388,151								
<hr/>								
	<i>Fixed Assets—</i>							
4,522,724	Land and Buildings	..	..	..	..	5,366,337	
6,215,980	Rolling-stock	..	..	..	..	6,900,967	
1,011,591	Plant and Machinery	..	..	..	..	1,252,293	
101,826	Other	..	..	..	..	184,278	13,703,875
<hr/>						<hr/>		
11,852,121								
<hr/>								
13,240,272							<hr/>	
							15,786,923	
							<hr/>	

* Includes cash balances. At 30th June, 1975, cash balances in respect of all funds amounted to \$480,440.

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, 1974.

Following is an abridged statement of the General Revenue Account for the years ended 30th September, 1973 and 1974 :—

1972-73.		1973-74.
\$		\$ \$
	Income—	
938,793	Rating Precepts—Municipalities	1,181,350
178,734	Other	236,512
<u>1,117,527</u>		<u>1,417,862</u>
	Expenditure—	
172,060	Administration	221,590
256,639	Maintenance of Works	343,164
122,258	Survey, Investigation and Design	152,364
76,356	Depreciation Provision	90,140
296,111	Debt Services	334,647
<u>923,424</u>		<u>1,141,905</u>
194,103	Excess of Income over Expenditure	275,957
48,270	Transfer from Plant Replacement Reserve	50,787
<u>242,373</u>		<u>326,744</u>
17,732	Less Appropriation to Loan Repayment Sinking Fund	17,732
<u>224,641</u>	Net Surplus for year.. .. .	<u>309,012</u>

The Authority's balances at 30th September, 1973 and 1974, are summarized hereunder :—

30.9.73.		30.9.74.
\$		\$ \$
	Current Assets—	
2,309,809	Cash at Bank	3,026,833
205,464	Debtors and Prepayments	157,666
18,902	Other	31,045
<u>2,534,175</u>		<u>3,215,544</u>
	Fixed Assets—	
320,389	Land and Buildings (at cost)	320,934
253,683	Plant, Vehicles and Equipment (at cost less depreciation)	341,437
16,555	Office Furniture and Machines (at cost less depreciation)	18,575
<u>590,627</u>		<u>680,946</u>
	Capitalized Works Expenditure—	
2,955,389	River Improvement Works	3,253,179
6,910,406	Piped or Lined Drainage Channels	8,533,389
1,776,908	Carrum Drainage District	1,774,657
2,125,314	Other	2,588,504
<u>13,768,017</u>		<u>16,149,729</u>
291,811	Less Provision for Depreciation	389,847
<u>13,476,206</u>		<u>15,759,882</u>
422,895	Investments	499,346
<u>17,023,903</u>		<u>20,155,718</u>

30.9.73. \$						30.9.74. \$	\$
	Current Liabilities—						
..	Bank Overdraft	..	..	..	..	112,357	
64,161	Sundry Creditors	..	..	..	..	88,186	
15,632	Contractors' Deposits	..	..	..	..	34,690	
						235,233	
	Loans—						
622,441	Government of Victoria	..	..	..	..	619,361	
4,549,292	Other	..	..	..	..	5,144,996	
						5,764,357	
5,251,526							5,999,590
	Excess of Assets over Liabilities—						
253,218	Grants by Government of Victoria	..	..	..	..	192,086	
2,603,205	Capital Expenditure Borne by the State	..	..	..	..	2,864,910	
6,775,748	Contributions by Property Owners	..	..	..	..	8,582,661	
71,046	Other Grants and Contributions	..	..	..	..	133,981	
50,787	Plant Replacement Reserve	..	..	..	..	104,772	
81,395	Loans Repayment Sinking Fund	..	..	..	..	31,728	
1,936,978	General Revenue Account Balance	..	..	..	..	2,245,990	
						14,156,128	
11,772,377							20,155,718
17,023,903							20,155,718

ELECTRICITY COMMISSION.

The Commission recorded a surplus of \$23,671,899 on its operations for the year ended 30th June, 1975, compared with a surplus of \$17,386,972 in the previous year.

Operating and other forms of income increased by \$50,400,492. A 6.5 per cent. increase in electricity sales accompanied by the effects of the increase of 10 per cent. in tariff charges operative from January, 1975, was responsible for the overall increase of 17 per cent. in income.

A 25 per cent. increase in salaries and wages paid and higher costs of materials and services were contributing factors in the increase of \$44,115,565 in operating costs for the year.

REVENUE ACCOUNT.

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

1973-74.		1974-75.	
\$		\$	\$
297,835,619	Income .. .. .	..	348,210,202
214,206,948	Operating Expenditure .. .. .	..	254,461,120
<hr/>			<hr/>
83,628,671	Excess of Income over Operating Expenditure .. .. .	..	93,749,082
146,884	Add—Miscellaneous Income .. .. .	..	172,793
<hr/>			<hr/>
83,775,555			93,921,875
<hr/>			
<i>Deduct—</i>			
65,043,498	Interest and Loan Flotation Expenses	68,947,889	
1,345,085	Miscellaneous Expenditure	1,302,087	
<hr/>		<hr/>	
66,388,583			70,249,976
<hr/>			<hr/>
17,386,972	Surplus on Operations.. .. .	..	23,671,899
<hr/>			
Provision for Statutory Transfers to the Consolidated Fund of Victoria—			
11,500,000	Based on Total Revenue for 1974-75	13,500,000	
618,631	Based on Brown Coal Production in 1974-75	667,483	
5,000,000	Provision for Long Service Leave	9,000,000	
<hr/>		<hr/>	
17,118,631			23,167,483
<hr/>			<hr/>
268,341	Surplus to General Reserve .. .. .	..	504,416
<hr/>			<hr/>

The Public Authorities (Contributions) Act provides for an annual contribution based on total revenue to be made by the Commission to the Consolidated Fund. The present rate of contribution is 4 per cent. and, since 1966, when the requirement first applied, a total of \$68,490,000 has been contributed by the Commission.

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 1974-75 compared with the previous year :—

1973-74.		1974-75.	
\$		\$	
22,066,549	Profit on Electricity Supply	29,071,367	
274,517	Profit on Brown Coal Sales (Yallourn North Extension) ..	136,258	
<hr/>		<hr/>	
22,341,066			29,207,625
<hr/>			
3,736,575	Loss on Briquetting		4,384,863
<hr/>			<hr/>
18,604,491	Profit on Operations		24,822,762
1,217,519	Excess of Miscellaneous Expenditure over Income		1,150,863
<hr/>			<hr/>
17,386,972	Income in Excess of Expenditure for Year		23,671,899
<hr/>			<hr/>

Comments on various aspects of the year's operations follow :—

Electricity Supply.—(Profit \$29,071,367). Operational statements for the past two years show :—

		1973-74.	1974-75.
		\$	\$
Sales—			
Domestic		93,663,654	116,462,188
Commercial and General		48,662,318	59,275,748
Industrial		75,587,765	84,415,896
Bulk Supplies		57,538,813	62,324,089
Traction		4,101,171	4,555,028
Public Lighting and Increase in Unread Consumption ..		7,680,946	9,284,406
		<hr/>	<hr/>
		287,234,667	336,317,355
		<hr/>	<hr/>
Operating Charges—			
Power Generation		115,472,878	138,483,723
Purchased Electricity		17,172,579	19,393,214
Transmission		48,660,659	52,937,979
Distribution		83,862,002	96,431,072
		<hr/>	<hr/>
		265,168,118	307,245,988
		<hr/>	<hr/>
Profit		22,066,549	29,071,367
		<hr/>	<hr/>

Significant factors in the substantial increase in profit on electricity supply were a rise of roundly 28,000 in the number of customers and the application during the year of the increased tariff rates mentioned earlier.

Brown Coal Production and Distribution.—Coal won for the year amounted to 26,320,481 tonnes, an increase of 1,172,891 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.

	1973-74. Tonnes	1974-75. Tonnes
Morwell	14,735,458 (\$1.12)	14,104,742 (\$1.42)
Yallourn	10,105,350 (\$1.23)	11,942,102 (\$1.38)
Yallourn North Extension	306,782 (\$0.81)	273,637 (\$1.27)
	<u>25,147,590</u>	<u>26,320,481</u>

Distribution of the output was as follows :—

	1973-74. Tonnes.	1974-75. Tonnes.
Power Production	21,743,395	23,091,454
Briquette Manufacture	3,097,413	2,955,390
Sales to Public	306,782	273,637
	<u>25,147,590</u>	<u>26,320,481</u>

Briquetting.—(Loss \$4,384,863). Trading results for the past two years, excluding costs charged on internal transfers to works, are shown in the following statement :—

	1973-74.		1974-75.	
	\$	\$	\$	\$
Sales—				
Domestic	5,271,505		6,277,175	
Industrial	4,786,295		5,131,503	
	<u>10,057,800</u>		<u>11,408,678</u>	
Manufacturing Costs	9,019,731		10,661,283	
Distribution and Selling	4,774,644		5,132,258	
	<u>13,794,375</u>		<u>15,793,541</u>	
Loss		<u>3,736,575</u>		<u>4,384,863</u>

Tramways.—Further expenditure incurred during the year in consequence of the abandonment during 1971–72 of tramway services in Ballarat and Bendigo was as under :—

	1974-75.	Total to 30.6.75.
	\$	\$
Road Restoration Works—Ballarat .. .. .	..	820,000
Bendigo	111,953	340,523
Pensioner Fares—Subsidies	61,657	164,767
Compensation, Loss of Franchises, etc., Bus Operators—Bendigo ..	70,476	155,700

In addition to the above expenditure, the Commission has made loans to operators in Ballarat and Bendigo for the purchase of buses. Mention was made in last year's Report of the failure of the two bus operators in the Bendigo area to meet the interest liabilities on their loans. No payment was made by them in 1974–75, and the capitalization of these interest debts was responsible for an increase to \$517,672 in the liability of the bus operators to the Commission.

The loans are secured by charge on the buses.

Depreciation.

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

	1973-74.	1974-75.
	\$	\$
Normal provision—charged to operations	51,196,674	54,560,964
Indirect—charged to fixed assets	1,595,475	1,500,071
	<hr/>	<hr/>
Amortization—Development of open cuts—charged to operations	52,792,149	56,061,035
	536,600	633,900
	<hr/>	<hr/>
	53,328,749	56,694,935

The balance-sheet discloses that at 30th June, 1975, the provision had increased by \$45,753,970 compared with the figure at 30th June, 1974. This net increase is explained hereunder :—

	\$
Balance—30th June, 1974	508,591,718
Add Provision for year as per statement above	56,061,035
	<hr/>
Less Retirements	564,652,753
	10,307,065
	<hr/>
Balance—30th June, 1975	554,345,688

The greater portion of the provision for depreciation remains invested in the undertaking, but some use has been made of it to meet the following statutory requirements :—

	\$
National Debt Sinking Fund—Repurchases, etc.	30,638,208
Sinking Fund Schedule Requirements—Repurchases, etc.	16,302,984
Sinking Fund Investments	23,099,100
Sinking Fund cash awaiting investment	759,162

Interest.

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

	1973-74.	1974-75.
	\$	\$
On—Capital Liabilities	64,842,108	71,215,794
Acquisition Loans from Municipalities	137,315	124,939
Advances from Provident Fund	4,478,369	5,740,452
Advances from Employees' Retirement Fund	4,673	5,902
Advances for Capital Works	2,770,393	2,978,108
Current Liabilities	14,363	42,321
	<hr/>	<hr/>
Deduct Interest earned on Investments	72,247,221	80,107,516
	6,313,033	10,282,628
	<hr/>	<hr/>
	65,934,188	69,824,888

These totals were allocated in the accounts as under :—

	\$	\$
Revenue Account	64,702,599	68,460,504
Fixed Assets—Component of charges for services	1,231,589	1,364,384
	<hr/>	<hr/>
	65,934,188	69,824,888

The Commission's balances at 30th June, 1974, and 1975, are summarized hereunder—

30.6.74.		30.6.75.	
\$		\$	\$
	Current Assets—		
1,542,295	Balances at Bank and Cash in Hand	1,740,627	
29,022,966	Customers' and Other Accounts Receivable ..	33,122,574	
23,523,578	Estimated Income from Unread Electricity Consumption	28,119,319	
12,869,625	Materials and Fuel—at cost	17,315,758	
205,831	Miscellaneous Deferred Charges	243,745	
<hr/>		<hr/>	
67,164,295			80,542,023
<hr/>			
76,748,564	Investments—at cost		78,585,596
<hr/>			
3,521,288	Long Term Debtors (Real Estate Sales)		4,533,189
<hr/>			
	Fixed Assets—		
1,554,966,186	Assets in Service—at cost	1,612,662,665	
508,591,718	Deduct Provision for Depreciation	554,345,688	
<hr/>		<hr/>	
1,046,374,468		1,058,316,977	
72,384,390	Assets Not Yet in Service—at cost	113,529,138	
13,976,961	Development of Open Cuts—balance of cost ..	14,388,688	
<hr/>		<hr/>	
1,132,735,819			1,186,234,803
<hr/>			
1,280,169,966			1,349,895,611
<hr/>			
	Current Liabilities—		
13,755,434	Accounts Payable and Miscellaneous Accruals ..	14,616,953	
15,190,058	Interest Accrued	16,912,760	
12,138,631	Provision for Transfers to State Revenue	14,167,483	
1,968,082	Customers' and Contractors' Deposits	2,395,842	
<hr/>		<hr/>	
43,052,205			48,093,038
<hr/>			
	Deferred Liabilities—		
102,075,777	Advances for Capital Works	107,935,947	
1,870,731	Acquisition Loans from Municipalities	1,460,280	
21,750,000	Provision for Long Service Leave and Retiring Allowances	30,750,000	
<hr/>		<hr/>	
125,696,508			140,146,227
<hr/>			
	Reserves—		
15,850,092	General Reserve	18,256,887	
16,158,955	Customers' and Other Contributions for Capital Works	19,187,958	
<hr/>		<hr/>	
32,009,047			37,444,845
<hr/>			
	Capital Liabilities—		
799,031,887	Inscribed Stock and Debentures	831,211,218	
280,380,319	Victorian Government Advances	293,000,283	
<hr/>		<hr/>	
1,079,412,206			1,124,211,501
<hr/>			
1,280,169,966			1,349,895,611
<hr/>		<hr/>	

The following is a re-statement (in abbreviated form) of the balance-sheets at 30th 1974 and 1975, to show funds held by the Commission at the balance dates and the assets represent those funds—

	30.6.74.	30.6.75.	Variat
	\$	\$	\$
<i>Funds held—</i>			
External Borrowings (net)	1,133,379,882	1,183,685,383	+ 50,30
Provident Fund Advances	49,978,832	49,922,345	— 5
Internal Funds	540,217,665	599,441,433	+ 59,22
	<u>1,723,576,379</u>	<u>1,833,049,161</u>	<u>+109,47</u>
<i>Represented by—</i>			
Gross Fixed Assets	1,641,327,537	1,740,580,491	+ 99,25
Long Term Debtors	3,521,288	4,533,189	+ 1,01
Net Current Assets	24,172,755	32,549,470	+ 8,37
Investments	54,554,799	55,386,011	+ 83
	<u>1,723,576,379</u>	<u>1,833,049,161</u>	<u>+109,47</u>

Fixed Assets.

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

	30.6.74.	30.6.75.
	\$	\$
Coal Production	87,644,794	93,070
Briquette Production and Distribution	33,725,092	33,534
<i>Power Production—</i>		
Thermal Stations	540,756,661	574,772
Hydro Stations	73,163,954	75,707
Transmission System	343,006,186	349,360
Distribution System	416,441,338	455,105
General Service Assets	132,612,551	144,641
	<u>1,627,350,576</u>	<u>1,726,191</u>
Deduct Provision for Depreciation	508,591,718	554,345
	<u>1,118,758,858</u>	<u>1,171,846</u>
<i>Development of Open Cuts—</i>		
Balance of Cost	13,976,961	14,388
	<u>1,132,735,819</u>	<u>1,186,234</u>

Investments.

During the year, the Commission's investments, including deposits held on account contractors and customers, increased by \$1,837,032.

Investments held at 30th June, 1974 and 1975, were as follows :—

	30.6.74.	30.6.75.
	\$	\$
<i>General—</i>		
Government and semi-Government Securities	18,269,619	21,721,1
Short Term Money Market, "Buy Back" Securities and Commercial Bills	27,180,180	17,559,1
Shares in Australian Char Pty. Ltd.	105,000	105,1
Bank Deposits	9,000,000	16,000,1
	<u>54,554,799</u>	<u>55,386,1</u>
<i>Sinking Fund—</i>		
Government and semi-Government Securities	22,133,100	23,099,1
Contractors' and Customers' Deposits	60,665	100,1
	<u>76,748,564</u>	<u>78,585,1</u>

Advances for Capital Works.

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

	Balance. 30.6.74. \$	Balance. 30.6.75. \$	Variati for Ye \$
Customers' Advances for Capital Works (Self Help)	42,542,649	41,867,829	— 674,
Advances for Construction of Offices and Showrooms	2,592,300	2,199,554	— 392,
Advances for Construction of Power Stations ..	6,961,996	13,946,219	+ 6,984,
	<u>52,096,945</u>	<u>58,013,602</u>	<u>+ 5,916,</u>
Advances from Provident Fund	49,978,832	49,922,345	— 56,
	<u>102,075,777</u>	<u>107,935,947</u>	<u>+ 5,860,</u>

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

	1973-74.		1974-75.	
	\$	\$	\$	\$
Contributions received	7,977,326		6,250,069	
Interest credits	2,439,404		2,570,499	
	<u>10,416,730</u>		<u>8,820,</u>	
<i>Less</i> refunds of instalments and expired deposits, and transfers to customers' accounts as payment for supplies of electricity	9,581,374		9,495,	
Net Increase/Decrease	<u>+ 835,356</u>		<u>— 674,</u>	

Provision for Long Service Leave.

A further \$9,000,000 was appropriated to the Provision for Long Service Leave, bringing its balance to \$30,750,000 at 30th June, 1975.

Loans.

The loan liability of \$293,000,283 to the Treasury at 30th June, 1975, was determined after the deduction of \$43,622,415, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1974-75 was \$3,186,185, in respect of which a credit of \$676,028 was made to the General Reserve representing, mainly, the relevant Commonwealth contribution to the Fund less National Debt charges in connexion with the repurchase of securities.

Including settlements of \$183,200 on account of loans authorized in 1973-74, loan money raised by the Commission during the year amounted to \$82,759,132. The sources of these monies were :—

Public Loans	26,248,2
Private Loans	53,742,6
Retired Staff Loans	2,768,3
	<u>82,759,1</u>

The net increase in Commission loans in 1974-75 was \$32,179,331. The difference \$50,579,801 between the total raisings of \$82,759,132, 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, 1975, Reserves totalled \$37,444,845 compared with \$32,009,047 at 30th June, 1974.

(i) *General Reserve.*—The increase of \$2,406,795 in the balance of this Reserve is accounted for as follows :—

Balance at 30th June, 1974	\$ 15,850,0
Add—Surplus from Revenue Appropriation Account	504,416
Credit on account of contributions to the National Debt Sinking Fund for 1974-75 not payable by the Commission, less certain charges	676,028
Surplus—sale of "Lisle House"	1,226,351
	<u>2,406,79</u>
Balance at 30th June, 1975	<u>18,256,88</u>

(ii) *Customers' and Other Contributions for Capital Works.*—The balances of this Reserve at 30th June, 1974 and 1975, 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, 1974		114,329,450
Add—Contributions—Commission	11,196,961	
Officers	5,643,635	
	<hr/>	16,840,596
Investment Income		10,680,336
		<hr/>
		141,850,382
Less—Benefit Payments		8,524,382
Balance of Fund at 30th June, 1975		<hr/>
		133,326,000
The Fund was represented by—		
Assets—		
Investments in Commission—Loan Advances	49,922,345	
Inscribed Stock (at cost)	39,535,100	
	<hr/>	89,457,445
Freehold Property (Less Provision for Depreciation)	4,115,317	
Other Investments (at cost)—Company Shares	13,891,488*	
Company Debentures	7,610,481	
Housing Societies	148,417	
Property Trust	3,320,600	
Mortgages	5,871,000	
Convertible Notes	52,779	
Bank Endorsed Commercial Bills	649,816	
Bank Guaranteed Loans	6,000,000	
Investment Sales Awaiting Settlement	16,500	
	<hr/>	41,676,398
Accrued Income—Contributions	127,000	
Investment Income	2,569,642	
	<hr/>	2,696,642
		<hr/>
		133,830,485
Less—Liabilities—		
Investment Purchases Awaiting Settlement	117,680	
Benefits Accrued and Unpaid	384,977	
Valuation Fees Received in Advance	1,828	
	<hr/>	504,485
		<hr/>
		133,326,000

* Market Valuation 30th June, 1975, \$9,544,968.

Increased contributions by the Commission to reduce a deficit shown by an actuarial valuation as at 30th June, 1973, had the effect, in 1974–75, of raising the Commission's rate of contribution from the normal \$1.50 for each \$1 contributed by a member to almost \$2 for each \$1 of a member's contributions.

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 (increased to \$2 from 12th August, 1974) 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, 1974, to 30th June, 1975, are :—

	\$	\$
Balance of Fund at 30th June, 1974		2,954,145
Add Contributions—Commission	966,038	
Employees	491,352	
	<hr/>	1,457,390
Investment Income		332,279
		<hr/>
		4,743,814
Less—Benefit Payments		635,876
Balance of Fund at 30th June, 1975		<hr/>
		4,107,938
The Fund was represented by—		
Assets—		
Advances to Commission		71,564
Freehold Property (Less Provision for Depreciation)		95,674
Investments (at Cost)—Company Shares	616,768*	
Company Debentures, Notes, &c.	2,006,951	
Property Trusts	750,075	
Mortgages	560,000	
Convertible Notes	90,631	
	<hr/>	4,024,425
Accrued Income—Contributions	60,300	
Interest	54,973	
	<hr/>	115,273
		<hr/>
		4,306,936
Less—Liabilities—		198,998
Benefits Accrued and Unpaid		<hr/>
		4,107,938

* Market Valuation 30th June, 1975, \$9,544,968.

GAS AND FUEL CORPORATION OF VICTORIA.

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

As authorized by the *Gas and Fuel Corporation (Powers) Act 1974*, which came into operation on the 7th May, 1974, the Corporation purchased the whole of the issued capital of the Albury Gas Company Ltd. on the 1st July, 1974, from the Gas Supply Company Ltd. for \$965,133.

The following statement shows the consolidated income and expenditure of the Corporation and its subsidiaries, the Waldorf Appliances Pty. Ltd. and Mount Gambier Gas Company Ltd., for the year ended 30th June, 1974, and the income and expenditure of the Corporation and the consolidated figures of the Corporation and its subsidiaries, Waldorf Appliances Pty. Ltd., Mount Gambier Gas Company Ltd., and the Albury Gas Company Ltd., for the year ended 30th June, 1975.

