

1976-77

VICTORIA

SUPPLEMENTARY REPORT

OF THE

AUDITOR-GENERAL

FOR THE YEAR ENDED

30th JUNE, 1977

Ordered by the Legislative Assembly to be printed, 23rd November, 1977

By Authority:

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REPORT OF THE AUDITOR-GENERAL OF VICTORIA

SUPPLEMENTAL TO THE REPORT OF 17TH NOVEMBER, 1977, IN RELATION TO
THE TREASURER'S STATEMENT OF THE FINANCES FOR THE YEAR
ENDED 30TH JUNE, 1977

As authorized by paragraph (b) of sub-section (1) of Section 47 of the *Audit Act* 1958, I present to the Legislative Assembly a Report on the accounts of certain of the statutory bodies which the Auditor-General is required by law to audit. With respect to the accounts of several of the public authorities, the figures furnished herein are subject to audit, but, generally, in such cases, sufficient progress has been made in the audits to establish that the figures published are substantially correct.

The accounts of the Local Authorities Superannuation Board for the year ended 28th February, 1977, were not available for inclusion in this Report. The accounts of the Country Fire Authority, the Hospitals Superannuation Board and the State Insurance Office for the year ended 30th June, 1977, were also not available for inclusion. The accounts of the Albury-Wodonga (Victoria) Corporation were not available for the years ended 30th June, 1976 and 1977.

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 to promote 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 together with a 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 for the year ended 30th June, 1975, has been completed. The final accounts for the years ended 30th June, 1976, and 1977, respectively, were not available at the time of preparation of this Report.

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

	\$
<i>Expenditure—</i>	
Interest	602,221
Miscellaneous	143
Amortisation of Establishment and Preliminary Expenses	203,567
	805,931
<i>Income—</i>	
Rentals	8,763
<i>Deficiency</i>	797,168

BALANCE SHEET AS AT 30TH JUNE, 1975

	\$	\$
<i>Funds Employed—</i>		
<i>Capital Advances—</i>		
Commonwealth Government Grants	412,500	
Victorian Government Loans	24,177,879	
	<hr/>	24,590,379
<i>Less—</i>		
Deficiency for 1974–75 .. .. .	..	797,168
		<hr/>
		23,793,211
<i>Represented by—</i>		
<i>Fixed Assets—</i>		
Land and Buildings	12,482,560	
Construction in Progress	579,272	
	<hr/>	13,061,832
<i>Current Assets—</i>		
Cash at Bank	406,740	
Debtors	8,507	
Payments on uncompleted land acquisitions	9,958,350	
Advances to Development Corporation	146,477	
	<hr/>	10,520,074
<i>Intangible Assets—</i>		
Establishment and Preliminary Expenses	1,017,837	
Less : Written Off	203,567	
	<hr/>	814,270
		<hr/>
		24,396,176
<i>Less : Current Liabilities—</i>		
Creditors, Deposits and Rent Paid in Advance	744	
<i>Long Term Liabilities—</i>		
Accrued Interest	602,221	
	<hr/>	602,965
		<hr/>
		23,793,211
		<hr/>

The following Note has been appended to the balance sheet by the Corporation and is to be read in conjunction therewith:—

The item in the Balance Sheet "Land and Buildings \$12,482,560" under the head of Fixed Assets, includes amounts of \$76,112 and \$668,884 paid in respect of properties acquired from B. W. Harvey and K. G. Renwick Home Units Pty. Ltd. for areas of land outside or partly outside the area designated in pursuance of the *Wodonga Area Land Acquisition Act 1973*. Negotiations for the purchase of the two properties commenced prior to detailed definition of the area capable of acquisition by the Corporation, and the Corporation, with the approval of the Minister, proceeded to settlement.

In terms of the *Wodonga Area Land Acquisition Act 1973*, the Corporation's funds were not available for the acquisition of these two properties.

During the year, repayable advances received from the Commonwealth Government through the Victorian Treasury totalled \$24,177,879. Under the relevant Financial Agreement with the Commonwealth, principal repayments are not required for ten years but interest calculated at the long-term bond rate is payable from the date the advance is made and is added to the principal outstanding.

Establishment and Preliminary Expenses, \$1,017,837, comprised Victoria's share of developmental expenses, \$338,525, and expenditure on studies and investigations, \$679,312.

BUILDING INDUSTRY LONG SERVICE LEAVE BOARD

The Building Industry Long Service Leave Board was established, under the provisions of the *Building Industry Long Service Leave Act 1975*, to administer the several provisions of the Act including administration of the Building Industry Long Service Leave Fund. Funds for the payment of long service leave entitlements are provided by building industry employers as a prescribed percentage of each worker's weekly pay to a maximum of 40 hours per week.

The Act was proclaimed to operate from 1st February, 1977, but substantial establishment costs were incurred prior to that date and charged against Department of Labour and Industry vote appropriations or met from moneys advanced from the Public Account. All moneys so provided were recouped to the Consolidated Fund or the Public Account by 30th June, 1977, as required by Section 4A (3) of the legislation.

The accounts of the Board have been audited for the period ended 30th June, 1977, as required by Section 7 of the Act, and the following statement summarises the income and expenditure of the Building Industry Long Service Leave Fund for that period.

BUILDING INDUSTRY LONG SERVICE LEAVE FUND

	<i>Income</i>	\$	\$
Contributions from Employers			2,163,677
Interest on Investments			17,315
Miscellaneous			185
			2,181,177
	<i>Expenditure</i>		\$
Salaries and Related Charges			224,224
Long Service Leave Payments			107,560
Administration and Superannuation Oncost—Treasury Recoup			46,447
E.D.P. Equipment Hire and Maintenance			31,019
Rental			25,581
Postage and Telephone			19,754
Printing and Stationery			18,360
Other			27,442
			500,387
Operating Surplus			1,680,790
Balance of Interest from Interim Trust Fund			157,027
			1,837,817
<i>Deduct—</i>			
Establishment and Development Costs		417,224	
Provision for Long Service Leave (Initial Liability)		43,000	460,224
Accumulated Revenue Account Balance			1,377,593

Prior to the coming into effect of the Building Industry Long Service Leave Act, an interim fund was established by building industry employers under a trust deed providing for the payment for long service leave taken by employees in the building industry and for contributions by employers for this purpose. On the coming into operation of the State scheme, this interim fund was wound up and, in accordance with the terms of the trust deed, a balance of interest earned on the fund amounting to \$157,027 was paid to the Building Industry Long Service Leave Board.

The Fund at 30th June, 1977, comprised:—

	\$	\$
Provision for Long Service Leave—Staff .. .. .	..	43,000
Accumulated Revenue Account .. .. .	..	1,377,593
		<u>1,420,593</u>
 <i>Represented by—</i>		
<i>Fixed Assets—</i>		
Furniture and Equipment, Motor Vehicles	56,095	
Less Provision for Depreciation	1,248	
	<u>54,847</u>	
Stores and Stationery on Hand	613	
<i>Current Assets</i>		55,460
Cash at Bank and on Hand	71,885	
Sundry Debtors and Prepayments—		
Contributions	314,909	
Balance of Interest—Interim Trust Fund	157,027	
Interest Accrued	11,942	
Other	192	
	<u>555,955</u>	
<i>Less—Current Liabilities—</i>	\$	
Sundry Creditors—		
Long Service Leave Payments	24,922	
General	110,242	
	<u>135,164</u>	420,791
 <i>Investments</i>		
Government and Semi-Government Securities	394,342	
Short Term Money Market	550,000	
	<u>944,342</u>	
		<u>1,420,593</u>

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 mainly from moneys appropriated under a Health Department Vote and from moneys provided from the Commonwealth Assistance Medibank Trust Account.

The accounts of the Board for the year 1975-76 were not presented in the previous Report as they had not been prepared in the form required by the provisions of Section 54 of the *Cancer Act*, 1958. Relevant information is now shown hereunder.

In the following statements the figures relating to the financial year 1976-77 are subject to audit.

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

1975-76		1976-77	
\$		\$	\$
	Nursing Services—		
1,364,209	Wards	1,571,534	
729,360	Other	864,354	
		<hr/>	2,435,888
4,666,856	Medical, Professional and Ancillary Services .. .. .	..	5,800,718
3,239,802	Administration and Ancillary Services .. .. .	..	3,868,071
802,212	Scientific and Research Departments .. .. .	..	858,177
80,836	Stores .. .. .	..	..
		<hr/>	<hr/>
10,883,275			12,962,854

The revenue for the past two years was :—

	State Government Grants—		
5,274,199	From Vote—for maintenance	5,768,498	
..	From Works and Services Account—for items of Capital Equipment under \$50,000	168,428	
		<hr/>	5,936,926
4,340,853	Commonwealth Assistance Medibank Trust Account .. .. .	..	5,936,926
36,191	Commonwealth Pharmaceutical Benefits Grant .. .. .	..	..
4,408	Commonwealth Hospital Benefits Grant .. .. .	..	..
79,189	Commonwealth Home Nursing Subsidy .. .. .	..	90,604
579,416	Patients' Fees .. .. .	..	981,447
372,528	Commonwealth Daily Bed Payments .. .. .	..	..
103,496	Miscellaneous .. .. .	..	207,474
		<hr/>	<hr/>
10,790,280			13,153,377

The following abridged balance-sheets set out the financial position as at 30th June, 1976, and 1977 :—

		ASSETS	
30.6.76		30.6.77	
\$		\$	\$
	Maintenance Fund—		
415,679	Cash at Bank	611,439	
203,145	Sundry Debtors	411,526	
149,275	Stores on Hand	150,075	
		<hr/>	1,173,040
279,013	Investment of Specific Purpose Funds and Trusts .. .. .	..	656,140
	Capital Funds—		
479,110	Cash at Bank	577,092	
1,990,000	Investments .. .. .	..
9,132,671	Building Improvements	18,464,310	
3,235,348	Furniture, Plant and Equipment	4,206,061	
75,075	Motor Cars	78,564	
		<hr/>	<hr/>
15,959,316	Total Assets		23,326,027
			<hr/>
			25,155,207

LIABILITIES AND FUNDS

30.6.76		30.6.77
\$		\$
	Maintenance Fund—	
326,081	Sundry Creditors (net)	486,560
182,037	Accrued Expenditure	240,829
1,293	Clearing Accounts, Salaries and Wages, &c. .. .. .	..
258,688	Balance of Fund	445,651
		1,173,040
	Specific Purpose Funds and Trusts—	
..	Peter Crimmins Research Trust Fund.. .. .	319,117
279,013	Other Funds	337,023
		656,140
14,912,204	Capital Funds	23,326,027
15,959,316	Total Liabilities and Funds	25,155,207

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 sole contributor was the Treasurer of Victoria. Following an actuarial investigation in 1970, which showed that the Fund would probably be sufficient to meet its obligations, contributions by the Treasurer in terms of Section 121 of the *Coal Mines Act 1958* ceased.

Subsequent developments necessitated the progressive sale of Fund investments prior to maturity. The Fund was finally exhausted during 1975-76. Amending legislation, the *Coal Mines (Pensions) Act 1976*, enacted 7th December, 1976, amended the Principal Act retrospectively to provide, in the event of no coal mines operating, for total contributions as estimated by the actuary to be paid by the Treasurer of Victoria.

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

1975-76	INCOME							1976-77
\$								\$
..	Government Contributions	..	..	..	..	..	..	266,002
1,502	Interest on Investments	..	..	..	..	..	..	..
1,502								266,002
	EXPENDITURE							
190,754	Pensions	..	..	..	..	..	..	184,703
47,630	Loss on Sale of Investments	..	..	..	..	..	..	..
14,436	Administration	..	..	..	..	..	..	15,594
..	Refund of Contributions	..	..	..	..	..	..	796
..	Equipment and Bad Debts Written Off	..	..	..	..	..	..	678
252,820								201,771
(251,318)	(Deficit)/Surplus for year	..	..	..	..	..	..	64,231

At 30th June, 1977, the accumulated deficit of the Tribunal was \$2,629.

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.

The accounts of the Authority were not available for inclusion in last year's Supplementary Report but were subsequently completed and are summarized below. The 1976-77 accounts, however, were not available for inclusion in this Report. As this is the second successive year in which the accounts for the year under review have not been so available, the position cannot be considered to be satisfactory.

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 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, 1976, contributions provided \$11,268,045 towards the amount required to meet estimated expenditure for the year, \$10,651,798, plus the deficit of \$616,247 carried forward from 1974-75.

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 1975-76 totalled \$103,905.