Consolidated. 1974		Gas and Fuel Corporation. 1975	Consolidated. 1975
\$		\$	\$
	Income—		
	Sales—		
72,262,895	Gas	92,000,120	92,473,987
34,081,519	Appliances, L.P. Gas, Residual and Other Products	43,457,239	45,656,744
<u>106,344,414</u>			<u>138,130,731</u>
	Cost of Sales—		
19,450,502	Gas	23,173,868	23,368,516
26,800,210	Appliances, L.P. Gas and Other Products	35,325,274	36,773,882
<u>46,250,712</u>			<u>60,142,398</u>
<u>60,093,702</u>		<u>76,958,217</u>	<u>77,988,333</u>
	Expenditure (Note 1)—		
15,452,117	Distribution	20,400,003	20,545,979
13,975,207	Marketing	16,634,326	17,034,365
24,140,637	Administration	31,479,596	31,965,620
3,546,450	Amortization of Natural Gas Change-over Costs	4,574,850	4,574,850
<u>57,114,411</u>			<u>73,088,775</u>
2,979,291	Profit on Trading		3,869,442
..	Dividends Receivable (Note 3)		20,452
			<u>3,867,519</u>
2,979,291	Net Profit for Year before Income Tax, Transfers to Reserves and Fixed Dividends		3,889,894
<u>2,180,000</u>	Contribution to Consolidated Fund	3,000,000	3,000,000
45,316	Income Tax		26,633
50,000	Transfer to Contingency Reserve	50,000	50,000
<u>2,275,316</u>			<u>3,050,000</u>
703,975			839,894
5,761	Transferred from Income Tax Provision .. .. .		..
			<u>790,886</u>
<u>709,736</u>	Balance carried forward to Profit and Loss Appropriation Account		839,894
			<u>792,933</u>

The quantity of gas sold for the year was 72,133,125 gigajoules returning \$1.27 per gigajoule compared with, in 1973-74, 59,674,000 gigajoules for a unit return of \$1.21.

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 total revenue of the Corporation in the preceding financial year. In terms of the legislation, an amount of \$75,000,000 was agreed to by the Treasurer and the Corporation as the total contribution for the year 1973-74 and 4 per cent. thereof, \$3,000,000, was paid to the Consolidated Fund in June, 1975.

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

	\$	\$
Balance brought forward 1st July, 1974	64,408	
Net Profit for year from Profit and Loss Account	792,933	
	<hr/>	
Available for Appropriation .. .. .	..	857,341
Preference Shares Dividend at 4 per cent. per annum for year ended 30th June, 1975.. .. .	315,278	
“ B ” Preference Shares Dividend at 6 per cent. per annum for year ended 30th June, 1975	361,260	
	<hr/>	676,538
Balance carried forward 30th June, 1975 .. .. .	..	<hr/>180,803

The following is a consolidated statement of the balances of the Corporation and its subsidiaries, the Waldorf Appliances Pty. Ltd. and Mount Gambier Gas Company Ltd., at 30th June, 1974, and of the Corporation and its subsidiaries Waldorf Appliances Pty. Ltd., Mount Gambier Gas Company Ltd., and The Albury Gas Company Ltd. at 30th June, 1975, arranged to show the funds employed and the assets representing the total funds.

Balanced 1974.		Gas and Fuel Corporation 30.6.75.	Consolidated. 30.6.75.
		\$	\$
	Shareholders' Funds—		
	Subscribed Capital—		
81,952	3,940,976 4 per cent. Cumulative Preference Shares of \$2 each (Note No. 4)	7,881,952	7,881,952
21,006	3,010,503 6 per cent. "B" Cumulative Preference Shares of \$2 each	6,021,006	6,021,006
80,000	4,000,000 Ordinary Shares of \$2 each subscribed by the State of Victoria	8,000,000	8,000,000
	<hr/>		
12,958	Subscribed Capital (Fully Paid)	21,902,958	21,902,958
	<hr/>		
	Reserves—		
15,439	General Reserve	2,375,971	2,375,971
3,491	Asset Realization Reserves	30,168,116	30,303,648
7,336	Contingencies Reserve	707,336	707,336
	<hr/>		
		33,251,423	33,386,955
	<hr/>		
4,408	Profit and Loss Appropriation Account	236,907	180,803
	<hr/>		
3,632		55,391,288	55,470,716
	<hr/>		
	Deferred Liabilities—		
7,230	Advances from State of Victoria	10,100,217	10,100,217
9,717	Less securities purchased and cancelled by the National Debt Commission	1,585,342	1,585,342
	<hr/>		
7,513		8,514,875	8,514,875
	<hr/>		
	Debentures and Debenture Stock (Secured)—		
1,656	Redeemable within twelve months	15,747,757	15,747,757
3,087	Redeemable after twelve months	209,842,330	209,842,330
	<hr/>		
1,743	\$ Contingent Liabilities—	225,590,087	225,590,087
	<hr/>		
2,888	3,359,000 Commitments under Contracts for Capital Expenditure and Bank Guarantees	6,041,000	289,496,250
	<hr/>		
	<hr/>		
	Fixed Assets—		
3,931	Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in progress (at cost or valuation) (Note No. 11)	269,065,638	270,910,608
1,369	Less Provision for Depreciation	53,427,616	53,671,801
	<hr/>		
1,562	Carried forward	215,638,022	217,238,807

Consolidated 30.6.74.		Gas and Fuel Corporation 30.6.75.	Consolidated 30.6.75.
\$		\$	\$
199,665,562	Brought forward		215,638,022
	...		217,238,807
	Current Assets—		
1,351,102	Cash in Hand and at Banks	2,186,422	2,196,335
750,000	Short-term Deposits .. ..	..	..
	Trade and Other Debtors (<i>less</i> provision for Bad and Doubtful Debts and Consumers' Deposits) (Note No. 8)	27,504,746	28,121,899
23,821,884	Stocks at Cost or Valuation	12,033,009	12,769,276
7,963,809	Prepayments	412,011	417,994
309,671	Amount owing by Subsidiaries	1,707,769	..
..			..
34,196,466			43,843,957
	Less Current Liabilities—		
13,014,157	Trade and Other Creditors	15,940,366	16,114,498
2,080,961	Bank Overdraft	6,886,009	6,906,279
	Provisions—		
6,465,670	Long Service Leave	9,123,675	9,213,028
500,340	Retiring Allowances	1,095,281	1,095,281
829,935	Deferred Repairs	891,400	900,300
338,269	Preference Dividend	338,269	338,269
44,919	Income Tax	—	26,271
23,274,251			34,275,000
10,922,215	Net Current Assets		9,568,957
	Investments—		
..	In Subsidiary Companies (Note No. 15) ..	1,197,432	..
36,713	In Other Companies	36,713	36,713
36,713			1,234,145
36,713			1,234,145
	Intangibles—		
5,798,524	Goodwill on consolidation	5,798,524	5,817,452
442,521	Unamortised Debenture Issue Expenses (Note No. 12)	452,553	452,553
55,996,461	Natural Gas Change-over Costs (Note No. 13) ..	51,228,007	51,542,533
5,950,892	Pipeline Establishment Expenses (Note No. 14)	5,576,042	5,576,042
68,188,398			63,055,126
278,812,888			289,496,250
			289,575,678

DIRECTORS' EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1975.

	Corporation 1975	Corporation 1974	Consolidated 1975	Consolidated 1974
	\$'000	\$'000	\$'000	\$'000
1. Charges against revenue for the year included—				
(a) Interest on debenture and other fixed loans from outside group	15,032	13,028	15,032	13,028
Other interest from outside group ..	141	340	123	341
	15,173	13,368	15,155	13,369
Less: Interest received on investments ..	606	385	486	385
	14,567	12,983	14,669	12,984
(b) Bad Debts written off—				
Trade Debtors	—	132	1	151
Other Debtors	—	34	—	35
	—	166	1	186

	\$'000	\$'000	\$'000	\$'000
(c) Provision in respect of Depreciation—				
on Buildings, Plant and Equipment	7,109	5,913	7,162	5,934
on Stores	475	48	475	48
	<u>7,584</u>	<u>5,961</u>	<u>7,637</u>	<u>5,982</u>
Amortisation—				
Natural Gas Change-over Costs ..	4,200	3,217	4,200	3,217
Pipeline Establishment Expenses ..	375	329	375	329
Doubtful Debts—Trade	495	267	495	272
Hire Purchase	30	30	30	30
Long Service Leave	3,461	2,086	3,511	2,095
Retiring Allowances	807	116	807	116
Deferred Repairs	365	267	369	267
	<u>17,317</u>	<u>12,273</u>	<u>17,424</u>	<u>12,308</u>

The cost of plant in normal course of retirement \$559,000 (1974 \$255,000) has been deducted from the Provision for Depreciation.

(d) Directors remuneration	17	18	20	19
(e) Audit Fees (Auditing Group Accounts)	35	45	39	47

The Auditors received no other benefits.

2. Bad Debts have been written off against provisions for—

Trade Debtors	412	186	413	186
Hire Purchase Debtors	25	20	25	20

3. Profit (Loss) from Subsidiaries—

	1975 \$'000	1974 \$'000
Waldorf Appliances Pty. Ltd.	18	33
Mt. Gambier Gas Co. Ltd.	(31)	(9)
Albury Gas Co. Ltd.	(15)	—

4. Capital—

	1975 \$'000	1974 \$'000
--	----------------	----------------

Authorised Capital—

7,500,000 4 per cent. Cumulative preference Shares of \$2 each	15,000	15,000
6,625,000 6 per cent. "B" Cumulative Preference Shares of \$2 each	13,250	13,250
7,500,000 Ordinary Shares of \$2 each	15,000	15,000
	<u>43,250</u>	<u>43,250</u>

Issued Capital—

4 per cent Cumulative Preference Shares of \$2 each	7,882	7,882
6 per cent "B" Cumulative Preference Shares of \$2 each	6,021	6,021
Ordinary Shares of \$2 each	8,000	8,000
	<u>21,903</u>	<u>21,903</u>

All ordinary shares issued are held by the State of Victoria. The Articles of Association of the Corporation restrict the transfer of the 4 per cent Cumulative Preference Shares to any transferee other than the State of Victoria, except in special circumstances.

	Corporation 1975 \$'000	Corporation 1974 \$'000	Consolidated 1975 \$'000	Consolidated 1974 \$'000
5. Reserves—				
Increases in Reserves during the year were—				
Transfers to Contingency Reserve ..	50	50	50	50
Increase in General Reserve for equity increase in the National Debt Sinking Fund	91	86	91	86
Increase in Capital Reserves for provisions for Redundant Plant	—	—	65	—
Profit on sale of fixed assets transferred to Asset Realisation Reserve ..	356	604	356	604
Transfer to Asset Revaluation Reserve	—	26,114	—	26,184

							1975
							\$'000
Advances from the State of Victoria	..	..	..	..	..	..	10,000
Discount and charges incurred	..	..	..	..	..	..	100
							<u>10,100</u>
<i>Less:</i> Equity in National Debt Sinking Fund							1,585
							<u>8,515</u>

	Corporation 1975	Corporation 1974	Consolidated 1975	Consolidated 1974
	\$'000	\$'000	\$'000	\$'000
Debentures—				
Redeemable 1–2 years from 30th June	11,610	15,662	11,610	15,662
Redeemable 2–5 years from 30th June	43,680	38,323	43,680	38,323
Redeemable after 5 years from 30th June	154,552	154,563	154,552	154,563

The due repayment of the principal sums and the payment of all interest secured by any debentures ebenture stock issued by the Corporation is guaranteed by the Government of Victoria under Clause 13 he Gas and Fuel Corporation Act 1958.

	Corporation 1975	Corporation 1974	Consolidated 1975	Consolidated 1974
	\$'000	\$'000	\$'000	\$'000
Debtors and Prepayments—				
Trade	25,612	21,665	26,251	22,179
Hire Purchase	5,451	4,359	5,487	4,386
	<u>31,063</u>	<u>26,024</u>	<u>31,738</u>	<u>26,565</u>
<i>Less:</i>				
Provision for Doubtful Debts—				
Trade	559	475	576	492
Hire Purchase	84	79	84	79
	<u>643</u>	<u>554</u>	<u>660</u>	<u>571</u>
Unearned Interest	876	701	881	705
Consumers Deposits	2,457	2,230	2,489	2,242
Provision for Interest thereon	172	209	173	209
	<u>26,915</u>	<u>22,330</u>	<u>27,535</u>	<u>22,838</u>
Other Debtors	589	983	589	983
Prepayments	412	310	417	310
	<u>27,916</u>	<u>23,623</u>	<u>28,541</u>	<u>24,131</u>

Hire purchase terms charges are absorbed into the Profit and Loss Account in equal instalments over term of the contract.

Stocks and Stores	12,966	7,754	13,702	8,138
<i>Less:</i> Depreciation	933	174	933	174
	<u>12,033</u>	<u>7,580</u>	<u>12,769</u>	<u>7,964</u>
Bank Overdraft—				
Bank Balances (Cash Book)	6,886	1,996	6,906	2,081
<i>Less:</i> Unpresented Cheques	3,385	1,707	3,422	1,707
	<u>3,501</u>	<u>289</u>	<u>3,484</u>	<u>374</u>

		Corporation 1975 \$'000	Corporation 1974 \$'000	Consolidated 1975 \$'000	Consolidated 1974 \$'000
Fixed Assets					
Freehold Land—					
at independent valuation 1974	..	28,269	32,391	28,568	32,457
at Cost .. .. .	..	1,248	211	1,248	211
		<u>29,517</u>	<u>32,602</u>	<u>29,816</u>	<u>32,668</u>
Leasehold Land—					
at independent valuation 1968	..	8	8	8	8
Less: Amortisation ..	..	2	2	2	2
		<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Buildings—					
on freehold land—					
at independent valuation 1974	..	6,366	6,612	6,419	6,653
Less: Depreciation ..	..	2,023	1,878	2,042	1,893
		<u>4,343</u>	<u>4,734</u>	<u>4,377</u>	<u>4,760</u>
at Cost .. .. .	..	316	69	316	69
Less: Depreciation ..	..	80	32	80	32
		<u>236</u>	<u>37</u>	<u>236</u>	<u>37</u>
on leasehold land at cost	..	3,208	3,479	3,208	3,479
Less: Depreciation ..	..	875	733	875	733
		<u>2,333</u>	<u>2,746</u>	<u>2,333</u>	<u>2,746</u>
Machinery, Plant and Equipment—					
at independent valuation 1961	..	5,373	5,430	5,373	5,430
Less: Depreciation ..	..	1,718	1,842	1,718	1,842
		<u>3,655</u>	<u>3,588</u>	<u>3,655</u>	<u>3,588</u>
at cost ... .. .	..	217,410	198,217	218,903	198,781
Less: Depreciation ..	..	48,657	45,865	48,882	46,029
		<u>168,753</u>	<u>152,352</u>	<u>170,021</u>	<u>152,752</u>
Capital Work in Progress—					
at cost .. .. .	..	6,867	3,249	6,867	3,249
Less: Depreciation ...	..	72	141	72	141
		<u>6,795</u>	<u>3,108</u>	<u>6,795</u>	<u>3,108</u>
Total Net Fixed Assets .. ..	..	<u>215,638</u>	<u>199,173</u>	<u>217,239</u>	<u>199,665</u>

	Corporation 1975 \$'000	Corporation 1974 \$'000	Consolidated 1975 \$'000	Consolidated 1974 \$'000
12. Unamortised Debenture Issue Expenses—				
Balance 30th June, 1974	443	537	443	537
Add: Expenses of Issue for the year	145	32	145	32
	<u>588</u>	<u>569</u>	<u>588</u>	<u>569</u>
Less: Amount written off	136	126	136	126
	<u>452</u>	<u>443</u>	<u>452</u>	<u>443</u>
13. Natural Gas Change-over Costs	66,750	67,318	67,065	67,318
Less: Amounts written off	15,522	11,322	15,522	11,322
	<u>51,228</u>	<u>55,996</u>	<u>51,543</u>	<u>55,996</u>
14. Pipeline Establishment Expenses	6,796	6,796	6,796	6,796
Less: Amounts written off	1,220	845	1,220	845
	<u>5,576</u>	<u>5,951</u>	<u>5,576</u>	<u>5,951</u>

15. Investments in Subsidiary Companies are—

Waldorf Appliances Proprietary Limited ..	(100 per cent.)
The Albury Gas Company Limited ..	(100 per cent.)
Mt. Gambier Gas Company Limited ..	(100 per cent.)

Under the heading "Consolidated" are the accounts of the Gas and Fuel Corporation of Victoria and its subsidiary companies Waldorf Appliances Proprietary Limited and The Albury Gas Company Limited both incorporated in New South Wales and Mt. Gambier Gas Company Limited incorporated in South Australia.

16. Statement of Shareholders at 7th August, 1975—

(a) Number of holders 4 per cent. Cumulative Preference Shares

<i>Number of Holders</i>		<i>Number of Shares Held</i>	
492	1—1,000		
22	1,001—5,000		
—	5,001—10,000		
1	10,001 and over		
<u>Total</u> 515			

Number of holders 6 per cent. "B" Cumulative Preference Shares

<i>Number of Holders</i>		<i>Number of Shares Held</i>	
1,506	1—1,000		
285	1,001—5,000		
26	5,001—10,000		
21	10,001 and over		
<u>Total</u> 1,838			

(b) Voting Rights—

- (i) 4 per cent. Cumulative Preference Shareholders have the same rights as the holder of ordinary shares to receive notices of general meetings, reports and balance sheets and accounts and to attend and vote at general meetings of the Corporation and to vote at a separate meeting convened for the purpose of passing a resolution to alter or modify the Memorandum of Association for the purpose of issuing additional preference shares.
- (ii) 6 per cent. "B" Cumulative Preference Shareholders have the same rights as the holder of ordinary shares to receive notices of general meetings, reports, balance sheets and accounts and to attend and vote at general meetings of the Corporation and to vote at a separate meeting of the holders of 6 per cent. "B" Cumulative Preference Shares

convened for the purpose of passing a resolution to sanction a variation to the Articles of Association of the Corporation which affects the rights and privileges attached to the 6 per cent. "B" Cumulative Preference Shares.

(iii) The only Ordinary Shareholder being the State of Victoria is entitled to receive notices of general meetings, reports and balance sheets and accounts and to attend and vote at general meetings of the Corporation.

(c) Ninety-seven per cent. of 4 per cent. Cumulative Preference Shares and fifty-eight per cent. of 6 per cent. "B" Cumulative Preference Shares are held by the twenty largest holders in each of the respective categories. Ninety-six per cent. of the 4 per cent. Cumulative Preference Shares are held by the State of Victoria.

17. Contingent Liabilities (Unsecured).

These liabilities consisted of commitments under contract for capital expenditure and guarantees by the Corporation approximating \$6,041,000 (1974 \$3,359,000) and the Princes Gate long term lease.

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, 1974.	1974-75.	Total.
	\$	\$	\$
Acquisition of Shares—			
Subscription for 4,000,000 Ordinary Shares of \$2 ..	8,000,000	..	8,000,000
Purchase of Preference Shares	7,528,894	40,000	7,568,894
	15,528,894	40,000	15,568,894
Advances—			
Advance for Capital Works	12,000,000	..	12,000,000
Loan Flotation Expenses	100,217	1,523	101,740
	12,100,217	1,523	12,101,740
Preference Share Dividend Guarantee—			
Advanced to the Corporation	354,694	..	354,694
Less Repayments	354,694	..	354,694

Total Investments and Advances by the State	27,629,111	41,523	27,670,634
Cost to the State on account of the above—			
Debt Charges	21,976,378	1,281,825	23,258,203
Less Recoups, &c., from Corporation—			
Debt Charges	9,614,849	1,241,072	10,855,921
Dividends on Preference Shares	5,759,349	301,522	6,060,871
	15,374,198	1,542,594	16,916,792
Net Cost to the State	6,602,180	260,769^{CR}	6,341,411

The above statement does not take into account the sum of \$3,000,000, already referred to, which was paid into the Consolidated Fund in 1974-75 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, 1975, namely, \$13,855,000.

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, 1975, the State was the registered owner of 3,777,349 shares. The transfer of a further 871 shares was in course and \$12,454 was held by the Corporation for future purchases.

GEELONG HARBOR TRUST.

The operations of the Trust for the year ended 31st December, 1974, resulted in a deficit of \$287,014, compared with a deficit of \$48,814 for the previous year. Although increased revenue was earned in 1974, particularly from shipping services, the increase was insufficient to offset fully the substantial rises in operating costs.

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

	<i>Revenue.</i>				1973.	
Operating Revenue—					\$	
Harbor Revenue	2,095,934	2,1
Shipping Services	1,099,878	1,3
Other	286,587	3
Non-operating Revenue—						
Interest	21,225	
Sale of Scrap Materials	914	
Total Revenue	3,504,538	4,0
<i>Expenditure.</i>						
Operating Expenses—						
Administration, &c.	679,954	9,
Shipping Services	991,689	1,31
Maintenance	421,575	4,
Depreciation and Amortization	891,919	9,
Non-operating Expenses—						
Superannuation	245,337	31
Interest	263,032	21
Miscellaneous	59,846	7
Total Expenditure	3,553,352	4,30
Deficit	48,814	28
Appropriations—						
Sinking Fund	48,296	3
Long Service Leave	24,721	1
Total Appropriations	73,017	4

The following statement summarizes the Trust's financial position as at 31st December 1973 and 1974 :—

31.12.73.		\$	31.12.74.	\$	\$
	Source of Funds—				
	External—				
4,829,611	Loan Liability				3,143,400
	Internal—				
5,559,903	Endowments				5,559,903
12,285,629	Net Revenue Account—Accumulated Surplus				11,956,408
2,820,488	General Reserve				3,749,830
6,669,272	Specific Reserves and Funds			6,241,174	
6,427,737	Less Investments			5,949,780	
241,535					291,394
20,907,555					21,557,532
25,737,166					24,700,938
	Represented by—				
	Current Assets—				
1,060	Cash				2,100
420,590	Investments .. .. .				..
434,305	Sundry Debtors and Prepayments				423,718
40,037	Stores (at cost)				48,840
895,992					474,658
	Less—Current Liabilities—				
89,706	Bank Overdraft			105,866	
183,876	Sundry Creditors and Accruals			193,954	
4,203	Contractors' Deposits and Retentions .. .. .			..
277,785					299,820
618,207					174,838
	Deferred Assets—				
108,562	Various Advances, &c.				141,138
	Fixed Assets (at Cost less Depreciation)—				
249,184	Land (Purchased and Vested)				245,215
1,844,503	Buildings and Improvements				1,749,184
21,080,341	Harbor Works				20,587,449
1,634,004	Floating Plant				1,511,932
182,983	Other Plant and Vehicles				272,613
19,382	Furniture and Fittings				18,574
25,010,397					24,384,967
25,737,166					24,700,938

Specific Reserves and Funds.—Transactions within the respective Reserves and Funds during 1974 are given hereunder :—

	Port Development Fund.	Sinking Fund.	Insurance Reserve Fund.	Provision for Long Service Leave.
	\$	\$	\$	\$
Balance forward 1st January, 1974	4,273,151	258,466	1,896,120	241,535
Allocation from Revenue .. .. .	..	31,434	..	84,494
Interest on Investments	266,748	10,212	116,109	..
Profit (<i>Loss</i>) from realization of inscribed stock	(10,677)	2,448	(431)	..
	4,529,222	302,560	2,011,798	326,029
Less—				
Expenditure for year	618,600	185,300	89,900	34,635
Balance 31st December, 1974	3,910,622	117,260	1,921,898	291,394
	6,241,174			

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. These latter Boards recoup the Grain Elevators Board for the use of its facilities by meeting a charge which allows for operating costs, interest and loan expenses, depreciation and the hire of grain-handling facilities.

Wheat receivals for the 1973-74 season totalled 1,515,382 tonnes while 233,125 tonnes of barley were handled. The comparable totals for the 1972/73 season were 1,165,055 tonnes and 92,496 tonnes 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 of \$20,699 for the 1973-74 accounting period compared with a surplus of \$78,763 in respect of the previous period.

1972-73	<i>Revenue.</i>				1973-74	
\$					\$	\$
	Australian Wheat Board—					
4,653,620	Wheat Handling Charges	..	..	..	..	5,168,718
	Australian Barley Board—					
479,292	Barley Handling Charges	..	..	..	..	1,076,426
<hr/>						<hr/>
5,132,912	Total Revenue—Grain Handling	..	..	..	..	6,245,144
<hr/>						
	<i>Expenditure.</i>					
1,848,700	Operating and Maintenance	..	..	..	..	2,872,662
667,076	Administration Expenses	..	..	..	..	798,571
586,776	*Depreciation	..	..	..	..	569,643
1,646,086	Interest on Loans	..	..	..	..	1,693,066
305,511	Sinking Fund Charges	..	..	..	..	290,503
<hr/>						<hr/>
5,054,149						6,224,445
<hr/>						<hr/>
78,763	Net Surplus	..	..	..	..	20,699
	<i>Add—</i>					
461,303	Net Accumulation brought forward	..	..	..	..	461,303
861,624	Interest on Investments	..	..	..	..	1,143,218
4,302	Reserve Fund Interest Equity relating to Assets written off	..	..	..	..	5,637
<hr/>						<hr/>
1,405,992						1,630,857
	<i>Less Appropriations—</i>					
554,577	*Depreciation Reserve Fund	..	..	..	..	663,761
74,231	*General Reserve Fund	..	..	..	..	90,120
28,648	*Insurance Reserve Fund	..	..	..	..	35,538
64,246	*Renewals Reserve Fund	..	..	..	..	93,877
4,302	Debentures and Inscribed Stock Sinking Fund	..	..	..	..	5,637
218,685	Transfer to Renewals Reserve Fund	..	..	..	..	280,620
<hr/>						<hr/>
944,689						1,169,553
<hr/>						<hr/>
461,303	Net Accumulation at 31st October	..	..	..	..	461,304
<hr/>						<hr/>

*Approved by the Honorable the Treasurer.

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

31.10.73.				31.10.74.
\$				\$ \$ \$
	Current Assets—			
756,527	Sundry Debtors and Advances			1,359,737
205,498	Cash			85,703
<u>962,025</u>				<u>1,445,440</u>
18,368,254	Investments			18,679,296
	Fixed Assets—at Cost—			
	Construction—			
19,127,232	Country Elevators		19,209,481	
3,615,488	Geelong Terminal		3,639,120	
1,467,890	Sunshine Sub-Terminal		1,724,687	
			<u>24,573,288</u>	
	Equipment and Plant—			
5,226,525	Country Elevators		5,265,059	
1,684,322	Geelong Terminal		1,813,457	
199,406	Sunshine Sub-Terminal		237,576	
			<u>7,316,092</u>	
4,840	Marmalake No. 1 Emergency Store		4,840	
370,638	Motor Vehicles, Office Furniture and Equipment		382,969	
613,205	Freehold Land and Buildings—City		613,205	
			<u>1,001,014</u>	
				32,890,394
1,819,914	Horizontal Emergency Storages			1,012,213
3,503	National Debt Sinking Fund—Cash in Fund			6,193
<u>53,463,242</u>				<u>54,033,536</u>
	Current Liabilities—			
519,512	Sundry Creditors			546,489
	Loans—			
1,526,359	Government of Victoria			1,490,299
26,999,976	Public			25,241,629
				<u>26,731,928</u>
	Reserves and Funds—			
	Cancelled Securities Reserves—			
633,789	National Debt Sinking Fund		673,059	
1,468,884	Debentures and Inscribed Stock		1,455,971	
1,551,769	Matured Public Loans		1,842,293	
11,074,450	Depreciation Reserve Fund		12,309,290	
4,840	Marmalake No. 1 Emergency Storage Reserve		4,840	
629,000	Office Building Reserve		629,000	
585,674	Insurance Reserve Fund		650,894	
2,716,315	General Reserve Fund		2,806,435	
1,271,488	Debentures and Inscribed Stock Sinking Fund		1,354,413	
1,582,969	Renewals Reserve Fund		1,936,509	
253,423	Provision for Long Service Leave and Retiring Gratuities		303,996	
919,611	Superannuation Fund		1,046,909	
			<u>25,013,609</u>	
1,263,821	Reserve Fund Contribution for Renewal of Assets			1,280,206
59	Suspense Accounts—Rebagging Wheat .. .. .			..
461,303	Revenue Account—Net Accumulation			461,304
<u>53,463,242</u>				<u>54,033,536</u>

Reserves and Funds of the Board totalled \$25,013,609 at 31st October, 1974, compared with \$22,692,212 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, 1973	1,582,969
<i>Add</i> —Appropriated from Accumulated Funds	280,620
Interest on Investments Appropriated	93,877
	<hr/>
	1,957,466
<i>Less</i> —Renewals and Improvements—	
Belting and Cabins on Geelong Shipping Gallery	20,957
	<hr/>
Balance 31st October, 1974	<u>1,936,509</u>

GREYHOUND RACING CONTROL BOARD.

The Board is constituted under the provisions of Section 69 (1) of the *Racing Act* 1958. Its functions are to control the sport of greyhound racing and to exercise such powers and duties as are conferred on it by or under the Racing Act or any other Act.

Its principal sources of income are an administration grant from the Totalizator Agency Board made in accordance with that Board's financial scheme under Section 116i of the Act, registration fees and a statutory contribution of three per cent. of the gross revenue of registered Greyhound Racing Clubs.

Following is a statement of income and expenditure for the years ended 31st December, 1973 and 1974 :—

1973. \$	<i>Income.</i>	1974. \$
36,305	Registrations	41,700
117,187	Totalizator Agency Board—Grant	185,144
26,272	Statutory Contributions by Clubs	31,305
10,292	Other Income	19,551
190,056	Total Income	277,700
<i>Expenditure.</i>		
7,872	Board Members—Salaries and Expenses	11,069
57,163	Supervision Fees—Stewards	75,203
34,259	Salaries	50,755
13,646	Publication of Journal	19,665
19,676	Office Expenses	22,443
16,741	National Coursing Association of Victoria	20,572
8,641	Miscellaneous	12,872
157,998	Total Expenditure	212,579
32,058	Surplus	65,121
<i>Add—</i>		
82,282	Net Accumulation brought forward	114,340
114,340		179,461
<i>Less Appropriations—</i>		
..	Cranbourne Greyhound Racing Club	37,980
..	Wimmera Greyhound Racing Club	3,164
		41,144
114,340	Net Accumulation at 31st December	138,317

The Accumulation of the Greyhound Racing Control Board Fund as at 31st December, 1974, was represented by :—

Investments	130,000
Fixed Assets	9,040
	139,040
<i>Less—Excess of Current Liabilities over Current Assets</i>	723
	138,317

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, 1975, was \$29,344,200 compared with \$29,724,000 at 30th June, 1974. Of the amount of \$29,344,200, a sum of \$1,511,200 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 .. .. .	.. .. .	10,483,000
Other Savings Banks	16,071,200	
Trading Banks	1,150,000	
	<hr/>	17,221,200
Insurance Companies .. .. .	.. .. .	1,290,000
Other .. .. .	.. .. .	350,000
		<hr/>
		29,344,200
		<hr/>

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

	\$
Agreed Loans as above	29,344,200
Less—Amount repaid to lending institutions	6,221,769
	<hr/>
Total liability of Trust to lending institutions	23,122,431
	<hr/>

Loans approved by the Trust to borrowers amounted to \$43,510,860, of which sum \$4,492,790 related to second mortgages. Discharged mortgages, including mortgages on repossessed properties sold under contracts of sale, amounted to \$16,621,589. Advances secured by first mortgage at 30th June, 1975, amounted to \$20,590,426 (net) and, by second mortgage, to \$767,852 (net).

The net surplus for the year on account of transactions relating to first mortgages (Home Finance Fund No. 1) was \$213,322. The deficit on account of second mortgages (Home Finance Fund No. 2) was \$3,160.

A summary of the income and expenditure of the Trust for 1973-74 and 1974-75 is furnished below. The figures for 1974-75 are subject to audit.

1973-74.		1974-75.	
\$	<i>Income.</i>	\$	\$
1,539,622	Interest Receivable from Mortgagors and on Sales, &c. ..	1,683,461	
1,429,736	Less Interest Payable to Depositors (including Overdraft Interest) ..	1,417,832	
		<hr/>	
109,886			265,629
12,267	Insurance Commission		13,837
744	Other		596
			<hr/>
122,897			280,062
			<hr/>
	<i>Expenditure.*</i>		
7,650	Fees—Members of Trust		10,000
1,986	Printing and Stationery		917
2,070	Postage and Telephone		2,077
40,000	Contribution to Treasury		55,000
316	Sundry		1,906
			<hr/>
52,022			69,900
			<hr/>
70,875	Operating Surplus		210,162
			<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, 1974, and 1975.

30.6.74.					30.6.75.	
\$	<i>Assets.</i>				\$	\$
24,647,266	Current ordinary loans secured by first mortgage	..	..	..	24,960,569	
4,262,911	Less repayments by mortgagors	..	..	..	4,370,143	
						20,590,426
1,614,403	Current ordinary loans secured by second mortgage	..	..	..	1,401,930	
766,001	Less repayments by mortgagors	..	..	..	634,078	
						767,852
118,620	Repossessed properties sold under contracts of sale	..	..	..	118,620	
48,628	Less payments of instalments of principal	..	..	..	51,189	
						67,431
92,879	Arrears—(net) under mortgages and contracts of sale	..	..	..	..	82,923
24,657	Sundry Debtors	..	..	..	..	47,982
..	Office Equipment	..	..	..	..	79
..	Cash at Bank	..	..	..	..	8,714
3,120,000	Cash on Fixed Deposit	..	..	..	..	2,510,000
40	Cash on Hand	..	..	..	..	40
						24,075,447
24,540,325						24,075,447

Liabilities.

23,814,698	Deposits by lending institutions and accommodation by way of overdraft—repayment guaranteed by Treasurer of Victoria	..	..	..	..	23,122,431
10,256	Prepayments by mortgagors of valuation and inspection fees	..	..	..	..	16,362
9,383	Mortgagors' equities in properties repossessed and sold	..	..	..	..	9,383
813	Sundry Creditors	..	..	..	..	11,935
705,175	Accumulated Surplus—Home Finance Funds Nos. 1 and 2	..	..	..	..	915,336
						24,075,447
24,540,325						24,075,447

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 1974-75 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 1973-74 and an abridged Balance Sheet of the Fund as at 30th June, 1974, are given below:—

MANAGEMENT ACCOUNT.

ADMINISTRATION.								\$
<i>Income—</i>								
Management Proportion of Contributions .. .. .	..	..	..	..	..	..	..	228,124
Commission .. .. .	..	..	..	..	..	..	..	9,622
Distribution of Earnings.. .. .	..	..	..	..	..	..	..	15,044
								<hr/>
								252,790
<i>Expenditure—</i>								
Salaries and Wages .. .. .	..	..	..	..	..	..	..	121,747
Provision for Long Service Leave.. .. .	..	..	..	..	..	..	..	4,500
Staff Superannuation .. .. .	..	..	..	..	..	..	..	3,932
Fees—Actuarial, audit, medical, &c. .. .. .	..	..	..	..	..	..	..	39,288
Office and Miscellaneous Expenses .. .. .	..	..	..	..	..	..	..	36,368
Depreciation .. .. .	..	..	..	..	..	..	..	6,115
Transfer to Accumulated Fund .. .. .	..	..	..	..	..	..	..	40,840
								<hr/>
								252,790
ACCUMULATED FUND.								
Balance, 1st July .. .. .	..	..	..	..	..	..	..	130,675
Transfer from Administration .. .. .	..	..	..	..	..	..	..	40,840
								<hr/>
								171,515
<i>Less—</i>								
Purchase of Office Furniture, &c. .. .. .	..	..	..	..	..	..	..	3,173
								<hr/>
Balance, 30th June .. .. .	..	..	..	..	..	..	..	168,342
								<hr/>
MANAGEMENT RESERVE ACCOUNT.								
Balance, 1st July .. .. .	..	..	..	..	..	..	..	172,321
Transfer from Welfare Account .. .. .	..	..	..	..	..	..	..	7,366
								<hr/>
								179,687
<i>Less—</i>								
Transfer to Distribution of Earnings .. .. .	..	..	..	..	..	..	..	170,304
								<hr/>
Balance, 30th June .. .. .	..	..	..	..	..	..	..	9,383
								<hr/>

BALANCE SHEET, 30TH JUNE 1974.

	\$	\$
<i>Assets.</i>		
Investments—		
Life Offices	17,995,585	
Semi-Government Stock (Face Value \$1,505,800)	1,471,984	
Mortgages and Members' Loans	4,760,973	
Deposits—Short term Money Market	875,000	
	<hr/>	25,103,542
Other Assets—		
Cash on Hand		10,100
Accruals and Outstandings		93,055
Terminal Benefit Subsidies—Class "A" Institutions		33,545
Office Furniture, Equipment, Fittings and Motor Vehicles (less Depreciation)		19,258
		<hr/>
		25,259,500
		<hr/>
<i>Accounts and Liabilities.</i>		
Members' Accounts—		
Approved Scheme	19,799,562	
Provident	1,892,786	
Supplementary Contributions	1,073,831	
Non-contributing	346,443	
	<hr/>	23,112,622
Beneficiaries' Accounts—		
Deferred Benefits	267,053	
Disability Benefits	69,928	
	<hr/>	336,981
Reserves—		
Welfare	150,000	
Income Stabilization	50,000	
	<hr/>	200,000
Other Accounts and Liabilities—		
Annuities	37,850	
Insurance Account	380,424	
Terminal Benefits—Class "B" Institutions	456,390	
Mortgage Indemnity Fund	6,596	
Sundry Benefits, etc. Outstanding	299,872	
Part IVA Schemes	22,687	
Bank Overdraft	143,080	
	<hr/>	1,346,899
Management—		
Sundry Creditors and Accrued Expenses	23,524	
Provision for Long Service Leave	17,500	
Capital	44,249	
Reserve	9,383	
Accumulated Fund	168,342	
	<hr/>	262,998
		<hr/>
		25,259,500
		<hr/>

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 1974-75, were advanced by the Commonwealth in terms of a series of Commonwealth-State Housing Agreements. Also, many municipalities have, in various forms, assisted the Commission with cash contributions, rate refunds and gifts of land for housing projects of a special nature.

During 1974-75, loan advances totalling \$65,992,513 were received from the Commonwealth consisting of \$61,800,000 for housing generally under the 1973-74 Housing Agreement and the Commonwealth's *States Grants (Housing Assistance) Act* 1974, and \$4,192,513 for defence housing under the terms of the Commonwealth-State Housing Agreement (Servicemen) 1972.

Loan advances amounting to \$350,000 were also received from the Treasurer of Victoria for urban renewal.

In addition grants were provided by the Commonwealth of \$943,250 as an interest subsidy, \$331,250 for assistance towards the granting of rental rebates, and \$1,343,070 for dwellings for aged pensioners.

A summary of the Commission's revenue and expenditure for 1973-74 and 1974-75 is furnished below :—

REVENUE.		1974-75
1973-74		\$
\$		\$
25,487,389	Rentals	30,349,718
6,391,929	Gross Surplus—House Sales	10,138,857
24,360	Gross Profit—Land Sales for Residential Purposes	366,403
2,053,024	Interest—House Sales (net)	2,300,291
2,429,024	Sundry	2,906,139
74,620	Transfer from Land (Residential) Unrealized Profit Suspense Account .. .. .	..
413,999	Miscellaneous	587,230
36,874,345		46,648,638
EXPENDITURE.		
11,364,793	Interest— <i>less</i> amounts capitalized and applied to House Sales	12,742,035
2,460,436	Loan Redemption—Commonwealth-State Agreements	2,602,582
13,825,229		15,344,617
338,130	<i>Less</i> Interest and Redemption Included in Operating Costs of Parking Bays and Hot Water Services	396,905
13,487,099		14,947,712
23,058	Contribution to National Debt Sinking Fund	28,626
7,000	" " Debenture Loan Sinking Fund	7,000
1,872,482	Administration—General	2,490,693
1,291,764	House Sales	1,587,639
31,637	Land Sales—Residential	60,713
194,827	Cost of Rent Collection in Country Areas, &c.	252,386
4,466,672	Rates— <i>less</i> amount capitalized	5,815,355
72,584	Insurable Risks	95,744
6,817	Loan Conversion Expenses	3,835
3,678,279	Provision for Accruing Maintenance	5,964,468
74,983	" " Irrecoverable Rents	56,071
1,782,509	Cost of Communal Services—Flats and Garden Maintenance	2,438,735
52,301	Operating Costs—Laundries	72,874
198,617	Parking Bays	253,015
452,431	Appropriation to House Purchasers' Death Benefit Fund	461,368
3,233,571	Transfer to House Sales Unrealized Profit Suspense Account	6,801,969
..	Transfer to Land (Residential) Unrealized Profit Suspense Account	112,971
269,244	Maintenance and Repairs on Houses Sold	436,691
41,140	Maintenance (Rental) Bad Debts written off	34,364
889,610	Central Heating and Hot Water Services	1,426,932
..	Transfer—Aboriginal Housing Fund	13,732
50,118	Miscellaneous	86,647
32,176,743		43,449,540
4,697,602	Operational Profit for the year	3,199,098
451,463	<i>Less</i> appropriation to House Purchasers' Interest Receivable Reserve	499,601
4,246,139	Profit—Transferred to Accumulated Surplus Account	2,699,497

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

1973-74		1974-75	
\$		\$	
*1,665,444	Surplus—Miscellaneous Funds		*2,356,438
74,695	Net Profit—Residential Land Sales		210,887
2,911,138	Realized Profit—House Sales		2,816,298
<u>4,651,277</u>			<u>5,383,623</u>
<i>Less—</i>			
364,730	Loss—Rental operations	2,531,875	
40,408	Cost of Statutory Functions—non-revenue producing	152,251	2,684,126
<u>4,246,139</u>	Balance—Profit—General Revenue Account as at close of year		<u>2,699,497</u>

* Includes notional interest on interest-free loans—1973-74 \$159,693, 1974-75 \$181,630.

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 :—

	1973-74		1974-75	
	\$	\$	\$	\$
Gross rental charges		27,795,785		32,711,794
<i>Deduct—</i>				
Rental rebates allowed	2,345,204		2,339,941	
Losses from vacancies	294,442		353,385	
	<u>2,639,646</u>		<u>2,693,326</u>	
		25,156,139		30,018,468
<i>Add—</i>				
Commonwealth Assistance to offset rebates allowed		331,250		331,250
Credit for Rentals—General Revenue Account		<u>25,487,389</u>		<u>30,349,718</u>

The increase of \$4,862,329 in gross rental charges was mainly due to additional units becoming available for tenancy, and a general rent increase from 5th January, 1975.

Sales of Houses.—For the year, 2,097 units were sold for a total sum of \$33,821,651. Details are :—

	No.	Cost.	Selling Price.	Surplus.
		\$	\$	\$
<i>Cash Sales—</i>				
State	2	29,186	36,853	7,667
Commonwealth—State Housing Agreement 1945	28	174,446	299,758	125,312
Commonwealth—State Housing Agreement 1956	4	31,678	47,600	15,922
Commonwealth—State Housing Agreement 1973	1	16,726	16,864	138
<i>Sales per War Service Homes Commission—</i>				
Commonwealth—State Housing Agreement 1945	71	437,774	875,822	438,048
Commonwealth—State Housing Agreement 1956	5	41,857	72,111	30,254
<i>Terms Sales—</i>				
State	52	1,293,988	1,396,237	102,249
Commonwealth—State Housing Agreement 1945	862	5,870,026	11,537,976	5,667,950
Commonwealth—State Housing Agreement 1956	275	2,318,940	3,759,629	1,440,689
Commonwealth—State Housing Agreement 1973-74	558	10,544,908	12,092,755	1,547,847
Works and Services Account	202	2,626,066	3,247,965	621,899
<i>Repossessions Resold—</i>				
State	8	47,790	74,750	26,960
Commonwealth—State Housing Agreement 1945	7	47,869	80,137	32,268
Commonwealth—State Housing Agreement 1956	20	176,708	252,194	75,486
Works and Services Account	2	24,832	31,000	6,168
	<u>2,097</u>	<u>23,682,794</u>	<u>33,821,651</u>	<u>10,138,857</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	10,138,857	
Less Transfer to House Sales Unrealized Profit Suspense Account	6,801,969	
	<hr/>	3,336,888
Interest receivable on Terms Sales	11,567,065	
Less Interest payable on houses sold	9,619,737	
	<hr/>	
Interest on House Sales (net)	1,947,328	
Less Appropriation to House Purchasers' Death Benefit Fund..	461,368	
	<hr/>	1,485,960
Other House Sales revenue		522,224
		<hr/>
		5,345,072
Less Administration—House Sales	1,587,639	
Maintenance and repairs on houses sold	436,691	
Miscellaneous	4,843	
	<hr/>	2,029,173
		<hr/>
		3,315,899
Less Appropriation to Interest Receivable Reserve—House Purchasers		499,601
		<hr/>
Net Credit to General Revenue—Realized Profit on House Sales		2,816,298
		<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 \$210,887 compared with \$74,695 for 1973-74.