A statement of transactions on Current Account, in the years 1974-75 and 1975-76, is as follows :—

	1974-75	1975-76
<i>Receipts</i>	\$	\$
Cash surplus from previous year	2,632	..
Statutory contributions—Section 76	8,643,691	11,268,045
Section 80A	69,578	103,905
Other receipts	246,381	315,192
Cash deficit	616,247	398,648
	9,578,529	12,085,790
<i>Payments</i>		
Deficit from previous year .. .. .	..	616,247
Salaries, wages and maintenance	6,018,567	7,213,698
Loan repayments including sinking fund	426,902	518,892
Loan interest	358,080	505,530
Land, buildings, rolling-stock and equipment	502,197	781,570
Brigade expenses	188,259	225,181
Motor Replacement Fund	656,170	548,749
Compensation Fund	20,000	30,000
Superannuation	635,908	689,377
Other payments	772,446	956,546
	9,578,529	12,085,790

Major variations from budgeted expenditure contributing to the deficit for the year 1975-76 were excesses in Maintenance, \$376,920, and Salaries and Wages, \$260,938.

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 by instalments in the years 1974-75 and 1975-76.

Accordingly, the contribution of \$548,749 in 1975-76 includes the sum of \$119,985 being the balance of the amount short-funded over the period. The necessary adjustment has also been made to the provision for depreciation.

Receipts and expenditure of loan moneys over the years 1974-75 and 1975-76 are shown hereunder :—

							1974-75	1975-76
							\$	\$
Balance, 1st July	..	..	..	..	..	..	378,619	976,722
<i>Receipts—</i>								
Loan Proceeds	..	..	..	..	..	..	1,260,000	1,675,000
Refunds, &c.	..	..	..	..	..	..	120,652	147,665
							<u>1,759,271</u>	<u>2,799,387</u>
<i>Expenditure—</i>								
Buildings	..	..	..	..	..	..	366,126	1,471,174
Vehicles	..	..	..	..	..	..	232,068	501,683
Radio Equipment	..	..	..	..	..	..	184,355	61,540
Loan Redemption	..	..	..	..	..	..	..	72,453
							<u>782,549</u>	<u>2,106,850</u>
Balance unexpended, 30th June	..	..	..	..	..	..	<u>976,722</u>	<u>692,537</u>

During the year 1975-76 an additional sum of \$75,000 was raised to redeem two loans with substantial capital liability still due at maturity.

The analysis hereunder of the Authority's balance-sheets shows the financial position at 30th June, 1975 and 1976 :—

30.6.75							30.6.76
\$	Source of Funds—					\$	\$
<i>External—</i>							
6,178,948	Loan Liability	..	..	..	..	..	7,468,377
976,722	Less unexpended	..	..	..	..	..	692,537
<u>5,202,226</u>							<u>6,775,840</u>
<i>Internal—</i>							
276,271	Excess of assets over liabilities transferred from Country Fire Brigades Board	..	..	..	..	..	276,271
3,651,481	Income and Expenditure Account—accumulated balance	..	..	..	..	..	4,837,354
4,206,089	Reserves	..	..	..	..	..	5,043,815
<u>6,000,103</u>	Funds	..	..	..	..	6,680,843	
3,917,055	Less invested on account of Compensation, Superannuation and other Trust purposes	..	..	..	..	4,511,700	
<u>2,083,048</u>							<u>2,169,143</u>
<u>10,216,889</u>							
15,419,115	Carried Forward	..	..	..	..	..	<u>12,326,583</u>
							<u>19,102,423</u>

30.6.75						30.6.76
\$					\$	\$
15,419,115	Brought forward	..	..	..	..	19,102,423
	<i>Current Liabilities—</i>					
523,719	Sundry Creditors	..	..	..	744,235	
617,276	Bank Overdraft	..	..	..	399,748	
						1,143,983
<u>1,140,995</u>						
	<i>Less Current Assets—</i>					
1,030	Cash at Bank and on Hand	..	..	..	1,100	
342,804	Sundry Debtors and Prepayments	..	..	..	413,352	
429,353	Stock and Work in Progress	..	..	..	255,967	
						670,419
<u>773,187</u>						
367,808						<u>473,564</u>
<u>15,786,923</u>						<u>19,575,987</u>
	<i>Represented by—</i>					
	<i>*Funds—Investments, Etc.—</i>					
1,234,473	Motor Replacement	..	..	..	..	1,115,484
172,672	Sale of Property	..	..	..	..	113,160
646,011	Sinking Fund—Loans	..	..	..	..	840,396
29,289	Private Fire Appliances	..	..	..	..	99,731
603	Other	..	..	..	..	372
						<u>2,169,143</u>
<u>2,083,048</u>						
	<i>Fixed Assets—</i>					
6,335,358	Land and Buildings	..	..	..	..	8,463,530
7,127,570	Rolling-stock	..	..	..	..	8,506,732
2,244,285	Plant and Machinery	..	..	..	..	2,516,564
277,694	Other	..	..	..	..	316,340
						<u>19,803,166</u>
15,984,907						
2,281,032	<i>Less Provision for Depreciation</i>	..	..	..	..	2,396,322
						<u>17,406,844</u>
<u>13,703,875</u>						
<u>15,786,923</u>						<u>19,575,987</u>

* Includes cash balances. At 30th June, 1976 cash balances in respect of all funds amounted to \$31,934.

DANDENONG VALLEY AUTHORITY

Functions of the Authority include the drainage of the waters of the Dandenong Creek and its tributaries, including portion of the Mordialloc Creek, 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, 1976.

Following is an abridged statement of the General Revenue Account for the years ended 30th September, 1975 and 1976 :—

1974-75		1975-76	
\$		\$	\$
	Income—		
1,421,520	Rating Precepts—Municipalities	1,733,908	
318,224	Other	306,556	
<u>1,739,744</u>			<u>2,040,464</u>
	Expenditure—		
273,538	Administration	460,211	
497,923	Maintenance of Works	617,931	
196,863	Survey, Investigation and Design	210,606	
115,463	Depreciation Provision	129,536	
385,447	Debt Services	434,818	
<u>1,469,234</u>			<u>1,853,102</u>
270,510	Excess of Income over Expenditure .. .. .	..	187,362
31,385	Transfer from Plant Replacement Reserve .. .. .	..	114,624
<u>301,895</u>			<u>301,986</u>
16,864	Less Appropriation to Loans Repayment Sinking Fund .. .. .	..	21,395
<u>285,031</u>	Net Surplus for year.. .. .	..	<u>280,591</u>

The Authority's balances at 30th September, 1975 and 1976, are summarized hereunder :—

30.9.75		30.9.76	
\$		\$	\$
	Current Assets—		
2,527,296	Cash at Bank	2,592,080	
360,634	Debtors and Prepayments	342,993	
39,904	Other	45,236	
<u>2,927,834</u>			<u>2,980,309</u>
	Fixed Assets—		
351,578	Land and Buildings (at cost)	818,321	
389,552	Plant, Vehicles and Equipment (at cost less depreciation)	474,600	
15,634	Office Furniture and Machines (at cost less depreciation)	19,313	
<u>756,764</u>			<u>1,312,234</u>
	Capitalized Works Expenditure—		
3,634,216	River Improvement Works	4,066,940	
10,613,431	Piped or Lined Drainage Channels	12,531,574	
1,773,614	Carrum Drainage District	1,773,614	
1,705,218	Flood Retarding Basins	1,980,667	
1,798,206	Land Acquisition and Compensation	2,190,324	
343,620	Other	356,930	
<u>19,868,305</u>		<u>22,900,049</u>	
513,107	Less Provision for Depreciation	647,991	
<u>19,355,198</u>			<u>22,252,058</u>
661,291	Investments .. .. .	..	796,898
<u>23,701,087</u>			<u>27,341,499</u>

30.9.75 \$						30.9.76 \$	\$
	Current Liabilities—						
275,053	Bank Overdraft	..	..	..	..	368,999	
106,017	Sundry Creditors	..	..	..	..	115,309	
38,358	Contractors' Deposits	..	..	..	..	28,809	
<u>419,428</u>						<u>513,117</u>	
	Loans—						
616,828	Government of Victoria	..	..	..	..	614,755	
5,621,043	Other	..	..	..	..	6,184,550	
<u>6,237,871</u>						<u>6,799,305</u>	
<u>6,657,299</u>						<u>7,312,422</u>	
	Excess of Assets over Liabilities—						
429,828	Grants by Government of Victoria	..	..	..	..	396,669	
3,064,388	Capital Expenditure Borne by the State	..	..	..	..	3,372,806	
10,536,121	Contributions by Property Owners	..	..	..	..	12,825,801	
290,990	Other Grants and Contributions	..	..	..	..	432,624	
62,948	Plant Replacement Reserve	..	..	..	..	27,655	
128,492	Loans Repayment Sinking Fund	..	..	..	..	161,910	
2,531,021	General Revenue Account Balance	..	..	..	..	2,811,612	
<u>17,043,788</u>						<u>20,029,077</u>	
<u>23,701,087</u>						<u>27,341,499</u>	

ELECTRICITY COMMISSION

The operating surplus achieved during 1976-77 was \$46,667,662, compared with \$20,250,047 in 1975-76. The operating surplus of \$46,667,662 was absorbed as under :—

	\$
Provision for Transfer to Consolidated Fund of Victoria	19,450,889
„ „ Long Service Leave	7,250,000
„ „ Replacement of Yallourn Community facilities	3,489,227
Appropriation—	
Emergency Generating Plant	11,006,000
Insurance Reserve	2,500,000
Written Off—Newport Power Station Delay Costs and other previously capitalised expenditure	
	2,714,392
Surplus to General Reserve	257,154

Increased electricity sales of 6 per cent. together with the full year's effect of the 10 per cent. December, 1975, and January, 1976, tariff adjustments and the 17 per cent. tariff increase from 4th January, 1977, were the main factors in an increase of \$79,218,523 in operating income as compared with the previous year. The 17 per cent. increase included a 5 per cent. surcharge in respect of emergency generating plant.

An 11.6 per cent. increase in salaries and wages and higher costs of materials and services were contributing factors in the increase of \$52,800,908 in operating costs for the year.

REVENUE ACCOUNT

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

1975-76		1976-77
\$		\$
398,243,568	Income	477,462,091
296,058,399	Operating Expenditure	335,501,139
<hr/>		<hr/>
102,185,169	Excess of Income over Operating Expenditure	141,960,952
252,242	Add—Miscellaneous Income	247,567
<hr/>		<hr/>
102,437,411		142,208,519
	<i>Deduct—</i>	
80,124,918	Interest and Loan Flotation Expenses	94,021,654
2,062,446	Miscellaneous Expenditure	1,519,203
<hr/>		<hr/>
82,187,364		95,540,857
<hr/>		<hr/>
20,250,047	Surplus on Operations	46,667,662
581,864	Less Newport Power Station Delay costs and Other Expenditure previously capitalised	2,714,392
<hr/>		<hr/>
19,668,183		43,953,270
	Provision for Statutory Transfers to the Consolidated Fund of Victoria—	
15,480,000	Based on Total Revenue for 1976-77	18,720,000
690,805	Based on Brown Coal Production in 1976-77	730,889
3,300,000		<hr/>
..	Provision for Long Service Leave	19,450,889
..	Provision for Replacement Yallourn Community Facilities	7,250,000
..	Provision for Insurance Reserve	3,489,227
..	Provision for Financing Emergency Generating Plant	2,500,000
..		11,006,000
<hr/>		<hr/>
19,470,805		43,696,116
197,378	Surplus to General Reserve	257,154
<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 \$97,470,000 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 1976-77 compared with the previous year :—

1975-76		1976-77
\$		\$ \$
26,452,343	Profit on Electricity Supply	50,591,767
238,822	Profit on Brown Coal Sales (Yallourn North Extension) ..	71,419
<hr/>		<hr/>
26,691,165		50,663,186
4,608,831	Loss on Briquetting	2,699,967
<hr/>		<hr/>
22,082,334	Profit on Operations	47,963,219
1,832,287	Excess of Miscellaneous Expenditure over Income ..	1,295,557
<hr/>		<hr/>
20,250,047	Income in Excess of Expenditure for Year	46,667,662
<hr/>		<hr/>

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

Electricity Supply—(Profit \$50,591,767). Operational statements for the past two years show :—

	1975-76	1976-77
	\$	\$
Sales—		
Domestic	132,232,414	159,972,216
Commercial and General	70,461,098	87,401,931
Industrial	95,567,700	111,642,818
Bulk Supplies	73,132,295	85,678,644
Traction	5,478,049	6,101,984
Public Lighting and Increase in Unread Consumption ..	9,594,215	13,358,958
	<hr/>	<hr/>
	386,465,771	464,156,551
	<hr/>	<hr/>
Operating Charges—		
Power Generation	167,607,762	197,017,335
Purchased Electricity	21,497,772	24,967,100
Transmission	58,259,335	63,425,835
Distribution	112,648,559	128,154,514
	<hr/>	<hr/>
	360,013,428	413,564,784
	<hr/>	<hr/>
Profit	26,452,343	50,591,767
	<hr/>	<hr/>

The increase in operating charges as compared with 1975-76 was considerably lower than the increase in sales, thus causing profit on electricity supply to almost double that of the previous year. The number of customers increased by 30,303.