The financial position of the Commission as at 30th June, 1974 and 1975, is summarized hereunder :—

30.6.74.		30.6.75
\$		\$
	<i>Current Assets—</i>	
5,551,332	Sundry Debtors	7,294,546
2,648,166	Cash at Bank and in Transit	1,175,265
8,199,498		8,469,811
26,591,674	<i>Investments</i>	16,524,012
	<i>Deferred Assets—</i>	
224,943,419	House Purchase Debtors	241,349,743
	<i>Fixed Assets—</i>	
76,906,870	Estates—Cost of land, developmental and incidental expenses	93,278,729
311,344,777	Dwellings and Shops	364,452,514
734,816	Holmesglen Housing Factory—Land and Buildings	753,634
..	Urban Renewal—Properties Acquired	90,564
22,488,830	Properties Acquired for Slum Reclamation	23,872,269
660,677	Store-rooms, Offices, &c.	908,105
1,103,261	Plant, Vehicles, Office Furniture and Equipment	1,020,888
437,464	Concrete House Project	323,113
400	Shares—31 Melrose Street Pty. Ltd.	400
413,677,095		484,700,216
1,129,659	<i>Deposit and Trust Account—</i> Cash at Bank and Securities	2,414,910
	<i>Intangibles—</i>	
422,941	Plans and Designs, &c.	813,354
674,964,286	Total	754,272,046
	<i>Current Liabilities—</i>	
2,224,824	Sundry Creditors	3,038,258
	<i>Loans—</i>	
538,573,423	Government advances	598,072,486
400,000	Debenture issues	400,000
5,338,462	Death Benefit Fund advances	4,853,132
544,311,885		603,325,618
	<i>Advances and Subsidies—</i>	
2,465,561	Subsidy from Loan for Slum Reclamation	2,465,562
1,725,650	Subsidy from Municipalities	1,725,650
84,316	Gift of Flats—City of Prahran	84,316
6,500,000	Commonwealth Grant—Dwellings for Aged Pensioners	7,843,070
..	Advance for Urban Renewal	222,520
..	Advance for Aboriginal Housing	4,604,417
10,775,527		16,945,535
	<i>Reserves and Sinking Funds, &c.—</i>	
431,015	Interest Equalization Reserve	614,779
100,000	Debenture Loans Redemption	100,000
1,072,275	Cancelled Securities—National Debt Sinking Fund	1,234,164
164,133	Debenture Loan Sinking Fund	181,881
28,996,071	Loan Redemption—Commonwealth—State Agreements	29,840,445
1,547,001	Accruing Maintenance Provision	129,531
100,000	Irrecoverable Rents Provision	100,000
33,273,983	Unrealized Profit Suspense Account—House Sales	39,147,550
1,535,023	Unrealized Profit Suspense Accounts—Land and Shops	1,063,787
11,276,893	House Purchasers' Death Benefit Fund	12,370,855
6,871,163	Realized Profit Reserves	7,682,478
15,447,853	Interest Receivable Reserve—House Purchasers	16,855,601
2,700,000	Appropriation of House Sales Profits for Slum Reclamation Works	2,700,000
5,000	Provision for Loan Flotation Expenses	5,000
103,520,410		112,026,071
13,001,981	<i>Accumulated Surplus</i>	16,521,653
	<i>Deposit and Trust Account—</i>	
1,129,659	Contractors' deposits and other trust moneys	2,414,911
674 964 286	Total	754,272,046

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

Sundry Debtors, \$7,294,546. Details are:—

	\$
Rental Arrears	580,048
Tenants' Maintenance Arrears	167,729
Works and Materials, &c., for other bodies and adjoining owners, &c. ..	3,304,777
Debtors on account of Shop and Land Sales (net)	3,052,913
Revenue Accruals, Prepayments and Advances, &c.	189,079
	7,294,546

Investments.—The book value of investments decreased during the year from \$26,591,674 to \$16,524,012. Relevant details as at 30th June, 1975, are:—

	\$
Interest-free advances—to other Public Authorities	4,113,929
Loan to a Public Authority	28,980
Investments—Sinking Fund	181,881
Investments—Death Benefit Fund	12,199,222
	16,524,012

Concrete House Project.—The amounts, \$437,464 as at 30th June, 1974, and \$323,113 as at 30th June, 1975, 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, 1974		437,464
<i>Deduct—</i>		
Increase in Current Liabilities	287,549	
Decrease in book value of Equipment, Plant, Tools, &c. ..	24,069	311,618
<i>Add—</i>		125,846
Increase in Current Assets	171,800	
Decrease in Long Service Leave Provision	25,467	
		197,267
Item—"Concrete House Project" as at 30th June, 1975		323,113

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 1974-75 furnished in this Report, the credit for this interest is included in the item, "Interest—Sundry", and the charge therefor is reflected in the cost 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 1973-74 and 1974-75 are:—

	1973-74.		1974-75.	
	\$	%	\$	%
Interest	1,379,135	6·19	1,913,929	7·75
Rates	485,488	9·80	724,252	11·07
Administration	2,984,623	42·36	3911,904	42·63
	4,849,246		6,550,085	

"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 : As detailed earlier, \$65,992,513 was provided by the Commonwealth during the year by way of loan advances, and \$350,000 by the Treasurer of Victoria. At 30th June, 1975, the liability in respect of loans was \$603,325,618. Details are :—

	\$	\$
<i>State Housing.</i>		
From the Government of Victoria—Housing	54,144,883	
” ” Slum Reclamation	26,009,274	
” ” Debenture issues of the Commission	1,040,000	
	81,194,157	
Government Loan transferred to the Commission	60,000	
	81,254,157	
<i>Less Securities purchased out of National Debt Sinking Fund and cancelled</i>	2,314,169	
Debentures redeemed under Housing Act	640,000	
Repayments on Slum Reclamation	8,344,365	
	11,298,534	
		69,955,623
<i>Commonwealth-State Housing Agreement.</i>		
Loan Advances received from the Commonwealth of Australia	601,717,982	
<i>Less Repayments</i>	73,201,119	
	528,516,863	
<i>House Purchasers' Death Benefit Fund.</i>		
Loan to Commission .. ..	..	4,853,132
		603,325,618

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 1974–75, \$1,343,070 was advanced under the Commonwealth's *States Grants (Dwellings for Pensioners) Act* 1974 for the provision of self-contained dwellings for eligible pensioners. To 30th June, 1975, \$7,843,070 had been spent on this project.

Aboriginal Housing.—Pursuant to the provisions of the *Aboriginal Affairs (Transfer of Functions) Act* 1974, as from 11th January, 1975, when the Ministry of Aboriginal Affairs ceased to exist, all rights, title, and interest in land and houses that had previously been vested in the Minister for Aboriginal Affairs became vested in the Housing Commission. The value of houses and land so transferred was \$2,867,911 and this has been included in the balance-sheet under the heading of Fixed Assets.

All contracts in respect of leasing or selling were transferred with those assets.

Funds amounting to \$1,381,006 were also received during the year from the Commonwealth under the Commonwealth's *States Grants (Aboriginal Assistance) Act* 1974, and \$150,000 from Vote from the Treasurer of Victoria.

Provision for Maintenance.—As at 30th June, 1974, the balance of the Accruing Maintenance Provision was \$1,547,001. To this amount there was added in 1974–75 the sum of \$5,964,468 by way of normal provision from Revenue Account for maintenance. The total expenditure on maintenance charged to the account in 1974–75 was \$7,381,938 leaving a balance at credit of the account at the close of the year of \$129,531.

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, 1974 .. .. .	..	33,273,983
<i>Add—</i>		
Transfer from General Revenue Account	6,801,969	
Increase in profits from adjustment of capital costs of former years' sales	496,402	
	<hr/>	7,298,371
		<hr/>
		40,572,354
<i>Less—</i>		
Sundry adjustments arising from cancellation of sales reduction of sale prices, &c. .. .. .	..	1,424,804
		<hr/>
Balance at credit 30th June, 1975 .. .. .	..	39,147,550
		<hr/>

House Purchasers' Death Benefit Fund.—House purchasers, unless disqualified by age, may be admitted to participation in the House Purchasers' Death Benefit Scheme, for the purposes 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, 1975, are summarized below :—

	\$	\$
Balance as at 1st July, 1974 .. .. .	..	11,276,893
<i>Add</i> Appropriation for year (section 109 Act No. 6275) ..		
Income from Investments	461,368	
Premiums	763,080	
	20,222	
	<hr/>	1,244,670
		<hr/>
		12,521,563
<i>Deduct</i> Payments on Account of Deceased Purchasers ..		
Administration Expenses	109,044	
	41,664	
	<hr/>	150,708
		<hr/>
Balance as at 30th June, 1975 .. .. .	..	12,370,855
		<hr/>

The sum of the investments of the Fund, \$12,199,222, includes an amount of \$4,853,132 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 \$16,524,012".

In respect of the advance of \$4,853,132, 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, \$7,682,478.—This balance comprises profit on land, \$7,534,603, and on shops \$147,875. During the year there was an increase of \$811,315 in the Land Realized Profit Reserve, being the resultant net realized profit from sales of land for other than residential purposes to the Commonwealth of Australia, industries, retailers, municipalities for reserves, church institutions and to the Education Department for school sites.

Interest Receivable Reserve—House Purchasers, \$16,855,601.—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, 1974 .. .. .	..	15,447,853
<i>Add—</i>		
Appropriation House Sales Trading Account	499,601	
Interest received—Rental Revenue Account	908,147	1,407,748
	<hr/>	<hr/>
Balance at credit 30th June, 1975 .. .. .	..	16,855,601

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 \$16,521,653.—The variations in this account during the year are shown below :—

	\$	\$
Balance—1st July, 1974 .. .. .	..	13,001,981
<i>Add—</i>		
Amount written back to Revenue from Loan Redemption Reserve	849,874	
Credit Balance, General Revenue Account	2,699,497	3,549,371
	<hr/>	<hr/>
		16,551,352
<i>Less</i> Net Adjustment of Realized Profit of former years due to capital cost variations and cancellation of sales contracts, &c. ..		29,699
		<hr/>
Balance—30th June, 1975 .. .. .	..	16,521,653

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, 1975, amounted to \$19,143,494.

During the year, the Board, as agent of the Environment Protection Authority, incurred operating expenditure of \$295,705 and capital expenditure of \$40,603. This expenditure was recouped by the Authority.

Fees for Environment Protection Authority licences issued by the Board, \$44,181, were remitted to the Treasury.

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

DISPOSAL AREA REVENUE ACCOUNT.		1973-74.	1974-75.
		\$	\$
<i>Income—</i>			
6,410	Rental, Board Properties		5,794
2,145	Sundry		1,255
36,637	Profit—Cattle Trading Account .. .. .		..
80,378	Profit—Sheep Trading Account		24,688
<u>125,570</u>			<u>31,737</u>
<i>Expenditure—</i>			
142,922	Farm Operation and Maintenance		166,207
68,778	Interest on Loans and on Overdraft		63,237
17,729	Administrative and Sundry Expenses		18,610
2,665	Maintenance Farm Dwellings		2,601
11,358	Provision for Depreciation		11,358
<u>243,452</u>			<u>262,013</u>
117,882	Deficit on Disposal Area Account transferred to General Revenue Account		<u>230,276</u>
GENERAL REVENUE ACCOUNT.			
		\$	\$
<i>Income—</i>			
959,621	Water Charges		1,010,169
461,887	Disposal Charges		562,433
306,293	Recoups from Environment Protection Authority		336,308
25,619	Licence Fees		44,181
65,153	Other		45,924
<u>1,818,573</u>			<u>1,999,015</u>
<i>Expenditure—</i>			
415,337	Interest on Loans		418,476
77,183	Depreciation		78,403
304,205	Maintenance and Operation of Works		413,174
322,834	Overhead Services		374,313
306,293	Environment Protection		336,308
25,619	State Treasury—Licence Fees		44,181
19,250	Other Expenses		19,250
<u>1,470,721</u>			<u>1,684,105</u>
347,852	Surplus for year		314,910
117,882	Deficit on Disposal Area Revenue Account		230,276
<u>229,970</u>	<i>Net surplus for year</i>		<u>84,634</u>

The Board's balances at 30th June, 1974 and 1975, are summarized hereunder :—

30.6.74. \$		30.6.75. \$	\$
	Current Assets—		
..	Cash at Bank	315,591	
12,684	Stores, Tools, &c.	8,986	
139,395	Livestock, Wool and Ensilage on Hand	138,196	
160,185	Debtors and Prepayments, &c.	284,860	
		747,633	
2,551,796	Investments		2,319,050
	Fixed Assets—		
17,033,562	Works (including Works in Progress)	17,532,039	
299,031	Plant and Equipment	351,394	
491,413	Land, Buildings, Residences	491,413	
113,249	Office and Laboratory Equipment	116,880	
..	Environment Protection	231,745	
		18,723,471	
17,937,255			
1,974,296	Less Depreciation	2,216,550	
		16,506,921	
15,962,959			
	Intangibles—		
523,709	Interest on Works during Construction	523,709	
		20,097,313	
19,350,728			
	Current Liabilities—		
146,474	Bank Overdraft .. .. .	..
4,790	Sundry Creditors	98,852	
79,253	Long Service Leave Provision	93,840	
5,000	Staff Training Provision	5,000	
		197,692	
	Loan Liability—		
16,925,718	State of Victoria	16,937,348	
..	National Bank	450,000	
40,250	Rural Finance and Settlement Commission	21,000	
		17,408,348	
17,201,485			
	Excess of Assets over Liabilities—		
..	Grant and Contributions by Government of Victoria for Environment Protection Agency Assets	231,745	
155,001	Capital Expenditure borne by the State	155,001	
5,000	Grant by Government of Victoria	5,000	
548,746	Appropriation for Plant Renewals, &c.	574,398	
1,113,675	Loans Redeemed Reserve	1,238,439	
136,000	Capital Facility Reserve	136,000	
45,300	Plantation Reserve	54,600	
145,521	Accumulated Surplus	96,090	
		2,491,273	
19,350,728			20,097,313

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. The salient features of the various 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. Contributions are no longer being received into this Fund.

Benefit Contracts.—The Board is empowered to enter into contracts with eligible persons to provide benefits by way of superannuation, annuities, retiring allowances or payments on death. 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.—Under this scheme, employing authorities are required to make contributions equal to 1.75 per cent. of the salaries of eligible employees. The Board is authorized to make payments to a disability beneficiary of 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 on investments, rent and computer bureau fees.

The accounts for the year ended 28th February, 1975, are compared hereunder with those for the previous year.

INSURANCE ACCOUNT.

								1973-74.	1974-75.
								\$	\$
<i>Receipts.</i>									
Balance 1st March	..	..	..	..	..	..	..	3	..
Surrender Values	..	..	..	..	..	..	..	4,833	3,515
Death Claims	..	..	..	..	..	..	..	1,065	6,607
Matured Policies	..	..	..	..	..	..	..	11,474	9,009
Other	..	..	..	..	..	..	..	..	25
								17,375	19,156
<i>Payments.</i>									
Death Claims	..	..	..	..	..	..	..	1,065	6,607
Matured Policies	..	..	..	..	..	..	..	11,474	9,007
Surrender Values	..	..	..	..	..	..	..	4,833	3,515
Other	..	..	..	..	..	..	..	3	25
Balance at end of year	..	..	..	..	..	..	..	..	2
								17,375	19,156

PROVIDENT FUND.

							1973-74.	1974-75.
							\$	\$
<i>Receipts.</i>								
Balance 1st March .. .. .	..	..	..	..	..	17,000	1,903
Interest on Investments .. .. .	..	..	..	..	..	171,744	154,132
Investments Redeemed .. .. .	..	..	..	..	..	285,649	383,897
							474,393	539,932
<i>Payments.</i>								
Death Claims .. .. .	..	..	..	..	..	19,080	23,412
Resignations and Retirements .. .. .	..	..	..	..	..	409,796	348,974
Additional Interest .. .. .	..	..	..	..	..	8,614	7,783
Investments .. .. .	..	..	..	..	..	35,000	150,000
Balance at end of year .. .. .	..	..	..	..	..	1,903	9,763
							474,393	539,932

The position of the Provident Fund at 28th February, 1974 and 1975, was :—

							1974.	1975.
							\$	\$
Contributors' Credits .. .. .	..	..	..	..	..	2,484,142	2,255,144
Unallotted Interest .. .. .	..	..	..	..	..	236,684	214,770
Sundry Creditors .. .. .	..	..	..	..	..	13,820	14,720
							2,734,646	2,484,634
Represented by—								
Cash .. .. .	..	..	..	..	..	1,903	9,763
Investments .. .. .	..	..	..	..	..	2,673,220	2,419,563
Sundry Debtors .. .. .	..	..	..	..	..	..	2,362
Accrued Interest .. .. .	..	..	..	..	..	59,523	52,946
							2,734,646	2,484,634

BENEFIT CONTRACTS ACCOUNT.

							1973-74.	1974-75.
							\$	\$
<i>Income.</i>								
Contract Premiums .. .. .	..	..	..	..	..	7,477,369	9,601,154
Interest on Investments .. .. .	..	..	..	..	..	2,583,276	3,280,813
							10,060,645	12,881,967
<i>Expenditure.</i>								
Death Benefits .. .. .	..	..	..	..	..	799,303	699,758
Withdrawal Benefits .. .. .	..	..	..	..	..	1,977,998	2,477,167
Retirement Benefits .. .. .	..	..	..	..	..	939,653	1,122,365
Contribution to Administration .. .. .	..	..	..	..	..	598,439	769,547
Other .. .. .	..	..	..	..	..	816	629
							4,316,209	5,069,466
Surplus .. .. .	..	..	..	..	..	5,744,436	7,812,501

As at 28th February, 1974 and 1975, the funds of the Benefit Contracts Account amounted to \$40,250,717 and \$48,063,218 respectively, and were represented by—

	1974.	1975.
	\$	\$
Investments	40,727,185	48,374,500
Less Mortgage Reserve Account	17,854	25,906
	<u>40,709,331</u>	<u>48,348,594</u>
Less Excess of Current Liabilities over Other Assets	458,614	285,376
	<u>40,250,717</u>	<u>48,063,218</u>

DISABILITY FUND ACCOUNT.

The operations of the Account for the years ended 28th February, 1974 and 1975, are detailed hereunder :—

	<i>Income.</i>	
	1973-74.	1974-75.
	\$	\$
Contributions	1,128,635	1,506,401
Withdrawal Benefits	230,699	309,158
Investment Income	133,198	243,636
	<u>1,492,532</u>	<u>2,059,195</u>
	<i>Expenditure.</i>	
Contributions Refunded	35,120	48,709
Benefits	455,953	699,916
Contribution to Administration	75,710	105,002
	<u>566,783</u>	<u>853,627</u>
Surplus	<u>925,749</u>	<u>1,205,568</u>

As at 28th February, 1974 and 1975, the funds of the Disability Fund Account amounted to \$1,894,976 and \$3,100,543 respectively, and were represented by :—

	1974.	1975.
	\$	\$
Investments	2,180,860	3,337,243
Less Excess of Current Liabilities over Other Assets	285,884	236,700
	<u>1,894,976</u>	<u>3,100,543</u>

MANAGEMENT ACCOUNT.

	1973-74.	1974-75.
	\$	\$
Interest on Investments	19,962	34,697
Contribution to Administration—		
From Benefit Contracts Account	598,439	769,547
From Disability Fund	75,710	105,002
Rent	9,314	9,404
Computer Bureau Fees	296,923	483,569
	<u>1,000,348</u>	<u>1,402,219</u>

Expenditure.

	1973-74.	1974-75.
	\$	\$
Board Members' Fees	2,070	2,520
Salaries	324,701	426,146
Hire of Computer and other Office Machines	207,625	295,212
Other Administration Charges	147,685	205,816
Rates, &c.	13,911	19,692
Depreciation	24,771	25,005
	<u>720,763</u>	<u>974,391</u>
Surplus	<u>279,585</u>	<u>427,828</u>

As at 28th February, 1974 and 1975, accumulated funds of the Management Account were :—

	1974.	1975.
	\$	\$
Accumulated Funds	1,058,172	1,467,809
Asset Replacement Reserve	202,077	219,095
	<u>1,260,249</u>	<u>1,686,904</u>
Represented by—		
Investments	357,067	475,998
Freehold Property	561,862	552,025
Furniture, Equipment and Office Machines	43,924	37,233
Motor Vehicles	12,995	22,122
	<u>975,848</u>	<u>1,087,378</u>
Plus Excess of Current Assets over Current Liabilities	284,401	599,526
	<u>1,260,249</u>	<u>1,686,904</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 five Boards, namely, the Chicory, Citrus Fruit, 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.

Chicory Marketing Board.

At the request of the Board, no chicory was grown during the 1974 season. Details of operations in respect of uncompleted 1972 and 1973 pools during the year ended 31st March, 1975, are :—

<i>Pool.</i>					1972	1973
Total Chicory Acquired (tons)	..	..	..	..	126	54
					-----	-----
					1973-74.	1974-75.
					\$	\$
Net Pool balance 1st April	..	..	..	..	96	5,351
Proceeds from Sales	..	..	..	..	13,137	4,204
					-----	-----
					13,233	9,555
					-----	-----
Applied to :						
Stock on hand 31st March, 1974	..	..	..	..	10,613	..
Freight and Cartage	..	..	..	..	1,243	89
Storage	..	..	..	..	437	..
Salaries	..	..	..	..	734	1,097
Other Expenses	..	..	..	..	200	277
Advances to Growers	..	..	..	..	..	7,719
Proceeds Held	..	..	..	..	6	373
					-----	-----
					13,233	9,555
					-----	-----

Operations in respect of these Pools have, except for final payment, now been completed. The Board's balances are summarized hereunder :—

					31.3.74.	31.3.75.
Assets—					\$	\$
Cash at Bank	..	..	..	..	6,296	10,975
Stock on Hand	..	..	..	..	10,725	50
Sundry Debtors	..	..	..	..	1,837	39
					-----	-----
					18,858	11,064
					-----	-----
Liabilities—						
Sundry Creditors	..	..	..	..	1,051	932
Reserve Fund..	..	..	..	..	9,812	9,752
Pool Balances	..	..	..	..	7,995	380
					-----	-----
					18,858	11,064
					-----	-----

Citrus Fruit Marketing Board.

This Board was constituted on 19th June, 1973, and the members were appointed to the Board on 5th December, 1973. As from 15th May, 1974, oranges, mandarins and grapefruits were vested in the Board.

Under the provisions of the *Marketing of Primary Products (Citrus Fruit) Act 1973* the Board may enter into and carry out such contracts relating to the handling of citrus fruit as may in the opinion of the Board be necessary for orderly marketing. The Board has entered into contracts with the growers which have the effect of exempting the produce from the vesting and delivering provisions of the Act for as long as the growers continue to comply with the contractual conditions and marketing directions of the Board. The agreement includes provision for a fee per bushel to be remitted to the Board in respect of all authorised sales.

The Board's directives and marketing policy, which are formulated in conjunction with the Murray Valley (N.S.W.) Citrus Marketing Board, are administered through a registered company, the Citrus Management Company Limited. The board of directors of this company includes certain members of both marketing boards.

Details of the Board's financial operations for the period ended 31st March, 1975, were :—

	\$	\$
Service fees		17,741
<i>Less—Expenditure—</i>		
Board Members, Allowances and Travelling Expenses ..	13,549	
Administrative Charges	11,349	
General Expenses	2,707	
	<hr/>	27,605
Deficit for the year		<hr/> 9,864
This deficit is accounted for as follows :—		
Bank Overdraft	23,981	
Creditors	9,227	
	<hr/>	33,208
<i>Less—Service Fees due from the Citrus Management Company Limited</i>	9,191	
Establishment Expenses	14,153	
	<hr/>	23,344
Accumulated Deficit		<hr/> 9,864

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 \$3,342,518 (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 1974-75 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 following statement, in which the figures for 1974-75 are subject to completion of the audit, shows the operations of the pools during the last two accounting periods :—

1973-74.		1974-75.
\$		\$ \$
29,693,671	Advances to Producers (Current production)	33,979,445
2,530,957	Less Producers' Contributions on Account of Local Marketing Charges	5,042,681
*27,162,714	Net Advances to Producers	*28,936,764
	Disposal of Eggs—	
24,990,769	Sold in Shell on Local Market	28,405,910
130,018	Sold in Shell on Overseas Market	149,990
†3,426,842	Converted to Egg Products and Sold	†4,430,195
28,547,629		32,986,095
248,358	Increase in Stock on Hand	124,779
28,795,987	Total Value of Disposals	33,110,874
3,267,198	Add—Distribution from Poultry Industry Trust Fund ..	3,342,518
32,063,185		36,453,392
5,460,101	Less—Grading, Selling, Manufacturing and Administrative Costs	7,128,312
26,603,084	Net Proceeds of Pool	29,325,080
..	Net Pool Surplus	388,316
559,630	Net Pool Deficit .. ..	..
751,729	Accumulated Surplus brought forward	176,980
91,242	Add Adjustments not applicable to current Pool Account (Net)	88,726
842,971		265,706
106,361	Less Transfer to Reserve Fund	101,404
736,610		164,302
176,980	Accumulated Surplus at close of Pool Period	552,618

* 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 5th July, 1975. Comparative figures at the end of the preceding pool period are also given.

The Board's funds were—

29.6.74.		5.7.75.
\$		\$
1,214,877	Reserve Fund	1,316,281
468,131	Surplus Distribution 1947-48 (ex Commonwealth)	468,131
	Accumulated Surplus—	
176,980	1973-74 .. .. .	..
..	1974-75	552,618
1,859,988		2,337,030

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

29.6.74.		5.7.75.
\$		\$
	Current Assets—	
933	Cash on Hand and at Bank	896
100,000	Short Term Deposit—Commonwealth Banking Corporation .. .. .	..
	Stock on Hand—	
693,211	Eggs and Egg Products at valuation	817,990
148,150	Packing materials at cost	236,566
54,632	Supplies at cost or valuation	46,514
895,993		1,101,070
	Debtors—	
781,702	Trade	852,986
*418,677	Australian Egg Board	*531,623
38,333	Amount due under Contract of Sale .. .. .	..
1,238,712		1,384,609
30,000	Less Provision for Doubtful Debts	30,000
1,208,712		1,354,609
2,205,638		2,456,575
	Less Current Liabilities—	
727,060	Creditors	571,834
21,519	Reserve Bank of Australia	106,545
151,311	Australian Department of Agriculture (Hen Levy)	37,709
317,978	Refund due to Poultry Industry Trust Fund	39,770
171,044	Provision for Employees Long Service Leave, Annual Leave and Sick Pay	287,504
1,388,912		1,043,362
816,726	Working Capital	1,413,213
	Fixed Assets—(at cost less depreciation)	
119,737	Freehold Properties	122,612
358,762	Leasehold Properties	341,198
447,545	Plant and Equipment	361,940
70,702	Motor Vehicles	58,488
46,516	Office Machinery and Equipment	39,579
1,043,262		923,817
1,859,988		2,337,030

* 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 \$817,990 has been valued at current local market prices after providing for storage and after deducting an additional and arbitrary amount of \$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 5th July, 1975, and has the effect of providing a reserve of \$100,000 not incorporated in the accounts.

Whole-egg pulp manufactured during the pool year ended 5th July, 1975, has been found to be damaged while held in Cold Store. However, it is expected that any loss involved will be recovered under insurance policies.

Pursuant to the provisions of the *Egg Industry Stabilization Act 1973*, proclaimed to operate from 3rd April, 1974, the Poultry Farmer Licensing Committee and the Poultry Farmer Licensing Review Committee were constituted. The Licensing Committee has the power to grant licences which fix hen quotas in respect of egg production and may also grant permits to poultry farmers to keep hens for special purposes. The Review Committee is empowered, after hearing appeals, to vary decisions of the Licensing Committee.

All moneys received by the Licensing Committee are payable to the Egg and Egg Pulp Marketing Board when requested by the Board. The remuneration and allowances payable to the members of the two Committees together with all other costs of administration are met from the funds of the Board. In 1974-75, fees received on account of applications for licences amounted to \$8,585, compared with \$7,495 in the previous year. Expenditure incurred in the administration of the Act rose from \$19,434 in 1973-74 to \$27,349 in 1974-75.

Onion Marketing Board.

Details of operations during the last two seasons, i.e., those ended on the 15th November, 1973, and 15th November, 1974, are given in the statement hereunder. The figures for the latter season are provisional only and are subject to audit.

	Pool.	
	1973.	1974.
	tons.	tons.
Total Onions acquired	5,747	8,319
	\$	\$
Proceeds from sales	610,664	1,408,949
Administration and marketing expenses	82,518	94,239
Payments to growers	555,824	1,324,184

The average return per ton to the growers was \$96.72 in 1973 and \$159.18 in 1974.

Tobacco Leaf Marketing Board.

A summary of the financial operations for the accounting periods ended 31st March, 1974, and 1975, is set out hereunder. The figures for 1974-75 are subject to audit.

1973-74.		1974-75.
\$		\$
14,650,944	Gross proceeds from sales of tobacco leaf	16,538,023
<u>14,650,944</u>		<u>16,538,023</u>
	<i>Applied to :—</i>	
256,467	Broker's Commission	310,114
67,621	Freight	68,354
20,697	Rehandling Charges	27,164
63,630	Commonwealth Tax Levy	62,236
194,612	Insurance	187,515
219,096	Marketing Board Charge	247,203
1,314	Other Expenses	914
1,118,689	Growers' Liens, Orders, &c.	1,204,766
12,708,818	Net Proceeds to Growers	14,429,757
<u>14,650,944</u>		<u>16,538,023</u>

The Board's charge of \$247,203 against the sales proceeds for 1974-75, together with other receipts amounting to \$22,260, was expended as shown hereunder. The comparable figures for 1973-74 are also shown.

1973-74.		1974-75.
\$		\$
60,312	Board staff—salaries, superannuation, long service leave	72,825
10,497	Travelling expenses—other than Board members	11,015
19,337	Board members—allowances, travel and air fares	23,822
10,097	Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal	11,819
13,550	Appraisers' fees and allowances	17,928
6,469	Depreciation	4,279
4,333	Industry surveys	18,691
..	Flood Mitigation	20,000
36,924	General and Administrative Expenses	40,656
68,957	Surplus	48,428
<hr/>		<hr/>
230,476		269,463

The Board's balances are summarized hereunder :

31.3.1974.		31.3.1975.
\$		\$
	<i>Assets—</i>	
2,725	Cash at Bank and on Hand	97,237
80,000	Loan to Tobacco Industry Leaf Finance Agency	250,000
2,908	Advances	2,428
664	Sundry Debtors	1,108
25,000	Advance Insurance Premium Payment	30,000
..	Long Service Leave Fund	10,315
3,293	Office Furniture and Equipment (Cost less depreciation)	1,962
10,492	Motor Vehicles and Plant (Cost less depreciation)	16,026
105,221	Land and Buildings	105,084
289,338	1970, 1971 and 1972 Surplus Leaf—Processing Costs Temporarily Capitalized	45,480
..	Sundry	831
<hr/>		<hr/>
519,641		560,471
	<i>Liabilities—</i>	
..	Sundry Creditors	295
76,661	Insurance Equalization	65,813
7,360	Provision for Long Service Leave	10,315
435,620	Growers' Funds Brought Forward	435,620
	<i>Add—surplus for year</i>	48,428
		<hr/>
<hr/>		<hr/>
519,641		560,471

MELBOURNE AND METROPOLITAN BOARD OF WORKS.

The audit of the books and accounts of the Board for the year ended 30th June, 1975, 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 :—

1973-74.		1974-75.		
\$		\$	\$	\$
	Rates and Charges—			
34,926,190	Water Supply	44,960,416		
46,113,156	Sewerage	62,439,734		
8,080,023	Drainage and Rivers	8,380,784		
<u>89,119,369</u>			115,780,934	
	Farm—			
755,638	Profit (Loss) on cattle and sheep ..	(262,514)		
2,580	Rent	2,579		
606	Sundry Trading Operations	202		
<u>758,824</u>			<u>(259,733)</u>	
<u>89,878,193</u>	Gross Revenue			115,521,201
	Working Expenses—			
13,575,469	Management		17,144,431	
18,584,625	Maintenance		27,746,920	
42,026,911	Interest (Including overseas exchange) ..		51,708,232	
<u>74,187,005</u>				96,599,583
<u>15,691,188</u>	Gross Surplus			<u>18,921,618</u>
	General Expenditure—			
383,841	Loan Flotation Expenses	627,685		
376,418	Staff Retiring Gratuities	404,371		
1,639,602	Contributions to Superannuation Fund ..	3,123,342		
264,211	Depreciation—Furniture and Fittings, Works Temporarily Capitalized, &c. ..	320,476		
<u>2,664,072</u>			4,475,874	
	Statutory Expenditure—			
203,695	Fees for valuations	211,112		
61,689	Contributions to Municipalities	61,689		
			<u>272,801</u>	
<u>2,929,456</u>	Carried forward		4,748,675	<u>18,921,618</u>

1973-74.				1974-75.			
\$				\$			
2,929,456	Brought forward	..	..	..	..	4,748,675	18,921,618
Provisions and Transfers to Reserves—							
1,109,446	Renewals Fund	..	..	..	1,150,874		
2,022,883	Sinking Fund	..	..	..	2,209,510		
4,124,635	Loans Redeemed from Revenue Reserve	..			4,954,544		
5,000,000	General Reserve	..	..	..	5,000,000		
12,256,964						13,314,928	
15,186,420	Expenditure, &c. from Gross Surplus	..	..	..	..	..	18,063,603
504,768	Net Surplus	..	..	..	..	..	858,015
504,768	Less—Transfer to Rates Equalization Fund—Metropolitan General Fund						858,015

In addition to the yearly contributions to Renewals Fund, Sinking Fund and Loans Redeemed from Revenue Reserve, the Board also transferred \$5,000,000 to the General Reserve. This represents the amount appropriated 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).
				\$	\$	\$	\$
1972-73	..	..	..	30,959,582	36,476,840	6,311,305	563,208,142
1973-74	..	..	..	34,926,190	46,113,156	8,080,023	734,132,476
1974-75	..	..	..	44,960,416	62,439,734	8,380,784	769,861,286

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

Net interest charges continued to be a heavy burden on the Board's revenue, being \$9,681,321 higher than the previous year. However, the percentage of rates and charges absorbed by interest fell to 44.66 as compared with 47.16 in 1973-74.

Interest charged included amounts credited to the Board's several funds as follows—Renewals Fund, \$550,462 ; Sinking Funds, \$2,843,046 ; and Superannuation Fund, \$765,955.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1975, are shown hereunder :—

	Contributions from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1975.
	\$	\$	\$	\$
Sinking Funds.. .. .	2,233,704	2,843,046	5,076,750	61,661,028
Loans Redeemed from Revenue Reserve ..	4,954,544	..	4,954,544	29,444,037
Renewals Fund	1,150,874	550,462	1,701,336	25,069,679
Superannuation Fund	3,309,457	765,955	4,075,412	17,935,455
	11,648,579	4,159,463	15,808,042	134,110,199

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of \$148,566,634 as at 30th June, 1975. Thus, the sum of the Board's Funds and Reserves as at that date was \$282,676,833. Of this sum, \$90,403,150 was invested and \$192,273,683 was utilized in the Board's undertaking.

Town Planning, &c.—The Metropolitan Improvement Rate remained unchanged at 1.4c per dollar and was assessed on properties with an aggregate net annual value of \$794,321,066 compared with \$761,261,413 in 1973–74.

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

1973-74.		1974-75.
\$		\$
11,760,271	Revenue—	
	Metropolitan Improvement Rate and Sundry Income	12,437,927
	Less Expenditure—	
2,144,250	Management	2,936,233
1,109,726	Maintenance	42,344
70,455	Interest	72,628
24,194	Contribution to Sinking Fund—Metropolitan Improvement Fund	24,194
157,781	Proportion of Statutory and General Charges	222,100
305,420	Contribution to Melbourne Underground Rail Loop Authority	721,016
3,811,826		4,018,515
7,948,445		8,419,412
	Less Appropriated for Works—	
6,055,735	Reserved Land and Acquisitions	9,302,894
114,373	Road and Foreshore Works .. .. .	..
..	Construction Works—Parks, &c.	80,872
6,170,108		9,383,766
..	Less Amount reimbursed to the Board for Road Works carried out during 1973-74	1,025,750
6,170,108		8,358,016
1,778,337	Net Surplus	61,396
1,778,337	Less—Transfer to Rates Equalization Fund—	
	Metropolitan Improvement Fund	61,396

Under the authority of the *Metropolitan Bridges Highways and Foreshores Act 1974*, which transferred the Board's metropolitan highways and foreshores functions to the Country Roads Board and the Crown respectively, the assets and liabilities relating to these functions were vested as at 1st July, 1974, in the Country Roads Board and the Crown accordingly.

During 1974–75, sums totalling \$1,025,750 were received from the Country Roads Board in respect of expenditure incurred in the period 22nd June, 1974 to 30th June, 1974, on Commonwealth Aid Roads works and Special Road Projects works, for projects taken over by the Country Roads Board on 1st July, 1974.

At 30th June, 1975, the credit balances in the accounts of the Board relating to its planning functions were :—

	\$
Loan Liability—Loan 1477	800,000
Sinking Fund—Metropolitan Improvement Fund.. .. .	474,175
Contributions to Works—Metropolitan Improvement Fund	1,608,000
General Reserve—Metropolitan Improvement Fund	46,326,534
Rates Equalization Fund—Metropolitan Improvement Fund	3,773,222
	<hr/>
	52,981,931
	<hr/>

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

Metropolitan Improvement Fund—	\$	\$
Cash at Bank	O/D 488,516	
Amount due to Metropolitan General Fund .. .. .	.. 711,970	
	<hr/>	O/D 1,200,486
Securities—Short Term		7,800,000
Arrears—Rates and Charges (estimate)		434,793
Sundry Debtors—		
Land Sales	4,690,395	
Rent	11,783	
Accrued Interest	32,329	
	<hr/>	4,734,507
Reserved Land—held temporarily under Section 57, Act No. 6849	39,634,118	
Compensation under Section 42, Act No. 6849	1,486,891	
	<hr/>	41,121,009
Metropolitan Parks—Capitalized Expenditure		92,108
		<hr/>
		52,981,931
		<hr/>

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 :—

1973-74.		1974-75.
\$		\$ \$
	Loan Liability—	
73,918,691	From State Funds	95,468,599
9,300,000	From Commonwealth Funds	34,345,975
663,924,129	Other	736,868,280
<hr/> 747,142,820		<hr/> 866,682,854
	Deferred Liabilities—	
14,131,874	Superannuation Account.. .. .	17,935,455
1,933,114	Provision for Furlough	2,384,225
<hr/> 16,064,988		<hr/> 20,319,680
	Funds and Reserves—	
56,432,361	Sinking Fund—Metropolitan General Fund ..	61,186,853
24,489,493	Loans Redeemed from Revenue Reserve	29,444,037
32,926,029	General Reserve—Metropolitan General Fund ..	38,580,735
17,647,777	Contribution to Works—Metropolitan General Fund	37,493,766
<hr/> 131,495,660		<hr/> 166,705,391
781,583	Less Fixed Assets Retired	784,065
<hr/> 130,714,077		<hr/> 165,921,326
428,553	Sinking Fund—Metropolitan Improvement Fund ..	474,175
84,521,838	Contribution to Works—Metropolitan Improvement Fund	1,608,000*
3,711,826	Rates Equalization Fund—Metropolitan Improvement Fund	3,773,222
65,365,269	General Reserve—Metropolitan Improvement Fund..	46,326,534*
1,938,084	Rates Equalization Fund—Metropolitan General Fund	3,209,912
8,738,860	Special Reserve— Head Office Building	5,607,905
	Contributions to Works	3,130,955
		<hr/> 8,738,860
959,116	Insurance Fund.. .. .	1,249,483
2,111,661	Sewage Disposal Contributions Reserve	2,826,809
2,681,960	Water Supply Distribution Charges Reserve ..	3,136,711
..	Main Drainage Contributions Reserve	22,442
<hr/> 301,171,244		<hr/> 237,287,474
<hr/> 1,064,379,052		<hr/> 1,124,290,008
	Fixed Assets—	
324,338,260	Water Supply Works	375,355,588
460,693,796	Sewerage Works	541,685,751
49,285,488	Main Drainage and River Improvement Works ..	57,104,354
..	Metropolitan Parks	92,108
<hr/> 834,317,544	Carried forward	<hr/> 974,237,801

1973-74.		1974-75.
\$		\$
834,317,544	Brought forward	974,237,801
111,218,489	Highways and Bridge Works *
2,169,670	Foreshore Works *
37,666,954	Buildings, Water Meters and other items	42,210,749
985,372,657		1,016,448,550
23,998,588	Less Renewals Fund	25,069,679
961,374,069		991,378,871
7,905,304	Plant and Tools	10,836,517
2,730,353	Motor Vehicles.. .. .	3,593,020
1,439,006	Furniture and Fittings	1,596,412
973,448,732		1,007,404,820
	Investments—	
11,095,820	External—Stock—Short Term Securities, &c.	11,093,620
2,653,090	Internal—Stock—Melbourne and Metropolitan Board of Works	2,500,730
13,748,910		13,594,350
	Current Assets—	
91,056	Cash at Bank—Special Account	125,480
1,235,880	Advances to Contractors, &c.	1,123,613
56,701,654	Securities—Short Term	76,815,000
6,865,516	Arrears of Rates and Charges	6,974,488
6,891,310	Sundry Debtors	10,337,408
4,571,790	Stores and Materials on Hand	7,149,170
1,188,499	Livestock on Hand	1,163,292
	Reserved Land—Metropolitan Improvement Fund—	
30,780,501	Acquired Land	39,634,118
1,303,461	Compensation for loss on sales	1,486,891
109,629,667		144,809,460
1,096,827,309		1,165,808,630
	Less Current Liabilities—	
3,127,907	Metropolitan General Fund—Bank Overdraft	562,430
47,936	Metropolitan Improvement Fund—Bank Overdraft.. .. .	488,516
23,220,472	Sundry Creditors and Deposits	33,315,290
6,779,262	Loan Interest, Matured Debentures and Inscribed Stock	8,276,699
33,175,577		42,642,935
1,063,651,732		1,123,165,695
	Deferred Charges—	
727,320	Distributable Expense Variance Account	1,124,313
1,064,379,052		1,124,290,008

* Bridges, Highways and Foreshores assets and liabilities have been written out under the provisions of the *Metropolitan Bridges Highways and Foreshores Act 1974*.

In 1974-75 Sundry Creditors and Deposits included a new type of deposit termed Self-Help Deposit. These deposits are fully repayable with interest. During the year one such deposit of \$750,000 was lodged in respect of certain drainage works at Truganina.

The increase of \$5,654,706 in the General Reserve—Metropolitan General Fund was accounted for as follows :—

	\$	\$
Capital Works financed from revenue (appropriation)		5,000,000
Profit on sale of properties		436,481
Compensation not paid		1,675
Road repairs not claimed		126,456
Adjustment re Chelsea Sewerage Authority takeover		62,097
National Debt Sinking Fund—Commonwealth Contribution		14,125
Profit on sale of stores and plant		42,093
Stocktaking adjustments		3,229
		<hr/>
		5,686,156
Less Transfer to other Reserves		31,450
		<hr/>
		5,654,706
		<hr/>

Loans raised under Section 187 of the *Melbourne and Metropolitan Board of Works Act* 1958, as amended, may not exceed a maximum of \$1,000,000,000 and at 30th June, 1975, the Board's total liability in respect of such loans stood at \$736,068,280. 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 \$129,814,574 at the close of the year. These advances are not subject to a statutory maximum. There were no new raisings under Section 220 of the Act and liability remained at \$800,000.

Under its Sewerage Agreements Acts 1973 and 1974, the Commonwealth, to assist the State to overcome a backlog of sewerage works, made available amounts of \$25,045,975 by way of loan and \$9,190,119 by way of grant, making a total received for this purpose of \$34,236,094. The balance outstanding at 30th June, 1975, for these and earlier advances was \$34,345,975 and this sum is included in the Board's liability under Section 200 of the Act as shown above.