Brown Coal Production and Distribution—Coal won for the year amounted to 29,710,939 tonnes, an increase of 1,629,432 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.

	1975-76 Tonnes.	1976-77 Tonnes.
Morwell	15,353,607 (\$1.51)	16,024,300 (\$1.68)
Yallourn	12,485,851 (\$1.57)	13,498,965 (\$1.67)
Yallourn North Extension	242,049 (\$1.64)	187,674 (\$3.06)
	<u>28,081,507</u>	<u>29,710,939</u>

Distribution of the output was as follows :—

	1975-76 Tonnes.	1976-77 Tonnes.
Power Production	25,327,003	26,760,562
Briquette Manufacture	2,512,455	2,762,703
Sales to Public	242,049	187,674
	<u>28,081,507</u>	<u>29,710,939</u>

Briquetting—(Loss \$2,699,967). Trading results for the past two years, excluding costs charged on internal transfers to works, are shown in the following statement :—

	1975-76		1976-77	
	\$	\$	\$	\$
Sales—				
Domestic	5,240,742		4,971,956	
Industrial	5,900,430		7,687,929	
	<u>11,141,172</u>		<u>12,659,885</u>	
Manufacturing Costs	10,862,586		10,378,524	
Distribution and Selling	4,887,417		4,981,328	
	<u>15,750,003</u>		<u>15,359,852</u>	
Loss		4,608,831		2,699,967

The reduction in the briquetting loss as compared with previous years was brought about mainly by the increased use of briquettes in power stations, particularly Newport. Briquettes used in power stations are charged at cost whereas domestic and industrial sales are made at prices below the cost of production.

The Commission's balances at 30th June, 1976, and 1977, are summarized hereunder—

30.6.76		30.6.77	
\$		\$	\$
	Current Assets—		
1,840,640	Balances at Bank and Cash in Hand	2,011,353	
38,169,901	Customers' and Other Accounts Receivable ..	43,511,541	
32,149,287	Estimated Income from Unread Electricity Consumption	38,867,776	
20,810,280	Materials and Fuel—at cost	24,245,172	
3,149,737	Miscellaneous Deferred Charges	4,091,510	
<u>96,119,845</u>			112,727,352
68,983,497	Investments—at cost .. .. .	..	89,343,416
<u>3,975,565</u>	Long Term Debtors (Real Estate Sales) .. ..	..	3,044,042
	Fixed Assets—		
1,860,237,123	Assets—at cost	2,039,190,876	
609,860,922	Deduct Provision for Depreciation	668,826,219	
<u>1,250,376,201</u>		1,370,364,657	
16,200,852	Development of Open Cuts—balance of cost ..	19,116,352	
<u>1,266,577,053</u>			1,389,481,009
<u>1,435,655,960</u>			<u>1,594,595,819</u>
	Current Liabilities—		
22,374,512	Accounts Payable and Miscellaneous Accruals ..	30,317,246	
19,847,621	Interest Accrued	23,713,411	
16,170,805	Provision for Transfers to State Revenue	19,450,889	
2,646,916	Customers' and Contractors' Deposits	3,302,128	
..	Provision for Replacement Yallourn Facilities ..	3,637,573	
<u>61,039,854</u>			80,421,247
	Deferred Liabilities—		
128,243,952	Advances for Capital Works	161,345,263	
1,197,855	Acquisition Loans from Municipalities	933,458	
34,050,000	Provision for Long Service Leave and Retiring Allowances	41,300,000	
<u>163,491,807</u>			203,578,721
	Reserves—		
19,140,104	General Reserve	20,100,070	
26,088,868	Customers' and Other Contributions for Capital Works	36,499,602	
..	Special Finance for Emergency Generating Plant ..	11,006,000	
..	Insurance Reserve	2,500,000	
<u>45,228,972</u>			70,105,672
	Capital Liabilities—		
866,003,937	Inscribed Stock and Debentures	930,416,154	
299,891,390	Victorian Government Advances	310,074,025	
<u>1,165,895,327</u>			1,240,490,179
<u>1,435,655,960</u>			<u>1,594,595,819</u>

The following is a re-statement (in abbreviated form) of the balance-sheets at 30th June, 1976 and 1977, to show funds held by the Commission at the balance dates and the assets representing those funds—

	30.6.76	30.6.77	Variation
	\$	\$	\$
<i>Funds held—</i>			
External Borrowings (net)	1,239,756,359	1,324,446,842	+ 84,690,483
Provident Fund Advances	55,580,775	78,322,058	+ 22,741,283
Internal Funds	664,130,794	753,639,791	+ 89,508,997
	<u>1,959,467,928</u>	<u>2,156,408,691</u>	<u>+196,940,763</u>
<i>Represented by—</i>			
Gross Fixed Assets	1,876,437,975	2,058,307,228	+181,869,253
Long Term Debtors	3,975,565	3,044,042	— 931,523
Net Current Assets	35,224,507	32,536,676	— 2,687,831
Investments	43,829,881	62,520,745	+ 18,690,864
	<u>1,959,467,928</u>	<u>2,156,408,691</u>	<u>+196,940,763</u>

Fixed Assets

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

	30.6.76	30.6.77
	\$	\$
Coal Production	102,296,929	123,744,506
Briquette Production and Distribution	33,763,815	34,149,316
<i>Power Production—</i>		
Thermal Stations	627,413,628	699,697,133
Hydro Stations	76,649,504	81,891,194
Transmission System	362,384,146	380,068,896
Distribution System	500,970,120	553,162,504
General Service Assets.. .. .	156,758,981	166,477,327
	<u>1,860,237,123</u>	<u>2,039,190,876</u>
Deduct Provision for Depreciation	609,860,922	668,826,219
	<u>1,250,376,201</u>	<u>1,370,364,657</u>
<i>Development of Open Cuts—</i>		
Balance of Cost	16,200,852	19,116,352
	<u>1,266,577,053</u>	<u>1,389,481,009</u>

Investments

During the year, the Commission's investments, including deposits held on account of contractors and customers, increased by \$20,359,919.

Investments held at 30th June, 1976 and 1977, were as follows :—

	30.6.76	30.6.77
	\$	\$
<i>General—</i>		
Government and semi-Government Securities	16,008,413	17,697,695
Short Term Money Market, "Buy Back" Securities and Commercial Bills	11,716,468	15,318,050
Shares in Australian Char Pty. Ltd.	105,000	105,000
Bank Deposits	16,000,000	29,400,000
	<u>43,829,881</u>	<u>62,520,745</u>
<i>Sinking Fund—</i>		
Government and semi-Government Securities	25,009,100	26,592,100
Contractors' and Customers' Deposits	144,516	230,571
	<u>68,983,497</u>	<u>89,343,416</u>

Advances for Capital Works

Land development schemes, together with increased acceptance of the Commission's terms for overhead supply extensions by developers, caused the further increase in self-help loans outstanding at 30th June, 1977.

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

	Balance. 30.6.76 \$	Balance. 30.6.77 \$	Variation for Year \$
Customers' Advances for Capital Works (Self Help)	47,528,464	57,023,419	+ 9,494,955
Advances for Construction of Offices and Showrooms	1,927,144	1,490,610	— 436,534
Advances for Construction of Power Stations ..	23,207,569	24,509,176	+ 1,301,607
	<u>72,663,177</u>	<u>83,023,205</u>	<u>+10,360,028</u>
Advances from Superannuation Fund	55,580,775	78,322,058	+22,741,283
	<u>128,243,952</u>	<u>161,345,263</u>	<u>+33,101,311</u>

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

	1975-76		1976-77	
	\$	\$	\$	\$
Contributions received	12,301,310		16,016,231	
Interest credits	2,868,564		3,884,833	
	<u>15,169,874</u>		<u>19,901,064</u>	
Less refunds of instalments and expired deposits, and transfers to customers' accounts as payment for supplies of electricity		9,509,239		10,406,109
Net Increase		<u>5,660,635</u>		<u>9,494,955</u>

Provision for Long Service Leave

A further \$7,250,000 was appropriated to the Provision for Long Service Leave, bringing its balance to \$41,300,000 at 30th June, 1977.

Loans.

The loan liability of \$310,074,025 to the Treasury at 30th June, 1977, was determined after the deduction of \$50,485,141, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1976-77 was \$3,514,361, in respect of which a credit of \$702,812 was made to the General Reserve representing, mainly, the relevant Commonwealth contributions to the Fund and adjustment of charges in connexion with the repurchase of securities.

Including settlements of \$310,400 on account of loans authorized in 1975-76, loan moneys raised by the Commission during the year amounted to \$125,253,050. The sources of these moneys were:—

Public Loans	\$ 64,598,300
Private Loans	59,558,650
Retired Staff Loans	1,096,100
	<u>125,253,050</u>

The net increase in Commission loans in 1976-77 was \$64,412,217. The difference of \$60,840,833 between the total raisings of \$125,253,050, 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, 1977, Reserves totalled \$70,105,672 compared with \$45,228,972 at 30th June, 1976.

(i) *General Reserve.*—The increase of \$959,966 in the balance of this Reserve is accounted for as follows:—

Balance at 30th June, 1976	\$ 19,140,104
Add—Surplus from Revenue Appropriation Account ..	257,154
Credit on account of contributions to the National Debt Sinking Fund for 1975-76 not payable by the Commission, and certain adjustments ..	702,812
	<u>959,966</u>
Balance at 30th June, 1977	<u>20,100,070</u>

(ii) *Customers' and Other Contributions for Capital Works.*—The balances of this Reserve at 30th June, 1975 and 1976, comprise non-repayable contributions made to the Commission towards the cost of fixed assets.

Continued increases in the number of land development schemes and the acceptance by the developers of the Commission's conditions for underground supply mains, particularly in the eastern metropolitan area, were the main reasons for the large rise in the item "Customers and Other Contributions for Capital Works".

- (iii) *Emergency Generating Plant Reserve*—A 5 per cent. surcharge, which amounted to \$11,006,000 for the period to 30th June, 1977, was included in the tariff increases operating from 4th January, 1977, to allow for the financing of emergency gas turbine plant necessary because of the delays in the construction of Newport Power Station.
- (iv) *Insurance Reserve*—A reserve of \$2,500,000 was established to meet the costs of possible claims arising from recent bush fires.

S.E.C. SUPERANNUATION FUND

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

	\$	\$
Balance of Fund at 30th June, 1976 .. .. .	..	158,278,826
Add—Contributions—Commission	21,405,626	
Officers	7,137,453	
	<hr/>	28,543,079
Investment Income .. .. .	..	16,618,457
		<hr/>
		203,440,362
Less—Benefit Payments .. .. .	..	15,236,624
		<hr/>
Balance of Fund at 30th June, 1977 .. .. .	..	188,203,738
		<hr/>
The Fund was represented by—		
Assets—		
Investments in Commission—Loan Advances	78,322,058	
Inscribed Stock (at cost)	37,250,600	
	<hr/>	115,572,658
Freehold Property (Less Provision for Depreciation)	11,336,202	
Other Investments (at cost)—Company Shares	18,077,770*	
Company Debentures	7,858,473	
Property Development	5,401,554	
Property Trust	3,000,300	
Property Leaseholds	5,875,000	
Mortgages	14,064,775	
Convertible Notes	176,129	
Bank Guaranteed Loans	2,000,000	
Housing Societies	59,123	
	<hr/>	67,849,326
Accrued Income—Contributions	567,000	
Investment Income	4,737,767	
	<hr/>	5,304,767
		<hr/>
		188,726,751
Less—Liabilities—		
Investment Purchases Awaiting Settlement	190,235	
Benefits Accrued and Unpaid	332,703	
Valuation Fees Received in Advance	75	
	<hr/>	523,013
		<hr/>
		188,203,738

* Market Valuation 30th June, 1977, \$15,916,727.

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

From the 1st May, 1970, a Fund was established for the benefit of wages award employees who were not contributors to the Superannuation Fund. For a weekly contribution which is matched by the Commission at the rate of \$2.00 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, 1976, to 30th June, 1977, are :—

	\$	\$
Balance of Fund at 30th June, 1976		5,282,824
Add Contributions—Commission	979,395	
Employees	487,196	
	<hr/>	1,466,591
Investment Income		588,418
		<hr/>
		7,337,833
Less—Benefit Payments		903,892
		<hr/>
Balance of Fund at 30th June, 1977		6,433,941

The Fund was represented by—

	\$	\$
<i>Assets—</i>		
Advances to Commission		113,521
Freehold Property (<i>Less</i> Provision for Depreciation)		1,052,428
Investments (at Cost)—Company Shares	1,701,941*	
Company Debentures, Notes, &c.	2,006,895	
Property Trusts	750,075	
Mortgages	770,825	
Convertible Notes	118,430	
	<hr/>	5,348,166
Accrued Income—Contributions	73,916	
Interest	44,400	
	<hr/>	118,316
<i>Less—Liabilities—</i>		
Benefits Accrued and Unpaid		6,632,431
		<hr/>
		198,490
		<hr/>
		6,433,941

* Market Valuation 30th June, 1977, \$1,604,268.

GAS AND FUEL CORPORATION OF VICTORIA

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

The following statement shows the income and expenditure of the Corporation for the year ended 30th June, 1977, the consolidated figures of the Corporation and its subsidiaries, Waldorf Appliances Pty. Ltd., and the Albury Gas Company Ltd., for the year ended 30th June, 1977, 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, 1976.

The wholly owned subsidiary, Mount Gambier Gas Company Ltd., whose tangible assets showed a deficiency of \$23,374 against the liabilities in the company's accounts, was sold during the year for a consideration of \$10,000 for the share capital and \$350,796 in full settlement of loans made to the company. Since acquisition in the take over of the Colonial Gas Holdings group in 1973, the company, located in South Australia, has been operating at a loss.

Consolidated 1976		Gas and Fuel Corporation 1977		Consolidated 1977
\$		\$	\$	\$
	Income—			
	Sales—			
109,709,786	Gas	136,781,116		137,094,943
50,412,435	Appliances, L.P. Gas, Residual and Other Products	51,015,075		53,939,302
<u>160,122,221</u>			187,796,191	<u>191,034,245</u>
	Less Cost of Sales—			
26,988,178	Gas	33,748,213		33,983,936
40,993,106	Appliances, L.P. Gas and Other Products	41,039,327		43,004,100
<u>67,981,284</u>			74,787,540	<u>76,988,036</u>
<u>92,140,937</u>			113,008,651	<u>114,046,209</u>
	Expenditure (Note 1)—			
28,358,665	Distribution	33,019,199		33,263,368
18,960,021	Marketing	19,810,249		20,311,842
33,178,733	Administration	41,101,641		41,790,160
6,912,207	Amortization of Natural Gas Change-over Costs	12,163,882		12,163,882
<u>87,409,626</u>			106,094,971	<u>107,529,252</u>
4,731,311	Profit on Trading		6,913,680	6,516,957
..	Dividends Receivable (Note 3)		25,590	..
<u>4,731,311</u>			6,939,270	<u>6,516,957</u>
	Net Profit for Year before Income Tax, Transfers to Reserves and Fixed Dividends		6,939,270	6,516,957
3,820,000	Contribution to Consolidated Fund	4,640,000		4,640,000
7,395	Income Tax .. .. .	..		37,766
50,000	Transfer to Contingency Reserve	50,000		50,000
..	Transfer to Reserve for Gas Research	1,000,000		1,000,000
..	Transfer to Trading Stock Valuation Reserve .. .. .	..		34,686
<u>3,877,395</u>			5,690,000	<u>5,762,452</u>
853,916			1,249,270	754,505
1,480	Transferred from Income Tax Provision .. .. .	..	..	..
<u>855,396</u>			1,249,270	<u>754,505</u>
	Balance carried forward to Profit and Loss Appropriation Account		1,249,270	754,505

The quantity of gas sold for the year was 95,471,380 gigajoules returning \$1.44 per gigajoule compared with, in 1975-76, 83,494,578 gigajoules for a unit return of \$1.31.

The *Public Authorities (Contributions) Act 1966* requires the Corporation to pay to the Consolidated Fund in each financial year a contribution of an amount equal to 4 per cent. of the total revenue of the Corporation in the preceding financial year. In terms of the legislation, an amount of \$116,000,000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1975-76 and 4 per cent. thereof, \$4,640,000, was paid to the Consolidated Fund in June, 1977.

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

	\$	\$
Balance brought forward 1st July, 1976	359,661	
Net Profit for year from Profit and Loss Account	754,505	
Adjustment on Disposal of Subsidiary Company	152,164	
	<hr/>	
Available for Appropriation .. .. .	..	1,266,330
Preference Shares Dividend at 4 per cent. per annum for year ended 30th June, 1977	315,278	
" B " Preference Shares Dividend at 6 per cent. per annum for year ended 30th June, 1977	361,260	
	<hr/>	676,538
Balance carried forward 30th June, 1977 .. .. .	..	<hr/>589,792

The following is a consolidated statement of the balances of the Corporation and its subsidiaries Waldorf Appliances Pty. Ltd., Mount Gambier Gas Company Ltd., and the Albury Gas Company Ltd. at 30th June, 1976, and the Corporation and its subsidiaries Waldorf Appliances Pty. Ltd., and the Albury Gas Company Ltd., at 30th June, 1977. A statement of balances of the Corporation at 30th June, 1977, is also given.

Consolidated 30.6.76		Gas and Fuel Corporation 30.6.77	Consolidated 30.6.77
\$		\$	\$
	Shareholders' Funds—		
	Subscribed Capital—		
7,881,952	3,940,976 4 per cent. Cumulative Preference Shares of \$2 each (Note No. 4)	7,881,952	7,881,952
6,021,006	3,010,503 6 per cent. "B" Cumulative Preference Shares of \$2 each	6,021,006	6,021,006
8,000,000	4,000,000 Ordinary Shares of \$2 each subscribed by the State of Victoria	8,000,000	8,000,000
<u>21,902,958</u>	Subscribed Capital (Fully Paid)		<u>21,902,958</u>
	Reserves—		
..	Reserve for Gas Exploration	1,000,000	1,000,000
..	Provision for Special Leakage Survey	300,000	300,000
..	Provision for Conversion of Metered L.P. Gas	1,000,000	1,000,000
..	Provision for Demolition of Holders	1,000,000	1,000,000
2,472,370	General Reserve	2,574,877	2,609,563
30,368,847	Asset Realization Reserves	30,311,412	30,376,062
757,336	Contingencies Reserve	807,336	807,336
			<u>36,993,625</u>
359,661	Profit and Loss Appropriation Account	1,360,866	589,792
<u>55,861,172</u>			<u>60,257,449</u>
	Deferred Liabilities—		
10,101,741	Advances from State of Victoria	10,102,516	10,102,516
1,706,833	Less securities purchased and cancelled by the National Debt Commission	1,834,432	1,834,432
<u>8,394,908</u>			<u>8,268,084</u>
	Debentures and Debenture Stock (Secured)—		
11,720,843	Redeemable within twelve months	15,705,993	15,705,993
236,291,887	Redeemable after twelve months	264,100,204	264,100,204
<u>248,012,730</u>			<u>279,806,197</u>
<u>312,268,810</u>			<u>348,331,730</u>
	\$ Contingent Liabilities—		
15,988,000	Commitments under Contracts for 9,184,000 Capital Expenditure and Bank Guarantees		\$ 9,184,000

Consolidated 30.6.76		Gas and Fuel Corporation 30.6.77		Consolidated 30.6.77
\$		\$	\$	\$
	Fixed Assets—			
313,381,823	Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in progress (at cost or valuation) (Note No. 11)	358,471,232		361,373,859
61,256,488	Less Provision for Depreciation	70,779,403		70,984,237
<u>252,125,335</u>			287,691,829	<u>290,389,622</u>
	Current Assets—			
2,104,365	Cash in Hand and at Banks	656,009		670,595
3,300,000	Short-term Deposits	1,000,000		1,000,000
29,966,461	Trade and Other Debtors and Prepayments (less provision for Bad and Doubtful Debts and Consumers' Deposits) (Note No. 8) .	35,248,791		36,051,253
14,320,470	Stocks at Cost or Valuation	12,305,115		13,353,185
..	Amount owing by Subsidiaries	4,370,791		..
<u>49,691,296</u>			53,580,706	<u>51,075,033</u>
	Less Current Liabilities—			
27,203,651	Trade and Other Creditors	22,776,829		23,151,516
7,061,921	Bank Overdraft	1,259,757		1,259,757
	Provisions—			
..	Accrued Annual Leave	3,200,000		3,202,771
10,411,507	Long Service Leave	10,155,359		10,258,375
935,907	Retiring Allowances	857,787		857,787
894,000	Deferred Repairs	934,691		934,691
338,269	Preference Dividend	338,269		338,269
7,048	Income Tax .. ..	..		32,968
64,650	Natural Gas Changeover Costs .. ..	..		..
<u>46,916,953</u>			39,522,692	<u>40,036,134</u>
2,774,343	Net Current Assets		14,058,014	11,038,899
	Investments—			
..	In Subsidiary Companies (Note No. 15) ..	1,090,189		..
36,713	In Other Companies	33,000		33,000
<u>36,713</u>			1,123,189	<u>33,000</u>
	Intangibles—			
5,817,452	Goodwill on consolidation	5,798,524		5,817,452
571,886	Unamortised Debenture Issue Expenses (Note No. 12)	798,392		798,392
46,779,246	Natural Gas Change-over Costs (Note No. 13)	38,861,782		39,582,627
4,163,835	Pipeline Establishment Expenses (Note No. 14)	..		..
<u>57,332,419</u>			45,458,698	<u>46,198,471</u>
<u>312,268,810</u>			<u>348,331,730</u>	<u>347,659,992</u>

DIRECTORS' EXPLANATORY NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1977

	Consolidated 1977	Consolidated 1976	Corporation 1977	Corporation 1976
	\$'000	\$'000	\$'000	\$'000
1. Charges against revenue for the year included—				
(a) Interest on debenture and other fixed loans from outside group	19,116	16,728	19,116	16,728
Other interest outside group	281	243	281	242
	<u>19,397</u>	<u>16,971</u>	<u>19,397</u>	<u>16,970</u>
Less: Interest received on investments ..	1,270	763	1,497	935
	<u>18,127</u>	<u>16,208</u>	<u>17,900</u>	<u>16,035</u>
(b) Provision in respect of Depreciation—				
on Buildings, Plant and Equipment	10,638	11,369	10,561	11,289
on Stores	2,000	245	2,000	244
	<u>12,638</u>	<u>11,614</u>	<u>12,561</u>	<u>11,533</u>
Amortisation				
Natural Gas Change-over Costs ..	8,000	5,500	8,000	5,500
Pipeline Establishment Expenses ..	4,164	1,412	4,164	1,412
Doubtful Debts—Trade	519	517	502	510
Hire Purchase	90	30	90	30
Accrued Annual Leave	3,200	..	3,200	..
Long Service Leave	1,125	2,206	1,100	2,183
Retiring Allowances	109	114	109	114
Deferred Repairs	599	627	599	627
	<u>30,444</u>	<u>22,020</u>	<u>30,325</u>	<u>21,909</u>
The cost of plant in normal course of retirement 1977, \$345,000 (1976 \$630,000) has been deducted from the Provision for Depreciation.				
(c) Directors' remuneration	18	17	18	17
(d) Audit Fees (Auditing Group Accounts)	32	39	28	34
The Auditors received no other benefits.				
2. Bad Debts have been written off against provisions for—				
Trade Debtors	509	416	495	410
Hire Purchase Debtors	88	24	88	24
3. Dividends receivable from—		1977	1976	
		\$'000	\$'000	
Waldorf Appliances Pty. Ltd.		<u>26</u>	<u>16</u>	

4. Capital—	1977 \$'000	1976 \$'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.

	Consolidated 1977 \$'000	Consolidated 1976 \$'000	Corporation 1977 \$'000	Corporation 1976 \$'000
5. Reserves—				
Movements in Reserves during the year—				
Capital Reserves—				
Revaluation of Investments—				
Asset Revaluation	(173)	..	(101)	..
Profits on Realization of Assets—				
Asset Realization—				
Fixed Assets	631	129	631	129
Mt. Gambier Gas Co.	(516)	..	(516)	..
Revenue Reserves—				
Profit and Loss Account—				
Conversion of Metered L.P. Gas Services	1,000	..	1,000	..
Demolition of Redundant Gas Holders	1,000	..	1,000	..
Special Leakage Survey	300	..	300	..
Appropriations—				
Contingency Reserve	50	50	50	50
Gas Research	1,000	..	1,000	..
Trading Stock Valuation	35	..	..	..
Increase in General Reserve for equity increase in the National Debt Sinking Fund ..	103	97	103	97
				1977 \$'000
6. Advances from the State of Victoria				10,000
Discount and charges incurred				102
				<u>10,102</u>
Less: Equity in National Debt Sinking Fund				1,834
				<u>8,268</u>

	Consolidated 1977 \$'000	Consolidated 1976 \$'000	Corporation 1977 \$'000	Corporation 1976 \$'000
7. Debentures—				
Redeemable 1–2 years from 30th June ..	17,024	15,613	17,024	15,613
Redeemable 2–5 years from 30th June ..	61,167	53,222	61,167	53,222
Redeemable after 5 years from 30th June ..	185,909	167,457	185,909	167,457