After taking into account the value of assets written out of the Board's books on the transfer of its highways and foreshores functions, the increase in fixed assets financed from loan moneys and the Board's internal resources amounted to \$148,115,338. Major increases were :—

	\$
Reservoir and Conduit Construction, &c.	40,709,348
Water Supply—extension large mains	3,495,192
„ „ reticulation, water meters, &c.	6,529,205
Construction and Amplification—sewage disposal, &c.—Farm	559,818
Sewerage—extension mains, purification plants, &c.	75,678,606
„ Pumping Stations	2,772,324
Main Drains and River Improvements—extensions, &c.	7,818,867

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

The annual audit of the accounts to 30th June, 1975, conducted by my officers pursuant to the provisions of the *Melbourne and Metropolitan Tramways Act 1958* is in course 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>	
		1973-74.	1974-75.
		\$	\$
Traffic Receipts—Tram		20,302,817	20,655,908
Bus		4,448,300	4,511,938
Miscellaneous—Operating Receipts		287,158	302,894
Non-operating Receipts		293,349	325,107
Received from the Drivers' Licence Suspense Account		500,000	897,000
		<hr/>	<hr/>
Total Revenue		25,831,624	26,692,847
		<hr/>	<hr/>
		<i>Expenditure.</i>	
Traffic Operation Costs —Tram		13,773,797	17,941,139
Bus		3,812,767	4,787,776
Maintenance—Permanent Way		1,331,195	1,603,189
Tramcars		4,117,763	5,095,776
Buses		1,709,976	2,215,770
Electrical Equipment		945,400	1,237,140
Buildings and Grounds		514,826	620,924
Traction Energy Costs		856,070	888,634
Fuel Oil (Buses)		329,009	373,653
Bus Licence Fees and Road Tax		21,571	9,286
General Administration and Stores Department Costs		2,354,894	3,019,091
Workers Compensation Insurance		1,381,793	1,822,455
Payroll Tax		1,174,333	1,721,090
Interest on Capital Debt		1,678,083	1,947,453
Depreciation and Amortization Provisions		917,637	908,567
Charges for—Accrued Sick Leave		75,845	146,407
Long Service Leave		618,576	690,308
Retiring Gratuities		1,076,957	1,262,194
Public Liability Claims		618,270	826,537
Non-operating expenses		110,116	146,596
		<hr/>	<hr/>
Total Expenditure		37,418,878	47,263,985
		<hr/>	<hr/>
Result for year		Deficit 11,587,254	Deficit 20,571,138
		<hr/>	<hr/>

The Board's balances as at 30th June, 1974 and 1975, are summarized hereunder :—

30.6.74.			30.6.75.
\$	Current Assets—		\$ \$
169,270	Balances at Bank and Cash in Hand		125,006
197,774	Sundry Debtors		234,753
1,562,408	Stores on Hand and Work in Progress		3,984,694
<hr/>			<hr/>
1,929,452			4,344,453
			<hr/>
		Fixed Assets—	
19,970,862	Permanent Way, Overhead Construction, Transmission Lines	21,405,637	
10,761,528	Rolling Stock	13,121,997	
4,812,658	Land and Buildings	5,080,069	
3,626,764	Plant, Furniture, and Fittings, &c.	4,116,540	
<hr/>		<hr/>	
39,171,812		43,724,243	
21,864,176	Less Provision for Depreciation	22,415,436	
<hr/>		<hr/>	
17,307,636			21,308,807
<hr/>			<hr/>
19,237,088	Carried forward		25,653,260

30.6.74.		30.6.75.
\$		\$
19,237,088	Brought forward	25,653,260
2,036,882	Intangible Assets	2,038,713
1,580,720	Less—Provision for Amortization	1,620,338
456,162		418,375
2,271,753	Investments	4,571,753
21,965,003	Total Assets	30,643,388
	Current Liabilities—	
370,850	Bank Overdraft	1,432,214
923,762	Other	1,700,550
1,294,612		3,132,764
	Accrued Liabilities—	
389,160	Interest on Loans	465,721
1,682,290	Other	2,484,256
2,071,450		2,949,977
15,555,000	Special State Advance—Works and Services Account	15,555,000
2,650,000	Vote	22,097,000
28,456,806	Liability in respect of Loans from Banks, Superannuation Funds, etc.	37,652,000
50,027,868	Total Liabilities	75,669,804
	The excess of Liabilities over Assets is represented by—	
18,322,354	The Accumulated Deficit brought forward	29,909,608
11,587,254	Plus—Deficit for year	20,571,138
29,909,608	Accumulated Deficit at 30th June	50,480,746
157,573	Less—Grants from Commonwealth for Tramlines constructed at its request	157,573
1,089,170	Net Contributions towards Major Tramways Works constructed at the request of other Authorities	1,359,982
600,000	Grant from Country Roads Board towards Tram Track Construction	1,292,988
..	Grants from Commonwealth under <i>States Grants (Urban Public Transport) Act 1974</i>	2,643,787
1,846,743		5,454,330
28,062,865		45,026,416

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 \$897,000 from the Drivers' Licence Suspense Account is the amount which was determined by the Treasurer as being payable in 1974–75 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 funds applied towards costs of roadworks.

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 from the State amounting to \$37,652,000 over the last four years indicate the amount of direct financial assistance given to the Board.

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 :—

	30.6.74.	30.6.75.
	\$	\$
Provision for depreciation and amortization	21,831,394	22,272,669
Sinking Fund	1,613,502	*1,763,105
Total Provision	23,444,896	24,035,774

* Of the investments of the Board amounting to \$4,571,753 as at 30th June, 1975, investments to the sum of \$1,763,105 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 Trust's Revenue Accounts for the financial years 1973-74 and 1974-75 are shown in the following summary :—

							1973-74.	1974-75.
							\$	\$
<i>Revenue.</i>								
Charges on Ships .. .. .	..	..	..	..	..	..	2,713,808	2,992,691
Charges on Goods .. .. .	..	..	..	..	..	..	11,664,808	13,031,869
Charges for Services—Cranes .. .. .	..	..	..	..	..	..	2,221,038	2,547,081
Charges for Services—Other .. .. .	..	..	..	..	..	..	928,544	1,243,841
Rents and Licence Fees from Lands .. .. .	..	..	..	..	..	..	3,228,450	3,555,297
Other Revenue.. .. .	..	..	..	..	..	..	581,229	785,585
Total Revenue .. .. .	..	..	..	..	..	..	<u>21,337,877</u>	<u>24,156,364</u>
<i>Expenditure and Provisions.</i>								
Payment to the Consolidated Fund .. .. .	..	..	..	..	..	..	1,044,754	916,074
Operating Expenses .. .. .	..	..	..	..	..	..	4,987,646	6,825,216
Maintenance .. .. .	..	..	..	..	..	..	3,851,954	4,563,985
Interest on Loans .. .. .	..	..	..	..	..	..	2,819,875	3,088,225
Other Expenses .. .. .	..	..	..	..	..	..	1,566,555	2,208,003
Provision for Depreciation .. .. .	..	..	..	..	..	..	3,649,521	4,398,591
Provision for Insurance .. .. .	..	..	..	..	..	..	168,739	249,848
Total Expenditure .. .. .	..	..	..	..	..	..	<u>18,089,044</u>	<u>22,249,942</u>
<i>Appropriations.</i>								
Sinking Fund .. .. .	..	..	..	..	..	..	750,000	650,000
General Reserve .. .. .	..	..	..	..	..	..	2,000,000	1,000,000
Surplus .. .. .	..	..	..	..	..	..	<u>498,833</u>	<u>256,422</u>

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

							1973-74.	1974-75.
							\$	\$
Depreciation .. .. .	..	..	..	..	..	..	407,931	834,042
Insurance .. .. .	..	..	..	..	..	..	40,415	94,467
Periodical Maintenance .. .. .	..	..	..	..	..	..	10,000	..
Superannuation Pensions .. .. .	..	..	..	..	..	..	400,000	450,000
Service Grant Gratuities .. .. .	..	..	..	..	..	..	40,000	85,000
Long Service Leave .. .. .	..	..	..	..	..	..	300,000	450,000
							<u>1,198,346</u>	<u>1,913,509</u>

The following statement, based on the balance-sheet, analyses the sources of funds available to the Trust up to 30th June, 1975, and the application thereof, and includes relative figures at 30th June, 1974 :—

30.6.74.	<i>Source of Funds.</i>					30.6.75.	
\$						\$	\$
	External—						
48,051,027	Loan Liability	..	..	..	..	51,060,052	
2,252,642	Contributions to Capital Works	..	..	..	..	7,678,923	
2,406,588	Sundry Creditors	..	..	..	..	2,776,239	
835,171	Bank Overdraft	..	..	..	..	542,397	
66,659	Trust Accounts	..	..	..	..	56,786	
						62,114,397	
	Internal—						
13,005,747	Capital Redemption Reserve	..	..	..	..	13,988,922	
8,237,000	General Reserve	..	..	..	..	9,237,000	
..	Depreciation Adjustment Reserve	..	..	..	..	1,348,303	
4,131,654	Insurance Provision	..	..	..	..	4,382,002	
2,250,833	Superannuation Accounts	..	..	..	..	2,422,923	
36,470,874	Provision for Depreciation	..	..	..	..	39,815,155	
72,922	Provision for Periodical Maintenance	..	..	..	..	72,922	
1,644,784	Provision for Pensions and Gratuities	..	..	..	..	1,773,954	
605,214	Provision for Long Service Leave	..	..	..	..	791,676	
3,054,070	Sinking Fund	..	..	..	..	2,900,680	
9,859,538	Revenue Account Balance	..	..	..	..	10,115,960	
						86,849,497	
132,944,723						148,963,894	
	<i>Application of Funds.</i>						
120,131,663	Works of Construction and Plant (at cost)	..	..	..	..	138,461,141	
5,903,440	Investments (at cost) and Cash	..	..	..	..	2,753,780	
	Current Assets—						
1,913,624	Sundry Debtors	..	..	..	..	1,360,416	
428,995	Advances for Housing	..	..	..	..	490,924	
1,137,056	Materials in Stock (at cost)	..	..	..	..	1,230,951	
						3,082,291	
1,059,216	General Reserve Fund Investments (at cost) and Cash	..	..	..	..	2,359,216	
2,304,070	Sinking Fund Investments (at cost) and Cash	..	..	..	..	2,250,680	
66,659	Cash Held in Trust Accounts	..	..	..	..	56,786	
132,944,723						148,963,894	

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, 1975, loan liability amounted to \$57,760,149 in respect of authorized borrowings secured by inscribed stock guaranteed by the State and advances from Works and Services account. The Authority may also arrange temporary accommodation by way of bank overdraft to a limit of such amount as may be determined by the Treasurer. Repayment of any such temporary borrowing is guaranteed by the State.

The Act requires the Victorian Railways Board to pay to the Authority in each financial year such amount as is determined by the Treasurer. In respect of 1974-75, the Treasurer determined that the amount to be so paid was \$921,876 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 estimated administrative costs and annual redemption payments, and that the Melbourne and Metropolitan Board of Works and the City of Melbourne shall each pay annually an amount equal to one-quarter of the Authority's administrative costs and redemption payments. The two bodies each paid the sum of \$721,017, which sums were applied to the annual redemption payments.

The Act also requires the Treasurer to decide what proportion of the amount which he has determined shall be paid by the Victorian Railways Board—\$921,876 for 1974-75, as mentioned above—is to be applied towards administrative costs and annual redemption payments. The Treasurer directed that the whole amount of \$921,876 be applied towards the annual redemption payments which he had determined at \$2,884,066 for the year 1974-75. As the sums received from the Melbourne and Metropolitan Board of Works, the City of Melbourne and the Victorian Railways Board totalled \$2,363,910 only, the difference of \$520,156 was paid to the Authority from Consolidated Fund in accordance with the provisions of the Act. 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.

Capital expenditure for 1974-75 amounting to \$20,532,984 included payments for construction work, fees to the consulting engineers, and land acquisition expenses. At 30th June, 1975, there were compensation claims outstanding in respect of land acquired by the Authority. No provision has been made in the accounts of the Authority for these claims.

The financial position of the Authority as at 30th June, 1974, and 1975, is set out hereunder. Fixed assets in the financial statement are shown at cost.

30.6.74.		30.6.75.	
\$		\$	\$
	Fixed Assets—		
23,303,538	Loop Development	42,473,585	
8,695,229	Land Acquisition	10,111,454	
165,802	Plant	87,816	
65,532	Office Furniture, Fittings and Equipment	90,230	
3,286	Motor Vehicle	3,286	
<u>32,233,387</u>			52,766,371
	Current Assets—		
55,754	Cash at Bank and on Hand	12,680	
6,677,183	Investments—Short Term	7,500,000	
121,551	Accrued Interest Receivable	266,443	
70,478	Prepayments	147,928	
..	Sundry Debtors	1,704	
<u>6,924,966</u>		<u>7,928,755</u>	
	Less Current Liabilities—		
..	Bank Overdraft	74,216	
1,952,804	Sundry Creditors	1,102,550	
594,432	Accrued Interest Payable	1,093,098	
10,558	Contractors' Deposits	7,665	
100,000	Inscribed Stock Applications .. .. .	..
<u>2,657,794</u>		<u>2,277,529</u>	
4,267,172			5,651,226
	Investments—		
73,814	Sinking Fund		167,886
	Intangibles—Capitalized Costs—		
2,972,374	Administrative and Financial Expenses		6,418,041
<u>39,546,747</u>			<u>65,003,524</u>

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

\$		\$	\$
	External—		
35,281,510	Loans—Secured by Inscribed Stock	55,765,915	
..	Advances—Works and Services Account	1,994,234	
<u>35,281,510</u>			57,760,149
	Contributions—		
	Annual Redemption Payments—		
998,663	Victorian Railways Board	1,920,539	
499,332	City of Melbourne	1,220,349	
499,332	Melbourne and Metropolitan Board of Works	1,220,349	
..	Consolidated Fund	520,156	
<u>1,997,327</u>			4,881,393
	Administrative Costs—		
56,975	Victorian Railways Board		56,975
	Capital Works—		
2,137,121	Victorian Railways Board		2,137,121
	Internal—		
73,814	Sinking Fund Reserve		167,886
<u>39,546,747</u>			<u>65,003,524</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 and, pursuant to Sections 4 and 5 of the *Metropolitan Fire Brigades (Amendment) Act 1973*, now includes a contribution from the Consolidated Fund. In addition, brokers and owners are required to contribute 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 1974-75 are subject to audit, shows receipts and disbursements for the past two years :—

	1973-74.		1974-75.	
	\$	\$	\$	\$
<i>Receipts.</i>				
Statutory Contributions—				
Fire Insurance Companies	10,039,963		14,253,865	
Municipalities	3,260,125		2,371,783	
Treasurer of Victoria (Consolidated Fund)	889,125		2,376,125	
Brokers and Owners	117,564		194,437	
	14,306,777		19,196,210	
Patrol Services, Testing and Inspecting Appliances	1,124,557		1,516,324	
Sale of Materials, Property and Plant	142,768		160,248	
Rents	91,697		147,116	
Interest on Investments	230,045		249,561	
Investments Matured	1,270,400		600	
Miscellaneous	23,508		31,794	
Balance carried forward to next year	o/D 1,337,081		o/D 1,390,021	
	18,526,833		22,691,874	
<i>Disbursements.</i>				
Balance brought forward from previous year	o/D 1,842,800		o/D 1,337,081	
Salaries, Wages and Maintenance, &c.	14,175,924		18,597,102	
Superannuation Contributions and Staff Insurance Subsidies	977,193		1,418,346	
Purchases of Property, Plant and Equipment	1,296,659		713,366	
Interest on Loans	187,567		223,416	
Loan Repayments	46,690		52,563	
Short Term Investments (Net) .. .. .	..		350,000	
	18,526,833		22,691,874	

The accounts are periodically audited by a firm of Chartered Accountants appointed by the Board. These Auditors provide the Board with a certificate to the Balance Sheet and related statements. An abridged statement of assets and liabilities and funds of the Board as at 30th June, 1974, and 1975, is set out hereunder :—

30.6.74.		30.6.75.	
\$		\$	\$
<i>Current Assets—</i>			
135,438	Sundry Debtors	218,784	
1,000,000	Investments—Short Term	1,350,000	
392,220	Stock on Hand (at cost)	422,564	
1,527,658			1,991,348
<i>Fixed Assets—</i>			
8,989,721	Land and Buildings	9,704,225	
519,182	Plant, Machinery and Equipment	550,159	
1,713,601	Rolling Stock	1,876,509	
11,222,504			12,130,893
670,710	Investments—Long Term .. .. .	..	670,860
13,420,872	Total Assets .. .. .	..	14,793,101

MOTOR ACCIDENTS BOARD.

The *Motor Accidents Act 1973* authorized the establishment of :—

- (i) the Motor Accidents Board, to provide for the payment of compensation to persons injured and to certain relatives of persons who die as the result of motor accidents ; and
- (ii) a Motor Accidents Tribunal, to decide appeals against decisions of the Board.

All expenses and compensation payments relating to accidents which occurred during the “ Special Period ”, i.e. 12th February, 1974, to 13th May, 1974, are to be met from the “ Special Account ” established under the legislation. This Account is financed from statutory deductions from motor cycle and motor car third-party premiums which are to be appropriated to the Special Account during the three-year period beginning 12th February, 1974.

Expenses and compensation payments granted by the Board as the result of motor accidents in respect of which no liability accrues to the Special Account are met from the General Account. This latter Account is financed from funds provided by Authorized Insurers (as defined in the Motor Car Act) and from surcharges imposed by the Motor Car Act and payable by certain drivers on renewal of their driving licences.

Pursuant to the provisions of Section 63 of the *Motor Accidents Act 1973*, a continuous audit of the income and expenditure of the Board is made by auditors appointed by the Board. Work done by the Board's appointed auditors has been accepted for the purpose of my audit.

Details of Income and Expenditure and the Board's Balance Sheets for the past two years are shown hereunder :—

SPECIAL ACCOUNT.		30.6.74.	30.6.75.
		\$	\$
627,070	Direct Payments from Third-Party Premiums		1,831,352
710,029	Less—Benefits paid		1,631,313
176,497	Administrative Expenses		202,595
15,454	Setting Up Expenses .. .. .		..
			<hr style="width: 100%;"/>
274,910	Deficit for period		2,556
..	Deficit brought forward		274,910
274,910	Balance—Deficit		<hr style="width: 100%;"/>
			277,466
			<hr style="width: 100%;"/>
GENERAL ACCOUNT.			
700,000	Calls on Authorized Insurers		23,700,000
19,860	Driver's Licence Surcharges		44,009
17,768	Expense Recoups, Balance .. .. .		..
..	Interest—Short Term Deposits		115,616
			<hr style="width: 100%;"/>
737,628			23,859,625
24,370	Less—Benefits paid		7,849,835
9,518	Administrative Expenses		747,364
41,110	Provision for Long Service Leave—Officers' Service prior to appointment to Board .. .. .		..
			<hr style="width: 100%;"/>
662,630	Surplus for period		15,262,426
..	Surplus brought forward		662,630
662,630	Balance—Surplus		<hr style="width: 100%;"/>
			15,925,056

BALANCE SHEET.

30.6.74.		30.6.75.
\$		\$
	Funds held by the Board—	
662,630	General Account	15,925,056
274,910	Special Account (deficit)	277,466
<u>387,720</u>		<u>15,647,590</u>
	Represented by—	
	Current Assets—	
217,757	Cash on Hand	100
21,049	Sundry Debtors	25,043
157,490	Third Party Premiums Deductions Due	59,294
..	Short Term Deposits at Bank	2,000,000
46,670	Unpaid Calls—Authorized Insurers (Note 1)	14,700,000
<u>442,966</u>		<u>16,784,437</u>
	Less Current Liabilities and Provisions—	
35,807	Sundry Creditors and Accruals—(Note 2)	905,731
..	Bank	354,137
43,184	Provision for Long Service Leave	59,647
<u>78,991</u>		<u>1,319,515</u>
363,975		15,464,922
	Fixed Assets (at cost)—	
..	Office Partitions	45,000
8,457	Furniture and Fittings	30,591
7,649	Office Equipment	15,985
9,518	Motor Vehicles	13,298
<u>25,624</u>		<u>104,874</u>
1,879	Less Provision for Depreciation	9,206
<u>23,745</u>		95,668
..	E.D.P. Development Expenses (Note 3)	87,000
<u>387,720</u>		<u>15,647,590</u>

Notes to and forming part of the accounts for the year ended 30th June, 1975—

1. This includes a call of \$14,700,000 made on the 30th June, 1975, under Section 65 of the *Motor Accidents Act 1973*, and is unpaid at balance date.
2. Sundry Creditors and Accruals includes an amount of \$721,907 being June benefits payable.
3. E.D.P. Development Expenses represents expenditure of a capital nature to 30th June, 1975, on development and implementation of programs for the on-line automatic claims processing system.
4. *Outstanding Benefits Liability.*

The liability for future benefits payable for accidents occurring up to and including 30th June, 1975, including unreported accidents, was determined from examination of case files over a selected period. The outstanding benefits liability has been estimated to be :

Special Account	\$734,258
General Account	\$15,518,945.

5. No deductions from benefits were made in the year ended 30th June, 1975, in respect of Income Tax. This feature is currently being investigated as certain of such benefits may be taxable.

PORTLAND HARBOR TRUST.

Pursuant to the provisions of the *Portland Harbor Trust Act 1958* the exclusive management and control of the Port of Portland is 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 \$6,826 compared with a deficit of \$115,642 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 \$974,000 there was a deficit of \$178,273 on the year's operations. This compares with a surplus of \$299,604 in 1973-74.

Particulars of revenue and expenditure for the past two years are shown hereunder. The figures for 1974-75 are subject to audit.

1973-74. \$		1974-75. \$ \$	
	Operating Revenue—		
346,615	Wharfage Rates	288,036	
36,710	Tonnage Rates	47,612	
6,404	Slipway Charges and Licences	7,248	
208,674	Shipping Services	224,619	
100,129	Rent	57,402	
265,459	Handling Charges, &c.—Grain Terminal	417,420	
18,233	Cool Store Operations	51,149	
477	Other	645	
982,701			1,094,131
	Operating Expenditure—		
232,701	Administrative	297,805	
120,271	Maintenance	166,935	
289,451	Shipping Services	300,151	
219,072	Grain Terminal Expenses (including Depreciation)	235,973	
12,024	Depreciation—Harbor Works, &c.	12,055	
16,146	Cool Store Expenses	35,114	
889,665			1,048,033
93,036	Operating Surplus		46,098
	Non-operating Revenue—		
15,609	Interest		21,587
108,645			67,685
	Non-operating Expenditure—		
1,122,982	Loan Interest	1,219,922	
59	Loan Flotation Expenses, &c.	36	
1,123,041			1,219,958
1,014,396	Excess of Expenditure over Revenue		1,152,273
1,314,000	Contribution by State from the Consolidated Fund for maintenance of port facilities and for other purposes		974,000
299,604	Surplus for year		178,273
..	Deficit for year		159,795
315,268	Accumulated Deficit at end of previous year		53,764
50,949	Sinking Fund Provision		98,087
93,182	Redemption of Loans.. .. .		
159,795	Accumulated Deficit at end of year		489,919

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, \$3,111,073, and National Debt Sinking Fund contributions, \$340,620.

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

30.6.74. \$		30.6.75. \$	\$
423,277	Current Liabilities .. .. .	..	320,090
	Deferred Liabilities—		
10,000	Treasury Advance	10,000	
22,284,883	Loan Liability	22,786,796	
45,000	Provision for Long Service Leave	63,869	
78,205	Other	112,496	
22,418,088		22,973,161	
	Funds of the Trust—		
28,076	Endowments	26,384	
1,261,227	Sinking Fund	1,399,896	
654,117	Loans Redeemed Reserve	752,204	
1,943,420		2,178,484	
159,795	Less—Accumulated Deficit	489,919	
1,783,625		1,688,565	
24,624,990		24,981,816	
	Current Assets—		
105,122	Cash	15,316	
120,426	Stores	166,161	
201,270	Other	254,392	
		435,869	
2,621,910*	Investments	2,477,641*	
	Fixed Assets—		
21,955	Property Vested (<i>less</i> Written Off)	20,263	
66,051	Other (<i>less</i> Depreciation)	65,549	
18,952,657	Harbor Construction Works and Plant (<i>less</i> Depreciation)	19,501,176	
2,535,599	Grain Terminal Construction Works and Plant (<i>less</i> Depreciation)	2,481,318	
		22,068,306	
24,624,990		24,981,816	

* Includes investments on account of Sinking Fund.

Loan Liability at 30th June, 1975, comprised advances from the Treasurer, \$3,672,900, (including \$24,900 discount and expenses on loans) and \$19,113,896 raised by the Trust by the issue of Inscribed Stock and Debentures.