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

	Consolidated 1977 \$'000	Consolidated 1976 \$'000	Corporation 1977 \$'000	Corporation 1976 \$'000
8. Debtors and Prepayments—				
Trade	31,605	27,640	30,823	26,954
Hire Purchase	6,921	6,000	6,884	5,953
	<u>38,526</u>	<u>33,640</u>	<u>37,707</u>	<u>32,907</u>
<i>Less:</i>				
Provision for Doubtful Debts—				
Trade	684	677	665	658
Hire Purchase	91	90	91	90
	<u>775</u>	<u>767</u>	<u>756</u>	<u>748</u>
Unearned Interest	1,165	986	1,165	980
Consumers Deposits	2,913	2,709	2,889	2,674
Provision for Interest thereon	185	165	185	165
	<u>33,488</u>	<u>29,013</u>	<u>32,712</u>	<u>28,340</u>
Other Debtors	1,825	383	1,825	383
Prepayments	738	570	712	566
	<u>36,051</u>	<u>29,966</u>	<u>35,249</u>	<u>29,289</u>

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

9. Stocks and Stores	16,172	15,373	15,124	14,413
<i>Less: Depreciation</i>	2,819	1,052	2,819	1,051
	<u>13,353</u>	<u>14,321</u>	<u>12,305</u>	<u>13,362</u>
10. Bank Overdraft—				
Bank Balances (Cash Book)	1,260	7,062	1,260	7,042
<i>Less: Unpresented Cheques</i>	3,573	3,563	3,573	3,542
	<u>2,313</u>	<u>3,499</u>	<u>2,313</u>	<u>3,500</u>
11. Fixed Assets				
Freehold Land—				
at independent valuation 1974	24,554	27,301	24,554	27,025
at cost	2,298	1,353	2,088	1,353
	<u>26,852</u>	<u>28,654</u>	<u>26,642</u>	<u>28,378</u>
Leasehold Land—				
at independent valuation 1968	8	8	8	8
<i>Less: Amortisation</i>	3	3	3	3
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Buildings—				
on freehold land—				
at independent valuation 1974	5,912	6,057	5,878	5,981
<i>Less: Depreciation</i>	2,202	2,084	2,198	2,063
	<u>3,710</u>	<u>3,973</u>	<u>3,680</u>	<u>3,918</u>
at cost	561	469	561	469
<i>Less: Depreciation</i>	54	34	54	34
	<u>507</u>	<u>435</u>	<u>507</u>	<u>435</u>
on leasehold land at cost	3,030	3,061	3,030	3,061
<i>Less: Depreciation</i>	790	662	790	662
	<u>2,240</u>	<u>2,399</u>	<u>2,240</u>	<u>2,399</u>

			Consolidated 1977 \$'000	Consolidated 1976 \$'000	Corporation 1977 \$'000	Corporation 1976 \$'000
Machinery, Plant and Equipment—						
at independent valuation 1961	..	..	5,355	5,363	5,355	5,363
Less: Depreciation	..	..	1,905	1,800	1,905	1,800
			<u>3,450</u>	<u>3,563</u>	<u>3,450</u>	<u>3,563</u>
at cost	..	..	273,234	243,334	270,565	241,594
Less: Depreciation	..	..	65,867	56,637	65,656	56,336
			<u>207,367</u>	<u>186,697</u>	<u>204,909</u>	<u>185,258</u>
Capital Work in Progress—						
at cost	..	..	46,432	26,436	46,432	26,436
Less: Depreciation	..	..	173	37	173	37
			<u>46,259</u>	<u>26,399</u>	<u>46,259</u>	<u>26,399</u>
Total Net Fixed Assets	..	..	<u>290,390</u>	<u>252,125</u>	<u>287,692</u>	<u>250,355</u>
12. Unamortized Debenture Issue Expenses—						
Balance 30th June, 1976/5	..	..	572	452	572	452
Add: Expenses of Issue for the year	..	..	453	292	453	292
			<u>1,025</u>	<u>744</u>	<u>1,025</u>	<u>744</u>
Less: Amount written off	..	..	227	172	227	172
			<u>798</u>	<u>572</u>	<u>798</u>	<u>572</u>
13. Natural Gas Change-over Costs	..	..	67,604	67,801	66,884	66,910
Less: Amounts written off	..	..	28,022	21,022	28,022	21,021
			<u>39,582</u>	<u>46,779</u>	<u>38,862</u>	<u>45,889</u>
14. Pipeline Establishment Expenses	..	..	6,796	6,796	6,796	6,796
Less: Amounts written off	..	..	6,796	2,632	6,796	2,632
			<u>—</u>	<u>4,164</u>	<u>—</u>	<u>4,164</u>
15. Investments in Subsidiary Companies are—						
Waldorf Appliances Proprietary Limited	..	(100 per cent.)				
The Albury 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.

16. Statement of Shareholders at 9th August, 1977—

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

	<i>Number of Holders</i>				<i>Number of Shares Held</i>			
	419	..	..	..	..	..	..	1—1,000
	15	..	..	..	..	..	..	1,001—5,000
	..	..	..	..	..	..	..	5,001—10,000
	1	..	..	..	..	..	..	10,001 and over
Total	<u>435</u>							

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

	<i>Number of Holders</i>				<i>Number of Shares Held</i>			
	1,405	..	..	..	..	..	..	1—1,000
	253	..	..	..	..	..	..	1,001—5,000
	26	..	..	..	..	..	..	5,001—10,000
	20	..	..	..	..	..	..	10,001 and over
Total	<u>1,704</u>							

(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, 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, balance sheets and accounts and to attend and vote at general meetings of the Corporation.

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

17. The only Share and Loan Register of the Corporation is located at the registered office of the Corporation, 171 Flinders Street, Melbourne.

18. The closing date for the receipt of nominations for the office of director is twenty-one days before the general meeting.

19. As the Corporation is within the class of company with total assets in excess of ten million dollars, the accounts have been rounded off to the nearest one thousand dollars.

20. Contingent Liabilities (Unsecured).

These liabilities consisted of commitments under contract for capital expenditure and guarantees by the Corporation approximating \$9,184,000 (1976 \$15,988,000) and the Princes Gate long term lease.

21. Accounting Principles—

(a) Accounting System.

The financial statements are prepared on the basis of historical cost accounting.

(b) Employee Benefits.

The accounts include provisions for accrued long service leave, outstanding and accrued annual leave, and extended sick leave.

A provision is included for annual retiring allowances payable to employees not covered by superannuation.

(c) Money Market.

Temporary surplus funds are invested on the short term money market.

(d) Intangible Assets.

Following the completion of the conversion of The Albury Gas Company Ltd., franchise area to natural gas, the costs of the conversion will be written off in annual charges over a period of years commencing with the year ended 30th June, 1978, being the first full accounting year following completion of the changeover.

The policy is in line with that adopted by the Gas and Fuel Corporation of Victoria to amortize its metropolitan conversion costs. Debenture Issue Expenses relating to each issue of debentures, are written off over the term of the issue.

(e) Stock Valuations

Stocks are valued substantially at average cost and provisions are included for depreciation and obsolescence of stock.

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, 1976.	1976-77.	Total.
	\$	\$	\$
Acquisition of Shares—			
Subscription for 4,000,000 Ordinary Shares of \$2 ..	8,000,000	..	8,000,000
Purchase of Preference Shares	7,608,894	20,000	7,628,894
	15,608,894	20,000	15,628,894
Advances—			
Advance for Capital Works	12,000,000	..	12,000,000
Loan Flotation Expenses	102,516	929	103,445
	12,102,516	929	12,103,445
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	27,711,410	20,929	27,732,339
Cost to the State on account of the above—			
Debt Charges.. .. .	24,566,289	1,343,370	25,909,659
<i>Less</i> Recoups, &c., from Corporation—			
Debt Charges	11,578,160	69,547	11,647,707
Dividends on Preference Shares	6,363,553	304,181	6,667,734
	17,941,713	373,728	18,315,441
Net Cost to the State	6,624,576	969,642	7,594,218

The above statement does not take into account the sum of \$4,640,000, already referred to, which was paid into the Consolidated Fund in 1976-77 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, 1977, namely, \$22,315,000.

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, 1977, the State was the registered owner of 3,812,984 shares. The transfer of a further 1,377 shares was in course and \$172 was held by the Corporation for future purchases.

GEELONG HARBOR TRUST

The operations of the Trust for the year ended 31st December, 1976, resulted in a deficit of \$455,261, compared with a deficit of \$891,696 for the previous year. Port charges were increased from 1st April, 1976, and revenue earned for the year increased as a result, although a decline in shipping had an adverse effect.

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

	1975	1976
<i>Revenue</i>		
Operating Revenue—	\$	\$
Harbor Revenue	2,168,925	2,195,366
Shipping Services	1,233,403	1,852,384
Other	336,672	375,448
Non-operating Revenue—		
Interest	25,241	24,844
Sale of Scrap Materials	354	6259
Total Revenue	3,764,595	4,454,301
<i>Expenditure</i>		
Operating Expenses—		
Administration, &c.	1,071,662	1,151,809
Shipping Services	1,541,517	1,524,102
Maintenance	565,906	740,426
Depreciation and Amortization	905,242	906,427
Non-operating Expenses—		
Superannuation	336,042	359,866
Interest	155,558	150,668
Miscellaneous	80,364	76,264
Total Expenditure	4,656,291	4,909,562
Deficit	891,696	455,261

Net Revenue Statement

	1975		1976	
	\$	\$	\$	\$
Balance 1st January		11,956,408		11,003,137
Less Deficit for year (as above)		891,696		455,261
		11,064,712		10,547,876
Less Provision for Long Service Leave	32,443		193,267	
Allocation to Sinking Fund	29,132		25,596	
	61,575		218,863	
Balance, 31st December		11,003,137		10,329,013

The increase in the amount provided for long service leave was brought about mainly by the change in long service leave entitlement, from fifteen to ten years service.

The following statement summarizes the Trust's financial position as at 31st December, 1975 and 1976 :—

31.12.75		31.12.76
\$		\$
	Source of Funds—	
	External—	
2,610,640	Loan Liability	2,559,620
	Internal—	
5,559,903	Endowments	5,559,903
11,003,137	Net Revenue Account—Accumulated Surplus ..	10,329,013
4,577,716	General Reserve	4,748,635
6,376,298	Specific Reserves and Funds	7,010,912
6,024,364	Less Investments	6,482,767
351,934		528,145
21,492,690		21,165,696
24,103,330		23,725,316
	Represented by—	
	Current Assets—	
7,253	Cash	19,319
..	Investments	450,000
474,820	Sundry Debtors and Prepayments	363,824
55,489	Stores (at cost)	67,201
537,562		900,344
	Less—Current Liabilities—	
232,629	Sundry Creditors and Accruals	194,761
304,933		705,583
	Deferred Assets—	
174,070	Various Advances, &c.	212,443
	Fixed Assets (at Cost less Depreciation)—	
223,491	Land (Purchased and Vested)	278,581
1,696,100	Buildings and Improvements	1,576,039
19,983,383	Harbor Works	19,369,892
1,386,363	Floating Plant	1,262,835
308,114	Other Plant and Vehicles	294,294
26,876	Furniture and Fittings	25,649
23,624,327		22,807,290
24,103,330		23,725,316

Specific Reserves and Funds—Transactions within the respective Reserves and Funds during 1976 are given hereunder :—

	Port Development Fund	Sinking Fund	Insurance Reserve Fund	Provision for Long Service Leave
	\$	\$	\$	\$
Balance forward 1st January, 1976	3,884,633	117,607	2,022,124	351,934
Allocation from Revenue .. .. .	..	25,596	..	267,614
Interest on Investments	290,695	6,968	167,058	..
Profit from realization of inscribed stock	1,039	62	563	..
	4,176,367	150,233	2,189,745	619,548
Less—				
Expenditure for year	33,578	..	..	91,403
Balance 31st December, 1976	4,142,789	150,233	2,189,745	528,145
	7,010,912			

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 receipts for the 1975-76 season totalled 1,613,352 tonnes while 414,439 tonnes of barley were handled. The comparable totals for the 1974-75 season were 2,143,688 tonnes and 277,100 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 \$9,799 for the 1975-76 accounting period compared with a surplus of \$10,834 in respect of the previous period.

1974-75	<i>Revenue</i>				1975-76	
\$					\$	\$
	Australian Wheat Board—					
5,806,075	Wheat Handling Charges	..	..	..	5,988,885	
	Australian Barley Board—					
1,617,167	Barley Handling Charges	..	..	..	2,497,799	
<u>7,423,242</u>	Total Revenue—Grain Handling	..	..	..	..	8,486,684
	<i>Expenditure</i>					
3,704,924	Operating and Maintenance	..	..	..	4,393,830	
973,633	Administration Expenses	..	..	..	1,163,994	
628,350	*Depreciation	..	..	..	654,786	
1,795,693	Interest on Loans	..	..	..	1,944,354	
309,808	Sinking Fund Charges	..	..	..	319,921	
<u>7,412,408</u>						8,476,885
10,834	Net Surplus	..	..	..	..	9,799
	<i>Add—</i>					
461,304	Net Accumulation brought forward	..	..	..	..	461,304
1,249,476	Interest on Investments	..	..	..	..	1,320,616
38,708	Reserve Fund Interest Equity relating to Assets written off	..	..	..	..	19,948
476	Profit on Sale of Asset	..	..	..	..	..
<u>1,760,798</u>						1,811,667
	<i>Less Appropriations—</i>					
716,046	*Depreciation Reserve Fund	..	..	..	787,629	
99,535	*General Reserve Fund	..	..	..	148,396	
38,961	*Insurance Reserve Fund	..	..	..	..
96,863	*Renewals Reserve Fund	..	..	..	121,941	
38,708	Debentures and Inscribed Stock Sinking Fund	..	..	..	19,948	
109,381	*Transfer to Renewals Reserve Fund	..	..	..	..
200,000	*Transfer to General Reserve Fund	..	..	..	..
..	Transfer to Office Building Fund	..	..	..	270,000	
<u>1,299,494</u>						1,347,914
<u>461,304</u>	Net Accumulation at 31st October	..	..	..	..	463,753

*Approved by the Honorable the Treasurer.

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

31.10.75.		31.10.76.
\$		\$ \$ \$
	Current Assets—	
1,444,974	Sundry Debtors and Advances	1,638,534
14,591	Cash	10,563
<u>1,459,565</u>		<u>1,649,097</u>
21,712,804	Investments	22,299,900*
	Fixed Assets—at Cost—	
	Construction—	
19,676,561	Country Elevators	20,194,184
4,043,955	Geelong Terminal	4,043,955
1,770,599	Sunshine Sub-Terminal	1,772,224
		<u>26,010,363</u>
	Equipment and Plant—	
5,427,774	Country Elevators	5,607,660
1,834,002	Geelong Terminal	1,841,452
251,888	Sunshine Sub-Terminal	254,003
		<u>7,703,115</u>
4,840†	Marmalake No. 1 Emergency Storage .. .. .	..
502,992	Motor Vehicles, Office Furniture and Equipment	541,263
613,205	Freehold Land and Buildings—City	613,205
		<u>1,154,468</u>
		34,867,946
	Grain Storage Construction—	
1,027,716	Storages Under Construction	2,720,266
7,693,110	Country Emergency Storages	7,850,368
1,910,390	Geelong Storages	1,910,390
		<u>9,760,758</u>
2,819	National Debt Sinking Fund—Cash in Fund	2,930
<u>67,932,220</u>		<u>71,300,897</u>
	* Consisting of Inscribed Stock \$15,860,000, Interest Bearing Deposits (Short-term) \$3,350,000, and other investments \$3,089,900.	
	† Now included under Country Emergency Storages.	
	Current Liabilities—	
781,386	Sundry Creditors	795,592
	Loans—	
1,446,462	Government of Victoria	1,404,014
26,892,944	Public	27,613,881
		<u>29,017,895</u>
	Reserves and Funds—	
	Cancelled Securities Reserves—	
713,785	National Debt Sinking Fund	756,475
1,694,656	Debentures and Inscribed Stock	1,897,119
1,863,492	Matured Public Loans	1,949,806
13,520,733	Depreciation Reserve Fund	14,888,732
4,840†	Marmalake No. 1 Emergency Storage Reserve .. .. .	..
629,000	Office Building Reserve	899,000
723,926	Insurance Reserve Fund	699,266
3,105,970	General Reserve Fund	3,254,367
1,511,142	Debentures and Inscribed Stock Sinking Fund	1,650,384
2,108,504	Renewals Reserve Fund	2,214,324
359,525	Provision for Long Service Leave and Retiring Gratuities	381,624
1,190,576	Superannuation Fund	1,335,206
9,603,500	Grain Storages (Recouped Costs) Reserve	9,760,758
		<u>39,687,061</u>
1,320,475	Reserve Fund Contribution for Renewal of Assets	1,336,596
461,304	Revenue Account—Net Accumulation	463,753
<u>67,932,220</u>		<u>71,300,897</u>

† Now included in Grain Storages (Recouped Costs) Reserve.

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, 1975 and 1976 :—

1975	<i>Income</i>								1976
\$									\$
45,672	Registrations .. .. .	..	..	..	..	..	..	..	50,184
174,401	Totalizator Agency Board .. .. .	..	..	..	..	..	..	..	169,439
39,413	Statutory Contributions by Clubs .. .. .	..	..	..	..	..	..	..	48,544
18,968	Other Income .. .. .	..	..	..	..	..	..	..	19,692
278,454	Total Income .. .. .	..	..	..	..	..	..	..	287,859
<i>Expenditure</i>									
9,681	Board Members—Salaries and Expenses .. .. .	..	..	..	..	..	..	..	13,499
85,256	Supervision Fees—Stewards .. .. .	..	..	..	..	..	..	..	85,821
65,594	Salaries .. .. .	..	..	..	..	..	..	..	78,517
22,239	Publication of Journal .. .. .	..	..	..	..	..	..	..	25,371
32,111	Office Expenses .. .. .	..	..	..	..	..	..	..	32,972
24,914	National Coursing Association of Victoria .. .. .	..	..	..	..	..	..	..	24,205
21,304	Miscellaneous .. .. .	..	..	..	..	..	..	..	24,182
261,099	Total Expenditure .. .. .	..	..	..	..	..	..	..	284,567
17,355	Surplus .. .. .	..	..	..	..	..	..	..	3,292
<i>Add—</i>									
138,317	Net Accumulation brought forward .. .. .	..	..	..	..	..	..	..	145,672
155,672									148,964
<i>Less Appropriations—</i>									
10,000	Wimmera Greyhound Racing Club .. .. .	..	..	..	..	..	..	..	..
145,672	Net Accumulation at 31st December .. .. .	..	..	..	..	..	..	..	148,964

The Accumulation of the Greyhound Racing Control Board Fund at 31st December, 1975, and 1976, was represented by :—

31.12.75									31.12.76
\$									\$
130,000	Investments .. .. .	..	..	..	..	..	..	..	150,000
12,188	Fixed Assets .. .. .	..	..	..	..	..	..	..	12,217
142,188									162,217
3,484	<i>Add—Excess of Current Assets over Current Liabilities</i> .. .. .	..	..	..	..	..	..	..	..
..	<i>Less—Excess of Current Liabilities over Current Assets</i> .. .. .	..	..	..	..	..	..	..	13,253
145,672									148,964

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, 1977, was \$32,456,200 compared with \$29,844,200 at 30th June, 1976. Of the amount of \$32,456,200, a sum of \$4,673,200 has been deposited or lent, or made available as overdraft accommodation, 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 .. .. .	.. .. .	10,283,000
Other Savings Banks	16,133,200	
Trading Banks—Overdraft Accommodation	4,150,000	20,283,200
	<hr/>	
Insurance Companies .. .. .	.. .. .	1,540,000
Other .. .. .	.. .. .	350,000
		<hr/>
		32,456,200
		<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	32,456,200
Less—Amount repaid to lending institutions (or overdraft accommodation not taken up)	10,190,586
	<hr/>
Total liability of Trust to lending institutions	22,265,614
	<hr/>

Loans approved by the Trust to borrowers amounted to \$49,723,170, of which sum \$5,753,790 related to second mortgages. Discharged mortgages, including mortgages on repossessed properties sold under contracts of sale, amounted to \$21,100,099. Advances secured by first mortgage at 30th June, 1977, amounted to \$20,290,029 (net) and, by second mortgage, to \$1,269,367 (net).

The net surplus for the year on account of transactions relating to first mortgages (Home Finance Fund No. 1) was \$207,624. The surplus on account of second mortgages (Home Finance Fund No. 2) was \$7,894.

A summary of the income and expenditure of the Trust for 1975–76 and 1976–77 is furnished below. The figures for 1976–77 are subject to audit.

	<i>Income</i>		<i>Expenditure*</i>	
	1975–76	1976–77	1975–76	1976–77
	\$	\$	\$	\$
Interest Receivable from Mortgagors and on Sales, &c.	1,764,655	1,776,479		
Less Interest Payable to Depositors (including Overdraft Interest)	1,418,126	1,483,4		
	<hr/>			
Interest from Treasurer of Victoria	346,529	293,061		
	.. .. .	758		
	<hr/>	<hr/>		
Insurance Commission .. .. .	.. .. .	12,802		293,819
Other .. .. .	.. .. .	850		12,790
		<hr/>		870
		360,181		<hr/>
		<hr/>		307,479
		<hr/>		<hr/>
Fees—Members of Trust		9,893		10,099
Printing and Stationery		1,323		1,254
Postage and Telephone		4,120		3,198
Contribution to Treasury		63,000		76,000
Sundry		460		1,410
		<hr/>		<hr/>
		78,796		91,961
		<hr/>		<hr/>
Operating Surplus		281,385		215,518
		<hr/>		<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, 1976, and 1977.

Assets

	30.6.76		30.6.77	
	\$	\$	\$	\$
Current ordinary loans secured by first mortgage	24,073,637		25,049,323	
Less repayments by mortgagors	4,615,791		4,759,294	
		19,457,846		20,290,029
Current ordinary loans secured by second mortgage	1,403,047		1,759,171	
Less repayments by mortgagors	530,405		489,804	
		872,642		1,269,367
Repossessed properties sold under contracts of sale	105,620		82,170	
Less payments of instalments of principal ..	40,877		35,896	
		64,743		46,274
Arrears—(net) under mortgages and contracts of sale	..	16,763		25,491
Sundry Debtors .. .. .	..	76,626		69,082
Office Equipment .. .. .	..	419		3,872
Cash on Fixed Deposit .. .. .	..	3,310,000		1,910,000
Cash on Hand .. .. .	..	40		40
Investment .. .. .	..	100,000		100,000
	..	<u>23,899,079</u>		<u>23,714,155</u>

Liabilities

Deposits by lending institutions and accommodation by way of overdraft—repayment guaranteed by Treasurer of Victoria .. .. .	..	22,679,192		22,265,614
Prepayments by mortgagors of valuation and inspection fees .. .. .	..	12,776		23,210
Mortgagors' equities in properties repossessed and sold .. .. .	..	9,383		9,334
Sundry Creditors .. .. .	..	1,007		4,090
Accumulated Surplus—Home Finance Funds Nos. 1 and 2 .. .. .	..	1,196,721		1,411,907
		<u>23,899,079</u>		<u>23,714,155</u>

HOSPITALS SUPERANNUATION BOARD

The Hospitals Superannuation Board operates under the provisions of the *Hospitals Superannuation Act 1965*. It is responsible for the administration of the Hospitals Superannuation Fund established under that Act for the purpose of providing, on a contributory basis, a scheme of superannuation for employees of participating hospitals and other institutions. Benefits provided under the scheme are generally by way of lump sum payment upon retirement, death or disability.

Amending legislation, the *Hospitals Superannuation (Amendment) Act 1976*, the provisions of which came into operation on several dates during 1976-77, effected a reconstitution of the Board and established a new pension scheme which provides for the payment of a pension benefit on retirement in addition to the lump sum benefit payable from the Hospitals Superannuation Fund.

The main features of the new pension scheme, established under Section 5 of the amending Act and operative from 1st January, 1977, are set out below—

- (i) a pension on retirement at age 65 of 1/120th of adjusted final Fund salary for each completed year (not exceeding 30) as a contributor before attaining age 65 ;
- (ii) on age retirement before age 65, but after age 60, the pension to reduce pro-rata to approximately 95 per cent. of pension at age 60 (assuming 30 years service at age 60) ;
- (iii) the pension payable on retirement on the ground of disability to be calculated after allowing for future years of service to age 65 ;
- (iv) on the death of a contributor before retirement, a pension of two-thirds of disability pension entitlement payable to the spouse of the deceased contributor ;
- (v) pensions to be updated annually in line with movements in the Consumer Price Index ; and
- (vi) contributions at the rate of .05 per cent. of Fund salary for each complete 1 per cent. of the minimum wage by which the weekly instalment of Fund salary of a contributor exceeds the minimum wage, subject to a maximum contribution of 2½ per cent. of Fund salary.

The pension scheme is applicable to every person who becomes a contributor to the Hospitals Superannuation Fund on or after 1st January, 1977. In terms of the new Act, existing contributors could elect to join the pension scheme and, subject to such election being made on or before 30th June, 1977, were entitled to further elect to have past service with participating institutions recorded for purpose of pension calculation. In the case of employees who became contributors on or after 1st July, 1976, recognition of past service is restricted to the sum of the period as a contributor up to 1st January, 1977, and half of the period of employment with participating institutions prior to 1st July, 1976.

Three additional funds, namely, the Pension Contributors' Fund, the Institutions' Fund and the Pensions Fund have been established under the new legislation. The Pension Contributors' Fund is credited with all contributions received by the Board from pension contributors. All amounts levied from participating institutions in respect of pension contributions are paid into the Institutions' Fund. Pensions and other benefits payable under the pension scheme are made from the Pensions Fund. The legislation provides for the Pensions Fund to be reimbursed from the Pension Contributors' Fund and the Institutions' Fund in such proportions as are determined by an Actuary.