Deferred Liabilities do not include the amount of \$3,111,073, interest accrued on advances from the Treasurer.

Investments, \$2,477,641, 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 do not form part of the Public Account, and all receipts are paid into a Common Fund controlled by the Public Trustee as authorized by the Act. The statement below shows the composition of the Common Fund at 30th June, 1974, and 1975.

	30.6.74.	30.6.75.
	\$	\$
Estates—Mental Patients, Deceased Persons, Trusts and Agencies	31,175,737	36,027,768
Moneys held in Trust for Minors	2,365,677	2,485,016
Unclaimed Moneys	1,589,733	1,720,442
Estates Guarantee and Reserve Account.. .. .	1,715,809	1,958,482
Maintenance Fund	182,853	167,101
Interest Reserve	300,000	390,000
Suspense—Amounts pending allocation or adjustment	1,126	Dr. 1,114
Building Depreciation Account	9,619	14,841
	37,340,554	42,762,536

The Common Fund was invested as follows :—

	30.6.74.	30.6.75.
	\$	\$
Inscribed Stock	5,744,300	5,759,600
Bank Deposit Stock and Special Deposits	3,600,000	1,846,909
Loans to Municipal and other Statutory Bodies	3,927,226	3,900,523
Mortgages	20,715,955	27,810,134
Loan to Co-operative Housing Society	57,204	32,204
Cash at Bank and in Hand	83,194	195,660
Land and Buildings	3,212,675	3,217,506
	37,340,554	42,762,536

In addition to the funds held as the Common Fund, the Public Trustee had under his control, in respect of estates in the course of administration, real estate and other unrealized assets of a substantial value, and specific investments in government and semi-government securities which amounted to \$1,507,814 at 30th June, 1975.

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, 1975, a sum of \$3,217,506 had been so applied.

The Public Trustee is required to establish a Building Operations Account and a Building Depreciation Account in respect of the investment in land and buildings. Gross rentals, \$433,520, including \$24,503 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 \$66,427 in respect of the land and building at 168 Exhibition Street, Melbourne, and paying \$4,690 into the Building Depreciation Account, the balance of \$362,403 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 1973-74 and 1974-75 were :—

1973-74.	INTEREST SUSPENSE ACCOUNT.					1974-75.	
\$						\$	\$
2,580,677	Income from investments .. .. .	..	..	..	..	3,392,856	
358,072	Transfer from Building Operations Account .. .. .	..	..	..	..	362,403	
<u>2,938,749</u>							<u>3,755,259</u>
	Appropriations—						
1,786,543	Interest allocated to estates .. .. .	..	..	..	..	2,272,262	
300,000	Provision for interest payable to estates .. .. .	..	..	..	..	390,000	
106,548	Estates Guarantee and Reserve Account .. .. .	..	..	..	..	125,686	
*745,658	Consolidated Fund .. .. .	..	..	..	..	†967,311	
<u>2,938,749</u>							<u>3,755,259</u>

*Not credited in Treasury until 1974-75.

†Not credited in Treasury until 1975-76.

ESTATES GUARANTEE AND RESERVE ACCOUNT.							
1,543,620	Balance at 1st July .. .. .	..	..	..	..	..	1,715,809
119,628	Interest credited on balance .. .. .	..	..	..	..	..	141,590
106,548	Transfer from Interest Suspense Account .. .. .	..	..	..	..	..	125,686
<u>1,769,796</u>							<u>1,983,085</u>
103	Less Legal costs and other expenses .. .. .	..	..	..	..	100	
53,884	Transfer to Building Operations Account .. .. .	..	..	..	..	24,503	
							<u>24,603</u>
<u>1,715,809</u>	Balance at 30th June .. .. .	..	..	..	..	..	<u>1,958,482</u>

The Public Trustee deemed it necessary in 1974-75 to supplement the funds available in the Estates Guarantee and Reserve Account by an allocation of \$125,686 from the Interest Suspense Account. Moneys standing to the credit of this Reserve Account are invested as part of the Common Fund and the Account is credited with a share of the earnings of the Fund.

CONSOLIDATED FUND OPERATIONS.

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 \$143,416 compared with a surplus of \$76,854 in the preceding year. Particulars are :—

1973-74.						1974-75.	
\$						\$	\$
	<i>Receipts—</i>						
828,178	Fees and Commission .. .. .	..	..	..	..	996,438	
745,658	Surplus—Interest Suspense Account .. .. .	..	..	..	..	967,311	
<u>1,573,836</u>							<u>1,963,749</u>
	<i>Less Payments—</i>						
1,199,707	Salaries, pay in lieu of long service leave, overtime and payroll tax ..	..	..	..	..	1,510,893	
2,778	Publicity .. .. .	..	..	..	..	3,000	
240,171	Rent .. .. .	..	..	..	..	240,171	
54,326	Other Expenses (net) .. .. .	..	..	..	..	66,269	
<u>1,496,982</u>							<u>1,820,333</u>
<u>76,854</u>	Surplus for the year .. .. .	..	..	..	..	..	<u>143,416</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 Consolidated Fund and to Treasury Trust from all sources during the last three years were :—

	1972-73.	1973-74.	1974-75.
	\$	\$	\$
Consolidated Fund—			
Fees and Commission	743,209	828,178	996,438
Probate Duty	706,417	899,744	1,744,645
Surplus from Interest Suspense Account.. .. .	690,741	745,658	967,311
Maintenance—Patients in Mental Hospitals	70,266	74,703	75,016
Stationery, Postages recouped	22,480	23,348	31,847
Sundry Receipts	23,157	30,012	20,173
	2,256,270	2,601,643	3,835,430
Treasury Trust Fund—			
Unclaimed Moneys .. .. .	..	952,979	112,998

The above remittances for 1973-74 and 1974-75 include the following amounts not brought to account in the Treasury until the respective succeeding financial years :—

	1973-74.	1974-75.
	\$	\$
Consolidated Fund.. .. .	827,951	1,049,879
Treasury Trust Fund	227,530	112,998

In respect of the review of the accounting procedures of the Public Trustee's Office, a firm of public accountants, in collaboration with the Organization and Methods Section of the Public Service Board, is currently engaged in an investigation of the accounting needs of the Office, prior to replacement of the existing accounting machines with visual record computer equipment.

RURAL FINANCE AND SETTLEMENT COMMISSION.

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

THE RURAL FINANCE ACT 1958.

Loans under Part III. of Act.

In accordance with the provisions of this Part, the Commission makes advances by way of loan, at the lowest possible rates of interest, to existing or proposed country industries, both primary and secondary. In these terms, loans made during the year amounted to \$5,290,362. At the close of the year, \$31,447,215 was held by borrowers of which \$23,121,960 was held in respect of primary industries and \$8,325,255 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 advances were made during 1974-75.

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 \$5,460.

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*
Add Amounts received from farmers to 30th June, 1974 ..	7,081,857	
Repayments of advances, 1st July, 1974, to 30th June, 1975 ..	24,503	
	7,106,360†	
		11,890,360
Less Payments <i>re</i> debt adjustment to 30th June, 1975 ..	7,285,577	
Amount transferred to Rural Reconstruction Scheme 1971 ..	4,600,110	
	11,885,687	
Unexpended balance 30th June, 1975 .. .. .	..	4,673

* 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, 1975, 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 :—

1974. \$	INCOME.	1975. \$	\$
1,928,275	Interest	2,248,219	
37,170	Application and Legal Fees	41,445	
<u>1,965,445</u>		<u>2,289,664</u>	
EXPENDITURE AND PROVISIONS.			
501,038	Administration	540,572	
1,504,826	Interest on Loan Indebtedness	1,557,594	
122,051	Interest on Redeemed Securities	133,348	
<u>2,127,915</u>		<u>2,231,514</u>	
..	Operating Profit for Year .. .. .	..	58,150
162,470	Operating loss for Year .. .. .	..	..
<i>Add—</i>			
490,449	Interest on Investments .. .. .	..	568,265
13,432	Surplus on Sale of Residences, &c. .. .. .	..	..
<u>341,411</u>		<u>626,415</u>	
<i>Less—</i>			
70,698	National Debt Sinking Fund—Contribution	70,698	
8,782	Discounts and Expenses on Loans	4,488	
292,661	Provision for Doubtful Debts	277,888	
<u>372,141</u>		<u>353,074</u>	
30,730	Deficit Transferred to Profit and Loss Appropriation Account .. .. .	..	..
..	Balance Transferred to Profit and Loss Appropriation Account .. .. .	..	273,341
<u>..</u>		<u>..</u>	<u>273,341</u>

At 30th June, 1974 and 1975, funds available to the Commission were :—

30.6.74. \$		30.6.75. \$	\$
28,131,164	Loan Funds— Loan Liability—Treasurer of Victoria (net) .. .. .	..	28,080,934
4,297	Other Funds— Advances <i>Farmers Debts Adjustment Act 1943</i> —Treasurer of Victoria .. .. .	..	3,865
101,609*	Funds provided by Grant under Commonwealth's <i>Loan (Farmers' Debt Adjustment) Act 1935</i>	81,575*	..
19,404	Interest on Mortgages prior to 26th April, 1950	19,404	..
		<u>104,844</u>	
201,884	Trust Account—Amounts in suspense .. .. .	..	262,174
34,730	Sundry Creditors .. .. .	..	61,098
2,990,803	Reserve—National Debt Sinking Fund (including Commonwealth contributions) .. .. .	..	3,265,067
112,513	Provision for Long Service Leave .. .. .	..	161,957
2,041,801	Provision for Superannuation .. .. .	..	2,463,452
355,858	Provision for Doubtful Debts .. .. .	..	633,214
1,630,000	Loan Equalization Account .. .. .	..	1,630,000
1,082,991	General Reserve .. .. .	..	1,167,930
24,271	Profit and Loss Appropriation Account	(Loss)	56,241
<u>36,731,325</u>		<u>37,774,429</u>	

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

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

30.6.74.		30.6.75.
\$		\$ \$
	Loans and Advances—	
29,356,088	Loans under Part III.— <i>Rural Finance Act 1958</i>	31,447,215
125,105	Advances under <i>Farmers Debts Adjustment Act 1935</i> , and Part IV.— <i>Rural Finance Act 1958</i>	100,171
22,503	Contracts of Sale	20,765
		<hr/>
861,123	Interest Due and Accrued	31,568,151
		1,032,711
	Cash at Treasury, &c.—	
205	Rural Rehabilitation Fund	4,673
27,521	National Debt Sinking Fund	12,896
		<hr/>
		17,569
	Fixed Assets—	
58,008	Furniture and Office Equipment <i>less</i> Depreciation	48,552
46,902	Motor Cars <i>less</i> Depreciation	55,504
77,084	Residences and Offices	105,886
		<hr/>
		209,942
12,849	Charges paid in Advance	13,806
	Cash—	
77,069	At Bank and in hand	110,394
2,932,720	At call	1,244,106
		<hr/>
		1,354,500
3,134,148	Investment Pool (at cost) on account of Provisions and General Reserve	3,577,750
<hr/>		<hr/>
36,731,325		37,774,429

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, 1974	1,596,878
Principal repayments	216,919
Interest	18,347
	<hr/>
	1,832,144
Payments—	
Repayments re-advanced	800
Administration costs	28,009
Repaid to Commonwealth	725,311
Balance—30th June, 1975	1,078,024
	<hr/>
	1,832,144

Flood Relief 1974.—During the year under review, the Commonwealth agreed to make funds available to provide loans to those farmers whose properties were flooded and who were unable to borrow through normal sources. The loans were for carry-on purposes such as transport of fodder, agistment, and for the restoration of structural improvements excluding dwellings. At 30th June, 1975, \$650,000 had been drawn from these funds through the Victorian Flood Relief Account 1974, which is kept at the Treasury as part of the Trust Fund.

Receipts and payments for the year were :—

	\$
<i>Receipts</i>	
Trust Fund—Victorian Flood Relief Account 1974	650,000
Repayment of—Principal	36,598
Interest	4,808
	691,406
<i>Payments</i>	
Loan advances	529,075
Repayments Re-advanced	3,100
Freight Subsidies	7,085
Administration	4,808
Balance 30th June, 1975—Repayments	33,498
Advances.. .. .	113,840
	691,406

Dairy Adjustment Program.—The Commonwealth's *Dairy Adjustment Act 1974*, which came into operation on 17th December, 1974, repealed the *Marginal Dairy Farms Agreements Act 1970–1974* and incorporated all agreements in force pursuant to that Act under the new Act. It also provided for a new agreement by which payments will be made by the Commonwealth to the State for the purposes of carrying out a dairy adjustment program.

Under this program, the owners of uneconomic dairy farms 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. Loans may also be made to owners of uneconomic dairy farms for the purpose of—

- (a) converting farms to rural use other than dairying ;
- (b) purchasing of improvements ;
- (c) developing farms to a reasonable level of income ;
- (d) carry-on purposes during period of development ; and
- (e) acquiring adjoining land and developing it.

Interest free loans may also be made available to meet costs of installation of refrigerated vats for storage and of improvements that are required to enable the stored milk to be collected.

The sum of \$5,542,800 was made available in 1974–75 by the Commonwealth as financial assistance under this program and the Marginal Dairy Farms Reconstruction Scheme. Total advances provided by the Commonwealth to 30th June, 1975, amounted to \$6,062,800.

Receipts and payments for the year were :—

	\$	\$
<i>Receipts—</i>		
Balance—1st July, 1974 .. .. .	..	245
Commonwealth .. .. .	..	5,542,800
Deposits and Principal Repayments .. .. .	..	53,486
Interest received from Borrowers .. .. .	..	31,775
Interest received from Investments .. .. .	..	8,017
		5,636,323
<i>Payments—</i>		
Dairy Adjustment Program Interest Reimbursements .. .. .	..	71,781
Dairy Adjustment Program Advances and Purchases .. .. .	..	4,563,864
Principal Repayments to Commonwealth .. .. .	..	4,384
Interest paid to Commonwealth .. .. .	..	11,693
Investments.. .. .	..	72,348
Balance—30th June, 1975—Advances	907,243	
Repayments	5,010	
		912,253
		5,636,323

Rural Reconstruction Scheme 1971.—During the year a further sum of \$6,634,000 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*. As from 1st July, 1973, the conditions of this agreement were varied and the period during which financial assistance is to be provided was extended by a supplementary agreement made under the provisions of the Commonwealth's *States Grants (Rural Reconstruction) Act 1973*.

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 \$71,000 was made available in 1974–75 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, 1974	..	..	..	..	..	..	220,266
Commonwealth Grants—Rural Reconstruction	..	..	..	..	..	..	6,634,000
Fruit Growers Compensation	..	..	..	..	..	..	71,000
Transfer from Rural Rehabilitation Fund	..	..	..	..	..	..	20,034
Principal Repayments and Deposits	..	..	..	..	..	..	2,312,152
Interest received from Borrowers	..	..	..	..	..	..	1,493,712
Interest received from Investments	..	..	..	..	..	..	431,473
Amount provided by Rural Finance and Settlement Commission	..	..	..	..	..	..	343,720
							11,526,357
Payments—							
Fruit Growers Supplementary Grant	..	..	..	..	..	..	1,000
Fruit Growers Compensation	..	..	..	..	..	..	131,088
Debt reconstruction loans	..	..	..	..	..	..	441,063
Farm build-up loans	..	..	..	..	..	..	6,624,029
Rehabilitation Loans	..	..	..	..	..	..	12,000
Interest to Commonwealth	..	..	..	..	..	..	1,374,454
Investments	..	..	..	..	..	..	2,037,125
Administrative Costs	..	..	..	..	..	..	600,000
Balance 30th June, 1975—Advances	..	..	..	..	..	81,235	
Repayments						224,363	
							305,598
							11,526,357

Beef Industry Relief Assistance.—The Commonwealth's *States Grants (Beef Industry) Act 1975*, which came into operation on 20th June, 1975, provided for grants to be made to the State on a one-for-one basis for the purpose of making loans to competent beef producers who lack the finance to carry them through the current economic conditions. The maximum loan was to be \$10,000 to any such producer. Receipts and payments for the year were:—

							\$	\$
Receipts—								
State—Works and Services Account	..	..	..	..	..	..	1,000,000	
Less Payments—								
Advances to beef producers	..	..	..	..	..	..	24,485	
Balance 30th June, 1975	..	..	..	..	..	..	975,515	
<i>Other Agency Operations—</i>								
Receipts—							\$	\$
Balance 1st July, 1974	..	..	..	..	..	..	97,650	
Treasurer of Victoria—								
Works and Services Account	..	..	..	..	..	1,305,000		
Vote	..	..	..	..	..	6,000	1,311,000	
Borrowers—								
Repayments of Principal	..	..	..	..	..	1,094,576		
Interest on Advances	..	..	..	..	..	240,201		
							1,334,777	
							2,743,427	
Less Payments—								
Advances—Primary and Secondary Industry	..	..	..	..	..	1,370,623		
Treasurer of Victoria—Instalments of Principal and Interest	..	..	..	..	..	843,027		
Principal and Interest from S.P.C.	..	..	..	..	..	491,749		
Freight, Fodder and other Subsidies	..	..	..	..	..	4,375		
							2,709,774	
Balance 30th June, 1975	..	..	..	..	..	..	33,653	

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, 1975, a sum of \$131,275,243 has been allocated for soldier settlement. Of this sum, \$116,877,837 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, 1975, was \$29,660,030.

With the exception of \$2,121,139 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 1974-75, \$1,701,454 was so credited, bringing the total repayments to 30th June, 1975, to \$76,619,876.

Principal assets of the Commission at 30th June, 1975, were :—

	\$
Land and Improvements held by settlers under purchase lease	23,506,352
Advances to finance single unit farms	4,803,749
Advances to effect improvements and for purchase of stock, &c.	4,323
Unpaid balances under Contracts of Sale	6,820

In respect of Soldier Settlement, the Commission's Profit and Loss account for 1974-75 shows :—

	\$	\$
<i>Expenditure—</i>		
Interest	2,007,071	
Less Interest transferred and borne by the State	886,071	
	<hr/>	
Administrative Costs	1,121,000	
	214,884	
	<hr/>	1,335,884
<i>Income—</i>		
Interest earned	609,427	
Rents, Fees and Sundries	1,129	
	<hr/>	610,556
Deficit for 1974-75 .. .. .	..	<hr/>725,328

The total accumulated deficit to 30th June, 1975, amounted to \$28,737,005. 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, 1975, have been calculated by the Commission to be \$29,788,262.

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 \$35,660,708 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, 1975, was \$22,935,530—a reduction of \$12,725,178, made up as hereunder :—

	To 30.6.74.	1974–75.	Total.
	\$	\$	\$
Settlers' repayments to the Consolidated Fund	7,762,276	1,180,175	8,942,451
Borne by the State pursuant to Section 41	3,782,727	..	3,782,727
	<u>11,545,003</u>	<u>1,180,175</u>	<u>12,725,178</u>

Assets of the Commission at 30th June, 1975, were :—

	\$	\$
Estates purchased and developed not yet disposed of .. .. .	..	9,491,028
Unpaid balances under Contracts of Sale .. .. .	..	76,317
Land and improvements held under Purchase Lease—Division 4 .. .. .	..	12,980,756
Advances to Settlers—Division 6 .. .. .	..	76,862
Land and Improvements under mortgage—Division 4 .. .. .	..	973,094
Capital Expenses not allocated to Estates .. .. .	..	133,610
Other assets—		
Buildings and working plant at cost <i>less</i> depreciation .. .. .	..	128,637
Plant, materials, services and expenses not yet allocated .. .. .	..	446,920
Livestock .. .. .	..	587,900
		<u>1,163,457</u>
		<u>24,895,124</u>

The Profit and Loss Account for the year ended 30th June, 1975, excluding livestock transactions, shows :—

	\$	\$
<i>Expenditure—</i>		
Interest and Loan-raising Expenses .. .. .	..	1,423,967
Less Interest Capitalized .. .. .	..	47,947
„ Interest transferred and borne by the State under Section 41 .. .. .	..	208,321
		<u>256,268</u>
		1,167,699
Administrative Costs .. .. .	..	248,818
		<u>1,416,517</u>
<i>Income—</i>		
Interest earned, agistment, &c. .. .. .	..	593,791
		<u>822,726</u>
<i>Deficit</i> .. .. .	..	..

The accumulated deficit to 30th June, 1975, before taking into account profits from livestock trading, amounted to \$6,159,065. 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 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 loss of \$649,806, (1974, a profit of \$142,016), thereby reducing the accumulated profit from this activity to \$765,697 at 30th June, 1975.

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, 1974		1,377,600
Premiums Raised 1974-75	389,175	
Interest on Investments	112,149	
	<u>501,324</u>	
Gross Income		1,878,924
<i>Expenditure—</i>		
Current Claims admitted—1974-75	58,759	
Administration Expenses	82,555	
Statutory contribution to Country Fire Authority	57,423	
	<u>198,737</u>	
Total Expenditure		198,737
Balance at 30th June, 1975		<u>1,680,187</u>

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

	\$	\$
Investments—Inscribed Stock, &c. held in Common Pool	1,576,221	
Accrued Interest	47,745	
Arrears of Premium	45,856	
Cash at Bank	47,235	
	<u>1,717,057</u>	
<i>Less—</i>		
Claims Admitted but not Paid	21,966	
Provision for Stamp Duty	14,904	
	<u>36,870</u>	
		<u>1,680,187</u>

STATE ACCIDENT INSURANCE OFFICE.

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

By reason of delay in the completion of the final accounts of the Office for the year ended 30th June, 1974, and the resultant non-inclusion of those figures in my Report for 1973-74, relevant information is also furnished herein in respect of the financial transactions of the Office for that year.

Operations of the Office for the years 1973-74 and 1974-75 resulted in net profits of \$1,603,297 and \$1,015,540 respectively. The profit for the year ended 30th June, 1975, has yet to be appropriated 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, including 1974-75 which is subject to the finalization of the audit, are furnished below :—

INCOME AND EXPENDITURE.

	1972-73.	1973-74.	1974-75.
	\$	\$	\$
Income—			
Premiums Earned	16,466,603	21,871,380	27,637,108
Interest	1,180,290	1,539,931	2,739,156
Rents (Net)	314,194	279,375	187,640
Stamp Duty Recouped	913,373	1,535,125	2,288,205
	18,874,460	25,225,811	32,852,109
Expenditure—			
Claims	15,851,523	21,317,334	27,885,234
Management	846,862	1,061,108	1,442,599
Agents' Commission	292,304	394,115	669,633
Licence Fee	663,186	849,442	1,839,103
Loss—Sale of Property	45	515	—
	17,653,920	23,622,514	31,836,569
Net Profit	1,220,540	1,603,297	1,015,540
Loss ratio to earned premium income	96·3	97·5	100·9

APPROPRIATION ACCOUNT.