The annual audit of the Hospitals Superannuation Fund and the new Funds referred to above is conducted by my officers pursuant to the provisions of the *Hospitals Superannuation Act 1965*, as amended. 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 Hospitals Superannuation Fund and the Funds maintained under the new pension scheme, for the year 1976-77, were not available for audit.

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

1975-76		1976-77	
\$		\$	
2,119,258*	Surplus—Miscellaneous Funds		3,760,599*
460,660	Net Profit—Residential Land Sales		895,650
3,417,661	Realized Profit—House Sales		3,696,344
<u>5,997,579</u>			<u>8,352,593</u>
<i>Less—</i>			
936,911	Loss—Rental operations	141,011	
162,622	Cost of Statutory Functions—non-revenue producing	232,582	373,593
<u>4,898,046</u>	Balance—Profit—General Revenue Account as at close of year		<u>7,979,000</u>

* Includes notional interest on interest-free loans—1975-76 \$212,212, 1976-77 \$246,786.

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 :—

		1975-76		1976-77	
		\$	\$	\$	\$
Gross rental charges	.. .. .	43,332,133		51,298,004	
<i>Deduct—</i>					
Rental rebates allowed	.. .. .	3,172,150		4,694,640	
Losses from vacancies	.. .. .	564,192		763,176	
		<u>3,736,342</u>		<u>5,457,816</u>	
		39,595,791		45,840,188	
<i>Add—</i>					
Commonwealth Assistance to offset rebates allowed	.. .. .	331,250			
Credit for Rentals—General Revenue Account		<u>39,927,041</u>		<u>45,840,188</u>	

The increase of \$7,965,871 in gross rental charges was mainly due to additional units becoming available for tenancy, and a general rent increase from 16th January, 1977.

Sales of Houses.—For the year, 3,256 units were sold for a total sum of \$75,900,842. Details are :—

	No.	Cost	Selling Price	Surplus
		\$	\$	\$
Cash Sales—				
State	5	66,451	106,472	40,021
Commonwealth—State Housing Agreement 1945	34	209,727	534,539	324,812
Commonwealth—State Housing Agreement 1956	2	14,673	28,555	13,882
Commonwealth—State Housing Agreement 1973	1	31,286	29,784	Loss 1,502
Aboriginal Housing	2	14,335	18,548	4,213
Sales per War Service Home Commission—				
Commonwealth—State Housing Agreement 1945	41	268,771	641,616	372,845
Commonwealth—State Housing Agreement 1956	4	37,182	70,764	33,582
Terms Sales—				
State	70	1,553,331	1,901,208	347,877
Commonwealth—State Housing Agreement 1945	943	6,443,496	17,407,383	10,963,887
Commonwealth—State Housing Agreement 1956	398	3,511,660	7,327,744	3,816,084
Commonwealth—State Housing Agreement 1973	1,643	45,228,949	45,728,310	499,361
Works and Services Account	61	708,263	1,218,167	509,904
Aboriginal Housing	6	82,755	72,310	Loss 10,445
Repossessions Resold—				
State	9	107,158	162,354	55,196
Commonwealth—State Housing Agreement 1945	9	57,457	149,796	92,339
Commonwealth—State Housing Agreement 1956	21	180,378	325,432	145,054
Commonwealth—State Housing Agreement 1973	6	127,845	148,790	20,945
Works and Services Account	1	11,361	29,070	17,709
	<u>3,256</u>	<u>58,655,078</u>	<u>75,900,842</u>	<u>17,245,764</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	17,245,764	
<i>Less</i> Transfer to House Sales Unrealized Profit Suspense Account	12,748,548	
	<hr/>	4,497,216
Interest receivable on Terms Sales	16,991,531	
<i>Less</i> Interest payable on houses sold	13,957,139	
	<hr/>	
Interest on House Sales (net)	3,034,392	
<i>Less</i> Appropriation to House Purchasers' Death Benefit Fund..	502,502	
	<hr/>	2,531,890
Other House Sales revenue		543,322
		<hr/>
		7,572,428
<i>Less</i> Administration—House Sales	2,133,064	
Maintenance and repairs on houses sold	553,482	
Miscellaneous	16,901	
	<hr/>	2,703,447
		<hr/>
		4,868,981
<i>Less</i> Appropriation to Interest Receivable Reserve—House Purchasers		1,172,637
		<hr/>
Net Credit to General Revenue—Realized Profit on House Sales		3,696,344
		<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 \$895,650 compared with \$460,660 for 1975–76.

The financial position of the Commission as at 30th June, 1976 and 1977, is summarized hereunder :—

30.6.76		30.6.77
\$		\$
	<i>Current Assets—</i>	
7,311,368	Sundry Debtors	13,252,372
1,515,934	Cash at Bank and in Transit	3,237,684
8,827,302		16,490,056
34,365,863	<i>Investments.. .. .</i>	30,139,665
	<i>Deferred Assets—</i>	
283,664,152	House Purchase Debtors	339,224,637
	<i>Fixed Assets—</i>	
121,028,267	Estates—Cost of land, developmental and incidental expenses	124,561,077
386,321,757	Dwellings and Shops	407,568,157
764,269	Holmesglen Housing Factory—Land and Buildings	768,097
..	Urban Renewal—Properties Acquired	169,667
25,127,505	Properties Acquired for Slum Reclamation	25,284,773
1,039,397	Store-rooms, Offices, &c.	1,100,621
1,115,924	Plant, Vehicles, Office Furniture and Equipment	1,260,886
21,432	Concrete House Project	141,692
400	Shares—31 Melrose Street Pty. Ltd.	400
535,418,951		560,855,370
..	<i>Urban Land Council Land purchased for resale</i>	20,555,530
2,128,104	<i>Deposit and Trust Account—Cash at Bank and Securities</i>	2,309,160
	<i>Intangibles—</i>	
1,022,001	Plans and Designs, &c.	951,929
865,426,373	Total	970,526,347
	<i>Current Liabilities—</i>	
5,890,462	Sundry Creditors	4,552,872
	<i>Loans—</i>	
684,645,320	Government advances	756,800,880
400,000	Debenture issues	400,000
5,946,269	Death Benefit Fund advances	7,387,913
690,991,589		764,588,793
	<i>Advances and Subsidies—</i>	
2,465,562	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
10,670,492	Commonwealth Grant—Dwellings for Aged Pensioners	14,090,000
287,458	Advance for Urban Renewal	264,021
4,728,871	Advance for Aboriginal Housing.. .. .	5,379,151
19,962,349		24,008,700
	<i>Reserves and Sinking Funds, &c.—</i>	
807,731	Interest Equalization Reserve	1,010,330
100,000	Debenture Loans Redemption	100,000
1,403,332	Cancelled Securities—National Debt Sinking Fund.. .. .	1,581,252
207,276	Debenture Loan Sinking Fund	223,020
31,096,116	Loan Redemption—Commonwealth—State Agreements	31,654,132
187,975	Accruing Maintenance Provision	492,273
100,000	Irrecoverable Rents Provision	100,000
45,593,039	Unrealized Profit Suspense Account—House Sales.. .. .	57,921,164
1,632,833	Unrealized Profit Suspense Accounts—Land and Shops	1,947,360
3,551,184	House Purchasers' Death Benefit Fund	14,883,548
8,118,120	Realized Profit Reserves	8,730,180
18,901,364	Interest Receivable Reserve—House Purchasers	21,809,074
2,700,000	Appropriation of House Sales Profits for Slum Reclamation Works	2,700,000
5,000	Provision for Loan Flotation Expenses	5,000
124,403,970		143,157,333
22,049,899	<i>Accumulated Surplus</i>	31,909,489
	<i>Deposit and Trust Account—</i>	
2,128,104	Contractors' deposits and other trust moneys	2,309,160
865,426,373	Total	970,526,347

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

Sundry Debtors, \$13,252,372. Details are:—

	\$
Rental Arrears	1,036,994
Tenants' Maintenance Arrears	262,031
Works and Materials, &c., for other bodies and adjoining owners, &c. ..	728,871
Debtors on account of Shop and Land Sales (net)	10,014,968
Revenue Accruals, Prepayments and Advances, &c.	1,209,508
	13,252,372

Investments.—The book value of investments decreased during the year from \$34,365,863 to \$30,139,665. Relevant details as at 30th June, 1977, are:—

	\$
Interest-free advances—to other Public Authorities	3,600,394
Loan to a Public Authority	685,415
Investments—Sinking Fund	223,020
Investments—Death Benefit Fund	14,630,836
Short Term Investments	11,000,000
	30,139,665

Concrete House Project.—The amounts, \$21,432 as at 30th June, 1976, and \$141,692 as at 30th June, 1977, are, in effect, the notional liabilities, as at the respective dates, of the Concrete House Project to the Commission. The increase during the year is explained as follows:—

	\$	\$
Liability of Concrete House Project to Commission on account of advances for improvements and for working capital as at 30th June, 1976		21,432
<i>Add—</i>		
Increase in Current Assets	222,034	
Increase in book value of Equipment, Plant, Tools, etc. ..	57,584	
	279,618	
		301,050
<i>Deduct—</i>		
Increase in Current Liabilities		159,358
		141,692
Item—"Concrete House Project" as at 30th June, 1977 ..		141,692

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 1976-77 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 1975-76 and 1976-77 are:—

		1975-76		1976-77	
		\$	%	\$	%
Interest		2,434,280	8·66	3,660,789	11·50
Rates		910,318	11·55	900,513	10·83
Administration		4,628,488	41·51	5,703,566	41·95
		7,973,086		10,264,868	

"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.

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, 1977, are summarized below :—

	\$	\$
Balance as at 1st July, 1976		13,551,184
<i>Add</i> Appropriation for year (Section 109 Act No. 6275) ..	502,501	
Income from Investments	999,534	
Premiums	27,643	
	<hr/>	1,529,678
		<hr/>
		15,080,862
<i>Deduct</i> Payments on Account of Deceased Purchasers ..	135,979	
Administration Expenses	61,335	
	<hr/>	197,314
		<hr/>
Balance as at 30th June, 1977		14,883,548

The sum of the investments of the Fund, \$14,630,836, includes an amount of \$7,387,913 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 \$30,139,665".

In respect of the advance of \$7,387,913, 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, \$8,730,180.—This balance comprises profit on land, \$8,583,669, and on shops, \$146,511. During the year there was an increase of \$612,060 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, \$21,809,074.—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, 1976		18,901,364
<i>Add—</i>		
Appropriation House Sales Trading Account	1,172,637	
Interest received—Rental Revenue Account	1,735,073	2,907,710
	<hr/>	<hr/>
Balance at credit 30th June, 1977		21,809,074

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, \$31,909,489.—The variations in this account during the year are shown below :—

	\$	\$
Balance—1st July, 1976 .. .. .	..	22,049,899
<i>Add—</i>		
Surplus—Urban Land Council	724,617	
Amount written back to Revenue from Loan Redemption Reserve	1,213,799	
Credit Balance, General Revenue Account	7,979,000	
	<hr/>	9,917,416
		<hr/>
		31,967,315
<i>Less</i> Net Adjustment of Realized Profit of former years due to capital cost variations and cancellation of sales contracts, &c. ..		57,826
		<hr/>
Balance—30th June, 1977 .. .. .	..	<u>31,909,489</u>

LATROBE VALLEY WATER AND SEWERAGE BOARD

Functions of the Board include the maintenance of adequate supplies of water and the disposal of industrial and domestic waste.

Total advances to the Board by the State to 30th June, 1977, for expenditure on capital works amounted to \$19,343,494. A further \$1,950,000 has been raised from private loans, including \$1,000,000 during 1976-77.

During the year, the Board, as agent of the Environment Protection Authority, incurred operating expenditure of \$442,915 and capital expenditure of \$16,535. This expenditure was recouped from the Authority.

Fees for Environment Protection Authority licences issued by the Board, \$15,917, were remitted to the Treasury.