	1972-73	1973-74	1974-75
	\$	\$	\$
Net Profit	1,220,540	1,603,297	1,015,540
Appropriations—			
Bonus Equalization Reserve	500,540	—	Yet to be determined
General Reserve	720,000	1,603,297	
	1,220,540	1,603,297	1,015,540

The financial result for 1973-74 was affected to a major extent by rises in premium rates for private sector policies, operative from 15th September, 1973, together with a credit adjustment to premium income of \$4,412,501 as at 30th June, 1974, arising out of a variation in the basis of assessment of premium for certain government type policies. In addition, a change in accounting procedure involving the issue of interim renewal certificates enabled credit for premiums to be taken at an earlier date than in prior years. On the other hand, the cost of incurred claims increased substantially.

In 1974-75, there was a loss on underwriting of \$1,911,256 compared with a loss of \$215,494 in the previous year. However, increased earnings from investments offset the trading loss to a major extent and an overall profit of \$1,015,540 resulted. Although net premium income increased from \$21,871,380 in 1973-74 to \$27,637,108 in the year under review, the significantly higher cost of incurred claims and of management expenses led to a decline in the financial result. Premium income treated as "unearned" at balance date rose from \$5,123,924 at 30th June, 1974, to \$10,100,083 at 30th June, 1975.

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

	1972-73.	1973-74.	1974-75.
	\$	\$	\$
Claims paid during the year	10,205,476	13,171,828	16,002,474
Add Claims unpaid as at close of year	23,671,307	31,816,813	43,699,573
	<u>33,876,783</u>	<u>44,988,641</u>	<u>59,702,047</u>
Less Claims unpaid brought forward from previous year	18,025,260	23,671,307	31,816,813
Incurred claims	<u>15,851,523</u>	<u>21,317,334</u>	<u>27,885,234</u>

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

30.6.74.		30.6.75.
\$	<i>Assets.</i>	\$
	<i>Current—</i>	
8,494,377	Cash at Treasury	1,543,709
..	Cash at Bank	3,665,426
12,030,175	Sundry Debtors, <i>less</i> Bad Debts Provision	<u>10,672,336</u>
		15,881,471
23,963,949	Inscribed Stock and Debentures	48,891,279
	<i>Fixed—</i>	
146,261	Furniture, Office Machines, Cars— <i>less</i> Depreciation	197,762
4,811,536	Property (at cost <i>less</i> Building Depreciation Provision)— Offices—480-490 Collins-street, Melbourne	<u>4,911,781</u>
		5,109,543
<u>49,446,298</u>		<u>69,882,293</u>
	<i>Liabilities and Funds.</i>	
	<i>Current—</i>	
5,123,924	Unearned Premiums	10,100,083
31,816,813	Claims Outstanding	43,699,573
131,979	Sundry Creditors	198,612
..	Insurers Guarantee and Compensation Supplementation Fund	2,421,903
179,264	Provision for Reinsurance Premiums	<u>179,264</u>
		56,599,435
	<i>Deferred—</i>	
271,021	Building Maintenance Provision	344,021
	<i>Funds—</i>	
11,893,297	General Reserve	11,893,297
30,000	Building Improvement Reserve	30,000
..	Appropriation Account	<u>1,015,540*</u>
		12,938,837
<u>49,446,298</u>		<u>69,882,293</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 contingencies, including allowance for amounts which may not prove to be recoverable from the Insurers Guarantee and Compensation Supplementation Fund.

STATE MOTOR CAR INSURANCE OFFICE.

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

By reason of delay in the completion of the final accounts of the Office for the year ended 30th June, 1974, and the resultant non-inclusion of those figures in my Report for 1973-74, relevant information is also furnished herein in respect of the financial transactions of the Office for that year.

Operations for the years 1973-74 and 1974-75 resulted in net overall losses of \$20,129,191 and \$12,276,897 respectively.

The accumulated losses of the Office in the period from its inception in 1941 to 30th June, 1975, are \$61,118,060.

A comparative summary of the sectional and overall income and expenditure of the Office in the two years under review is furnished hereunder. The figures for 1974-75 are subject to finalization of the audit.

	1973-74.			1974-75.		
	Third-Party.	Comprehensive.	Total.	Third-Party.	Comprehensive.	Total.
	\$	\$	\$	\$	\$	\$
Net Premiums earned ..	25,995,301	7,741,219	33,736,520	48,547,217	9,140,716	57,687,933
Stamp Duty recouped ..	—	522,870	522,870	—	795,364	795,364
	25,995,301	8,264,089	34,259,390	48,547,217	9,936,080	58,483,297
Claims	49,144,183	5,775,964	54,920,147	64,901,636	8,218,892	73,120,528
Management	700,076	1,969,894	2,669,970	1,149,880	2,723,002	3,872,882
Licence Fee	—	461,334	461,334	—	588,567	588,567
	49,844,259	8,207,192	58,051,451	66,051,516	11,530,461	77,581,977
Operating Profit	—	56,897	56,897	—	—	—
Operating Loss	23,848,958	—	23,848,958	17,504,299	1,594,381	19,098,680

	1973-74.	1974-75.
	\$	\$
Net Operating Loss	23,792,061	19,098,680
Add—Loss on Disposal of Property	743	—
	23,792,804	19,098,680
Less—Interest—Fund at Treasury	3,663,613	6,821,783
Net Loss	20,129,191	12,276,897
Loss ratio to earned premium income—	%	%
Third-party	189·0	133·68
Comprehensive	74·6	89·91

Despite substantial rises in premium rates during the two years under review—Third-Party Insurance rates were increased from 12th February and 10th December, 1974, and Comprehensive Insurance rates from 1st August (third-party property), 1st November (new policies), 1st December, 1974 (renewals) and 15th February, 1975 (all policies)—net premium income was insufficient to meet the continued steep rises in costs of claims and management expenses.

As in previous years, the financial results for each year were influenced to a major extent by the assessment of the potential liability for unsettled and unreported claims at the close of the year. Details of incurred claims for the last three years in respect of Compulsory Third Party Insurance are given in the following statement :—

	1972-73.	1973-74.	1974-75.
	\$	\$	\$
Claims paid during the year	17,640,634	22,005,183	28,961,636
Add—Claims unpaid as at close of year	71,601,000	98,740,000	134,680,000
	89,241,634	120,745,183	163,641,636
Less—Claims unpaid brought forward from previous year	59,149,000	71,601,000	98,740,000
Incurred claims	30,092,634	49,144,183	64,901,636

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

30.6.74. \$	<i>Assets.</i>	\$	30.6.75. \$
	<i>Current—</i>		
1,831,852	Cash at Treasury	501,765	
..	Less Bank Account Overdrawn	254,251	247,514
6,576,707	Sundry Debtors, less Bad Debts Provision		6,761,011
126,610	Trust Account		189,136
<hr/>			<hr/>
8,535,169			7,197,661
	<i>Investments—</i>		
65,987,338	Government and Semi-Government Securities		107,600,683
	<i>Fixed—</i>		
41,955	Furniture and Office Machines less Depreciation		41,950
	<i>Profit and Loss Account—</i>		
48,841,163	Accumulated Loss		61,118,060
<hr/>			<hr/>
123,405,625			175,958,354
	<i>Liabilities and Provisions.</i>		
	<i>Current—</i>		
22,487,682	Unearned Premiums		38,478,831
100,396,345	Claims Outstanding		137,200,000
262,179	Sundry Creditors		227,172
259,419	Provision for Reinsurance Premiums		52,351
<hr/>			<hr/>
123,405,625			175,958,354
<hr/>			<hr/>

The estimated liability for Third-Party Claims outstanding as at 30th June, 1974 and 1975 respectively (including provision for unreported claims and claims of the Nominal Defendant) was determined from statistics and other claims experience available, together with an assessment of certain individual claims files. The amounts provided also take into account future administrative expenses involved in settling the claims and the current high inflationary factor in the economy.

Other professional advice in the matter was also sought by the Insurance Commissioner and reports and recommendations from a firm of consulting actuaries support the Commissioner's view that the respective amounts provided are reasonable.

Outstanding claims on account of Comprehensive Insurance, \$1,656,345 at 30th June, 1974, and \$2,520,000 at 30th June, 1975, were calculated from statistical and other information with provision for unknown and unforeseen liabilities.

STATE SUPERANNUATION BOARD OF VICTORIA.

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

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

SUPERANNUATION FUND.

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

The audit of the accounts to 30th June, 1974, has been completed and the audit for the year ended 30th June, 1975, is at an advanced stage.

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

1973-74.						1974-75.	
\$		<i>Receipts.</i>				\$	\$
	Contributions—						
30,540,643	Current (net) .. .. .	..	..	..	..	36,541,613	
211,398	Deferred .. .. .	..	..	..	..	99,367	
							36,640,980
25,006,445	Payments from the Consolidated Fund .. .. .	..	..	..	..	..	28,915,860
14,748,260	Interest on Investments .. .. .	..	..	..	..	..	16,545,951
5,000	Underwriting Commission .. .. .	..	..	..	..	..	5,000
424	Valuation Fees on Property Loans (net) .. .. .	..	..	..	..	..	..
13,206	Insurance Commission .. .. .	..	..	..	..	..	14,001
93,299	Mortgage Reserve Account Premiums .. .. .	..	..	..	..	..	93,915
719,350	Reserve Units Account (net) .. .. .	..	..	..	..	..	619,516
984	Suspense .. .. .	..	..	..	..	..	3,445,449
..	Property Revenue (Net) .. .. .	..	..	..	..	..	502,554
71,339,009							86,783,226
\$		<i>Disbursements.</i>				\$	\$
29,908,903	Pensions .. .. .	..	..	..	..	..	34,413,207
	Lump Sum Payments—						
56,061	Limited and ill-health Contributors .. .. .	..	..	..	..	49,123	
9,676,970	Cash Options .. .. .	..	..	..	..	9,641,678	
							9,690,801
5,926,570	Pensions Supplementation Fund—Statutory Transfer .. .. .	..	..	..	..	..	7,116,592
..	The Consolidated Fund—Act 7081, Sec. 9 (3) (4) .. .. .	..	..	..	..	..	18,392
16,561	Interest on Refunds of Reserve Units Contributions .. .. .	..	..	..	..	..	36,884
761,416	Net Loss on Sales &c. of Securities .. .. .	..	..	..	..	..	149,335
2,436	Assurance Premiums (net) .. .. .	..	..	..	..	..	109,544
1,943	Miscellaneous .. .. .	..	..	..	..	..	2,934
..	Valuation Fees (Net) .. .. .	..	..	..	..	..	1,537
46,350,860							51,539,226
24,988,149	Surplus of Receipts over Disbursements .. .. .	..	..	..	..	..	35,244,000
222,443,610	Balance (including Investments) 1st July .. .. .	..	..	..	..	..	247,431,759
247,431,759	Balance 30th June .. .. .	..	..	..	..	..	282,675,759

During the year, the Board further increased its investment in land and buildings, in accordance with the authority given by the *Superannuation Act 1972*, by the acquisition of a property at 555 Collins Street. Payments during the year in respect of the acquisition, including capitalised interest, amounted to \$5,681,718, bringing total payments on property investment, at 30th June, 1975, to \$9,199,605.

Arrangements have not yet been completed for the introduction of the accrual accounting necessary for the preparation of Revenue Accounts and Balance Sheets. Progress in this matter and, also, in the development of the necessary computer sub-systems is continuing but certain difficulties have been encountered by the Board.

The item shown under Receipts in the statement above, Suspense \$3,445,449, represents superannuation contributions received by the Board but unallocated to respective accounts pending receipt of variation returns from the Departments concerned.

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* gave the Board power to increase the supplementary pensions of those persons and to grant supplementary pensions to, or in respect of, persons who became entitled to a pension subsequent to that date. The latest of such amendments—the *Pensions Supplementation Act 1973*—authorised the Board to increase, in each “prescribed year,” the existing supplementary pensions and to grant supplementary pensions to persons who first became entitled to a pension in the preceding financial year.

The sources of revenue to the Fund are—

- (i) transfers from the Superannuation Fund and the Consolidated Fund of amounts equal to the cost of the supplementation of pensions, in the proportions specified in the relevant provisions of the *Pensions Supplementation Act*;
- (ii) 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
- (iii) 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 1973-74 :—

1973-74. \$		1974-75. \$
	Income—	
5,951,955	Statutory Transfer—Superannuation Fund	7,145,159
912,266	Police Pensions Fund	1,146,907
2,816,821	Consolidated Fund	5,626,191
221	Interest on Investments	106
9,681,263		13,918,363
	Expenditure—	
9,678,536	Pensions	13,915,501
2,727	Surplus	2,862

The Accumulated Funds as at 30th June, 1974 and 1975, respectively, were represented by—

30.6.74. \$		30.6.75. \$
	Assets—	
8,723	Cash at Bank	11,585
	Accruals—	
55,010	Superannuation Fund	83,576
8,255	Police Pensions Fund	13,861
29,517	Consolidated Fund	78,876
101,505		176,313
	Less Liabilities—	
92,782	Pensions Approved but Unpaid	176,313
8,723	Accumulated Funds	11,585

MARRIED WOMEN'S SUPERANNUATION FUND.

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

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

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

<i>Receipts.</i>		<i>Disbursements.</i>	
1973-74.		1974-75.	
\$		\$	\$
2,472,591	Balance 1st July, .. .. .	..	3,283,743
	Contributions—		
875,704	Officers and the Consolidated Fund	1,205,793	
75,969	The Consolidated Fund—Lump Sums	94,113	
		<hr/>	1,299,906
228,361	Interest on Investments .. .. .	..	319,361
<hr/>			<hr/>
3,652,625			4,903,010
1973-74.		1974-75.	
\$		\$	\$
189,598	Lump Sum Payments .. .. .	..	221,793
8,140	Annuities .. .. .	..	7,936
	Contributions Refunded, Section 15—		
150,486	Officers	154,910	
20,658	The Consolidated Fund	1,743	
		<hr/>	156,653
3,283,743*	Balance 30th June, .. .. .	..	*4,516,628
<hr/>			<hr/>
3,652,625			4,903,010
	*Represented by—		
3,260,416	Investments (at cost) .. .. .	..	4,465,416
23,327	Cash at Bank .. .. .	..	51,212
<hr/>			<hr/>
3,283,743			4,516,628

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. No such contributions have been made during the past two years. 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 1973-74 and 1974-75 were :—

1973-74.								1974-75.	
\$		<i>Receipts.</i>						\$	\$
790,271	Balance 1st July, .. .. .	..	..	..	..	..	..	936,253
	Contributions—								
169,106	Members .. .. .	..	..	..	..	..	223,181	
490,426	The Consolidated Fund .. .. .	..	..	..	..	..	636,992	
							<hr/>	860,173	
63,993	Interest on Investments .. .. .	..	..	..	..	..	..	95,648
<hr/>								<hr/>	
1,513,796								1,892,074	
<hr/>								<hr/>	
		<i>Disbursements.</i>							
496,581	Pensions .. .. .	..	..	..	..	..	..	541,481
68,958	Retiring Allowances .. .. .	..	..	..	..	..	..	..
12,004	Refund of Contributions .. .. .	..	..	..	..	..	..	5,537
936,253*	Balance 30th June, .. .. .	..	..	..	..	..	..	*1,345,056
<hr/>								<hr/>	
1,513,796								1,892,074	
<hr/>								<hr/>	
	*Represented by—								
932,250	Investments (at cost) .. .. .	..	..	..	..	..	..	1,335,750
4,003	Cash at Bank .. .. .	..	..	..	..	..	..	9,306
<hr/>								<hr/>	
936,253								1,345,056	
<hr/>								<hr/>	

TOTALIZATOR AGENCY BOARD.

The *Racing (Totalizators Extension) Act* 1960 authorized the establishment of an off-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, 1975.

Turnover for the year ended 31st July, 1975, amounted to \$461,984,440 compared with \$365,711,373 in the previous year.

Following is a statement of Profit and Loss, showing the surplus funds available for distribution for the years ended 31st July, 1974, and 1975 :—

1974. \$	Revenue—	1975. \$	\$
30,171,189	Income from totalizator investments .. .. .	.. .. .	38,113,717
	<i>Other Income—</i>		
2,050,992	Unpaid Dividends .. .. .	.. .. .	2,161,257
991,285	Miscellaneous Income .. .. .	.. .. .	1,656,415
33,213,466			41,931,389
	<i>Less Expenditure—</i>		
11,729,447	Employees' remuneration and agency fees .. .. .	.. .. .	14,967,986
2,339,409	Rentals, rates, repairs, maintenance and communications .. .. .	.. .. .	3,026,815
2,560,633	Depreciation .. .. .	.. .. .	2,595,220
1,206,663	Administration, printing, stationery and other operating expenses .. .. .	.. .. .	1,508,300
17,836,152			22,098,321
15,377,314			19,833,068
1,100,000	<i>Less Transferred to Development Reserve .. .. .</i>	.. .. .	1,400,000
362,610	Repayment of Contributing Clubs' Special Loan Account .. .. .	.. .. .	.. .. .
..	Provision for Agents Fees Equalization .. .. .	.. .. .	700,000
..	Transferred to Late Dividends Reserve .. .. .	.. .. .	200,000
1,462,610			2,300,000
13,914,704	<i>Total Surplus Funds for Distribution .. .. .</i>	.. .. .	17,533,068
	<i>Deduct—</i>		
1,357,259	Advances of first charge administration costs .. .. .	.. .. .	1,718,908
201,723	Advances Spring Racing Stakes .. .. .	.. .. .	245,631
1,558,982			1,964,539
12,355,722	<i>Balance of Surplus Funds available for Distribution .. .. .</i>	.. .. .	15,568,529

The item—"Advances of first charge administration costs \$1,718,908"—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, 1974 and 1975, are summarized hereunder :—

1974.		1975.
\$		\$ \$
6,059,807	Contributed Capital	6,059,807
892,256	Contributed Capital—Development Reserve	3,320,180
6,952,063		9,379,987
Represented by—		
Fixed Assets—		
5,166,178	Freehold land and buildings (at cost)	6,099,747
1,327,594	Less provision for depreciation	1,605,915
3,838,584		4,493,832
2,664,246	Leasehold improvements (at cost)	3,024,505
2,045,050	Less provision for depreciation	2,192,805
619,196		831,700
11,327,364	E.D.P. equipment (at cost)	12,112,133
827,714	Country Automation (at cost)	1,533,892
1,039,710	Motor vehicles, plant, machinery, fixtures and fittings (at cost)	1,098,003
13,194,788		14,744,028
7,920,990	Less provision for depreciation	10,006,765
5,273,798		4,737,263
9,731,578		10,062,795
Other Assets—		
707,947	Sundry Debtors	700,108
123,230	Stock of E.D.P. Equipment Spares	113,779
18,284,770	Cash on hand and at bank (including funds on term deposit)	25,723,791
19,115,947		26,537,678
28,847,525		36,600,473
<i>Deduct Liabilities—</i>		
12,355,722	Proposed distribution of surplus funds	15,568,529
939,698	Amounts payable to Treasurer of Victoria	1,744,512
2,773,027	Dividends payable on totalizator investments and telephone betting deposits held (NOTE No. 1)	3,247,657
2,871,580	Sundry Creditors, provisions and accruals	3,377,319
885,435	Development Reserve	1,012,469
2,070,000	Late Dividends Reserve	2,270,000
21,895,462		27,220,486
6,952,063		9,379,987

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

1. Excludes \$7,993,650 dividends not paid included in the distribution to participating clubs since 1970. Excluded are statute barred dividends.

2. Contingent liability on uncompleted capital projects is \$19,000,000 for Crisp and Head Office Building Projects.

Funds available for distribution to participating clubs from the commencement of the Board's operations in March, 1961, to 31st July, 1975, totalled \$94,502,843. Establishment and development expenses currently recorded in the Board's accounts, at 31st July, 1975, amounted to \$23,868,280.

Capital contributed by the three Metropolitan Racing Clubs and the Trotting Control Board—the Contributing Clubs—towards the establishment expenses totalled \$6,059,807 at 31st July, 1975, and a further \$4,332,649 had been made available from the Development Reserve, towards the cost of approved development projects. At 31st July, 1975, \$3,320,180 had been expended, and the balance, \$1,012,469, remained at credit of the Development Reserve. During 1974–75, the Minister approved the transfer to the Development Reserve of \$1,400,000 and an additional \$1,154,958 was credited to the Reserve from the one-quarter per cent. commission in accordance with the provisions of sub-section (3) of Section 1160 of the Racing Act.

Other appropriations approved by the Board in 1974–75 were :—

	\$
(i) Late Dividends Reserve	200,000
(ii) Provision for Agents Fees equalization	700,000

VICTORIAN DEVELOPMENT CORPORATION.

The Corporation was established during 1972-73, pursuant to the provisions of the *Victorian Development Corporation Act 1973*, for the purpose of encouraging, promoting, facilitating and assisting in the establishment, carrying-on, expansion and development of country industries.

Funds amounting to \$5,900,000 were provided during 1974-75 consisting of \$5,000,000 from loan advances from the Treasurer of Victoria and \$900,000 borrowed by the issue of inscribed stock by the Corporation.

During 1974-75, loans totalling \$5,429,089 were made to country industries pursuant to the provisions of Section 11 of the Act making a sum of \$8,507,089 advanced at 30th June, 1975. In addition, \$665,529 was expended during the year in purchasing land and buildings for leasing to country industries. Further loans aggregating \$2,595,911 had been approved but not advanced.

The audit of the accounts of the Corporation for the year ended 30th June, 1975, is in course and the figures given below are subject to the completion thereof.

Following is a summary of the Profit and Loss Accounts for the years ended 30th June, 1974 and 30th June, 1975 :—

1973-74		1974-75
\$		\$ \$
	Income—	
33,028	Interest on loan advances	367,902
139,441	Interest on bank term deposits	282,982
..	Other Income	33,261
172,469		684,145
	Expenditure—	
138,872	Interest payable	498,605
307,800	Provision for doubtful debts	242,050
149,769	Administration Expenses	205,612
596,441		946,267
423,972	Net Loss	262,122

The balance-sheets of the Corporation as at 30th June, 1974, and 30th June, 1975, are summarized hereunder :—

\$		\$	\$
86,014	Current Assets .. .. .	..	204,497
3,000,000	Investments—Fixed Deposits .. .. .	..	3,500,000
3,078,000	Loans to Country Industries .. .. .	..	7,088,360
13,547	Fixed Assets—Less Depreciation .. .. .	..	682,429
423,972	Accumulated Loss .. .. .	..	686,244
6,601,533			12,161,530
	Current Liabilities—		
744,489	Bank Overdraft	253,353	
149,244	Accruals and Prepayments	58,177	
		311,530	
	Deferred Liabilities—		
5,000,000	Treasurer of Victoria—Loan	10,000,000	
400,000	Inscribed Stock	1,300,000	
		11,300,000	
	Reserves—		
307,800	Provision for doubtful debts .. .. .	..	550,000
6,601,533			12,161,530

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, 25th Nov., 1975.