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

DISPOSAL AREA REVENUE ACCOUNT							1976-77	
1975-76							\$	\$
\$								
<i>Income—</i>								
5,959	Rental, Board Properties	..	..	..	..	..	5,589	
2,093	Sundry	..	..	..	..	..	3,560	
..	Profit—Cattle Trading Account	..	..	..	..	..	21,328	
50,606	Profit—Sheep Trading Account	..	..	..	..	..	81,281	
<u>58,658</u>								<u>111,758</u>
<i>Expenditure—</i>								
189,990	Farm Operation and Maintenance	..	..	..	..	..	242,924	
61,002	Interest on Loans and on Overdraft	..	..	..	..	..	64,228	
23,118	Administrative and Sundry Expenses	..	..	..	..	..	19,738	
6,593	Maintenance Farm Dwellings	..	..	..	..	..	4,668	
14,193	Provision for Depreciation	..	..	..	..	..	19,916	
6,159	Loss—Cattle Trading Account	..	..	..	..	..	..
<u>301,055</u>								<u>351,474</u>
242,397	Deficit transferred to General Revenue Account							<u>239,716</u>
GENERAL REVENUE ACCOUNT							\$	\$
\$								
<i>Income—</i>								
1,159,001	Water Charges	..	..	..	..	..	1,284,270	
606,670	Disposal Charges	..	..	..	..	..	653,928	
418,988	Recoups from Environment Protection Authority	..	..	..	..	..	459,450	
63,610	Licence Fees	..	..	..	..	..	15,917	
147,558	Other	..	..	..	..	..	224,989	
<u>2,395,827</u>								<u>2,638,554</u>
<i>Expenditure—</i>								
461,250	Interest on Loans	..	..	..	..	..	560,604	
85,625	Depreciation	..	..	..	..	..	90,067	
452,443	Maintenance and Operation of Works	..	..	..	..	..	417,829	
568,684	Overhead Services	..	..	..	..	..	543,389	
418,988	Environment Protection	..	..	..	..	..	459,450	
63,610	State Treasury—Licence Fees	..	..	..	..	..	15,917	
21,000	Other Expenses	..	..	..	..	..	..
<u>2,071,600</u>								<u>2,087,256</u>
324,227	Surplus for year							551,298
242,397	Deficit on Disposal Area Revenue Account							<u>239,716</u>
<u>81,830</u>	<i>Net surplus for year</i>							<u>311,582</u>

The Board's balances at 30th June, 1976, and 1977, are summarized hereunder :—

30.6.76		30.6.77	
\$		\$	\$
	Current Assets—		
3,274	Cash at Bank	9,933	
10,271	Stores, Tools, &c.	7,707	
130,201	Livestock, Wool and Ensilage on Hand	132,105	
216,053	Debtors and Prepayments, &c.	310,740	
		460,485	
3,176,722	Investments		3,274,545
	Fixed Assets—		
18,252,789	Works (including Works in Progress)	19,376,190	
415,466	Plant and Equipment	532,633	
491,413	Land, Buildings, Residences	506,306	
81,557	Office and Laboratory Equipment	83,613	
267,763	Environment Protection—Land, Buildings, Equipment, &c.	284,298	
		20,783,040	
19,508,988			
2,455,722	Less Depreciation	2,769,123	
		18,013,917	
17,053,266			
	Intangibles—		
523,709	Interest on Works during Construction		523,709
			22,272,656
21,113,496			
	Current Liabilities—		
413,751	Bank Overdraft	308,436	
5,416	Sundry Creditors	12,519	
118,273	Long Service Leave Provision	137,126	
5,000	Staff Training Provision	5,000	
		463,081	
	Loan Liability—		
17,007,933	State of Victoria	16,874,021	
935,940	Private Mortgage Loans	1,907,350	
		18,781,371	
17,943,873			
	Excess of Assets over Liabilities—Represented by—		
267,763	Grant and Contributions by Government of Victoria for Environment Protection Agency Assets	284,298	
155,001	Capital Expenditure borne by the State	155,001	
5,000	Grant by Government of Victoria	55,000	
592,459	Appropriation for Plant Renewals, &c.	600,310	
1,381,914	Loans Redeemed Reserve	1,544,415	
136,000	Capital Facility Reserve	136,000	
54,600	Plantation Reserve	67,800	
..	Water Re-use Study at Dutson Reserve	15,000	
..	Loan No. 5 Sinking Fund Reserve	2,922	
34,446	Accumulated Surplus	167,458	
		3,028,204	
21,113,496			22,272,656

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 pensions, 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. The fund ceased on the 1st January, 1976, and all assets and liabilities were transferred to the Benefit Contracts Scheme.

Pensions Accounts.—These accounts were established during the year pursuant to the provisions of the *Local Authorities Superannuation (Pensions) Act 1975*, which came into operation on the 1st January, 1976. This Act amended the *Local Authorities Superannuation Act 1958* and enabled the Authority to enter into contracts and receive contributions towards a pension scheme. Pensions are to be paid in accordance with the provisions of the Act.

Premiums and contributions are payable annually in advance by the employing Authority, which is then entitled to recover from each employee, by instalments over the ensuing year, one-half of the amount paid on the employee's behalf or such lesser proportion as is mutually agreed.

Administrative costs of the Board are met from the Management Account, the income of which is derived from 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 29th February, 1976, were not available for audit until July, 1977, and were, therefore, not available for inclusion in last year's Report. The accounts for the year ended 28th February, 1977, are not available for inclusion in this Report.

As this is the second successive year in which the accounts for the year under review have not been so available, the position cannot be considered to be satisfactory.

INSURANCE ACCOUNT								1974-75	1975-76
								\$	\$
<i>Receipts</i>									
Balance 1st March	..	..	..	..	..	..	..	2
Surrender Values	..	..	..	..	..	..	3,515	1,867
Death Claims	..	..	..	..	..	..	6,607	2,151
Matured Policies	..	..	..	..	..	..	9,009	7,791
Other	..	..	..	..	..	..	25	10
								19,156	11,821
<i>Payments</i>									
Death Claims	..	..	..	..	..	..	6,607	2,151
Matured Policies	..	..	..	..	..	..	9,007	7,793
Surrender Values	..	..	..	..	..	..	3,515	1,867
Other	..	..	..	..	..	..	25	..
Balance at end of year	..	..	..	..	..	..	2	10
								19,156	11,821

PROVIDENT FUND

							1974-75	1975-76
							\$	\$
<i>Receipts</i>								
Balance 1st March .. .. .	..	..	..	..	..	..	1,903	9,763
Interest on Investments .. .. .	..	..	..	..	..	..	154,132	145,095
Investments Redeemed .. .. .	..	..	..	..	..	..	383,897	124,690
							<u>539,932</u>	<u>279,548</u>
<i>Payments</i>								
Death Claims .. .. .	..	..	..	..	..	..	23,412	7,685
Resignations and Retirements .. .. .	..	..	..	..	..	..	348,974	222,218
Additional Interest .. .. .	..	..	..	..	..	..	7,783	5,851
Investments .. .. .	..	..	..	..	..	..	150,000	..
Balance at end of year .. .. .	..	..	..	..	..	..	9,763	43,794
							<u>539,932</u>	<u>279,548</u>

The position of the Provident Fund at 28th February, 1975 and 29th February, 1976, was :—

							1975	1976
							\$	\$
Contributors' Credits .. .. .	..	..	..	..	..	..	2,255,144	2,147,690
Unallotted Interest .. .. .	..	..	..	..	..	..	214,770	216,823
Sundry Creditors .. .. .	..	..	..	..	..	..	14,720	28,670
							<u>2,484,634</u>	<u>2,393,183</u>
Represented by—								
Cash .. .. .	..	..	..	..	..	..	9,763	43,794
Investments .. .. .	..	..	..	..	..	..	2,419,563	2,294,872
Sundry Debtors .. .. .	..	..	..	..	..	..	2,362	2,363
Accrued Interest .. .. .	..	..	..	..	..	..	52,946	52,154
							<u>2,484,634</u>	<u>2,393,183</u>

BENEFIT CONTRACTS ACCOUNT AND DISABILITY FUND ACCOUNT

							1974-75	1975-76
							\$	\$
<i>Income</i>								
Contract Premiums .. .. .	..	..	..	..	..	..	11,107,555	13,953,473
Interest on Investments .. .. .	..	..	..	..	..	..	3,589,971	4,580,512
Withdrawal Benefits—Disability Beneficiaries .. .. .	..	..	..	..	..	..	243,636	382,906
							<u>14,941,162</u>	<u>18,916,891</u>
<i>Expenditure</i>								
Death Benefits .. .. .	..	..	..	..	..	..	699,758	942,591
Withdrawal Benefits .. .. .	..	..	..	..	..	..	2,477,167	2,740,045
Retirement Benefits .. .. .	..	..	..	..	..	..	1,122,365	1,251,597
Contribution to Administration .. .. .	..	..	..	..	..	..	874,549	1,108,001
Other .. .. .	..	..	..	..	..	..	49,338	4,157
Disability Benefits .. .. .	..	..	..	..	..	..	699,916	855,719
							<u>5,923,093</u>	<u>6,902,110</u>
Surplus .. .. .	..	..	..	..	..	..	9,018,069	12,014,781

As at 28th February, 1975 and 29th February, 1976, the funds of the Benefit Contracts Account amounted to \$51,163,761 and \$63,178,542 respectively, and were represented by—

	1975	1976
	\$	\$
Investments	51,711,743	56,672,738
Less Mortgage Reserve Account	25,906	35,906
	<u>51,685,837</u>	<u>56,636,832</u>
Less Excess of Current Liabilities over Other Assets	522,076	..
Add Excess of Other Assets over Current Liabilities .. .. .	..	6,541,710
	<u>51,163,761</u>	<u>63,178,542</u>

MANAGEMENT ACCOUNT

	1974-75	1975-76
	\$	\$
<i>Income</i>		
Interest on Investments	34,697	40,216
Contribution to Administration—		
From Benefit Contracts Account and Disability Fund	874,549	1,108,001
From Pension (Authorities) Fund Account .. .. .	..	18,805
Rent	9,404	9,144
Computer Bureau Fees	483,569	726,404
	<u>1,402,219</u>	<u>1,902,570</u>
<i>Expenditure</i>		
Board Members' Fees	2,520	2,651
Salaries	426,146	604,245
Hire of Computer and other Office Machines	295,212	270,340
Other Administration Charges	205,816	247,310
Rates, &c.	19,692	47,437
Depreciation	25,005	26,336
	<u>974,391</u>	<u>1,198,319</u>
Surplus	427,828	704,251

As at 28th February, 1975 and 29th February, 1976, accumulated funds of the Management Account were :—

	1975	1976
	\$	\$
Accumulated Funds	1,467,809	2,127,340
Asset Replacement Reserve	219,095	245,222
	<u>1,686,904</u>	<u>2,372,562</u>
Represented by—		
Investments	475,998	311,441
Freehold Property	552,025	1,054,850
Furniture, Equipment and Office Machines	37,233	59,449
Motor Vehicles	22,122	17,284
	<u>1,087,378</u>	<u>1,443,024</u>
Plus Excess of Current Assets over Current Liabilities	599,526	929,538
	<u>1,686,904</u>	<u>2,372,562</u>

LOCAL AUTHORITIES (PENSIONS) AUTHORITIES FUND ACCOUNT

								1975-76
								\$
Contributions	..	..	..	..	..	..	..	192,872
<i>Expenditure</i>								
Transfer to Pension Fund	..	..	..	..	..	..	..	773
Contribution to Administration	..	..	..	..	..	..	..	18,805
								19,578
Surplus	..	..	..	..	..	..	..	173,294
The position of the Fund at 29th February, 1976, was :—								\$
Cash	..	..	..	..	..	..	..	83,778
Debtors Contributions	..	..	..	..	..	..	..	108,782
								192,560
Less Creditors	..	..	..	..	..	..	..	19,266
Accumulated Funds	..	..	..	..	..	..	..	173,294

LOCAL AUTHORITIES (PENSIONS) EMPLOYEES FUND ACCOUNT

								1975-76
								\$
Contributions	..	..	..	..	..	..	..	569,439
Investment Income	..	..	..	..	..	..	..	3
								569,442
<i>Expenditure</i>								
Retirements—Transfer of Income	..	..	..	..	..	..	..	681
Disabilities—Transfer of Income	..	..	..	..	..	..	..	152
Deaths—Transfer of Income	..	..	..	..	..	..	..	233
								1,066
Surplus	..	..	..	..	..	..	..	568,376
The position of the Fund at 29th February, 1976, was :—								
Cash	..	..	..	..	..	..	..	248,858
Debtors' Contributions	..	..	..	..	..	..	..	324,215
Sundry Debtors	..	..	..	..	..	..	..	9
								573,082
Less Creditors	..	..	..	..	..	..	..	4,706
Accumulated Funds	..	..	..	..	..	..	..	568,376

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 six Boards, namely, the Chicory, Citrus Fruit, Egg, Oats, Onion, and Tobacco Leaf Marketing Boards follow.

Chicory Marketing Board

The Board's term of office expired on 19th June, 1976, and was not renewed. Pursuant to the provisions of the *Marketing of Primary Products Act*, a manager was appointed by Order in Council from 20th June, 1976, to carry out the functions of the Board. The appointment is to be reviewed in May, 1978.

The decline in demand for chicory is reflected in the 1976 Pool which consisted of only 10 tonnes. Administrative expenditure charged to Pool sales was, pursuant to Board resolution of 26th May, 1976, again limited to 6 per cent. of the total administrative expenditure of the Board. This decision caused a further decline in the Reserve Fund, which was reduced to \$7,568 at 31st March, 1977.

Citrus Fruit Marketing 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'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.

The following statement shows the financial operations of the Board during the last two accounting periods ended 31st March, 1976, and 31st March, 1977 :—

1975-76		1976-77
\$		\$ \$
26,704	Service Fees	53,827
	<i>Less—Expenditure—</i>	
12,905	Board Members' Allowances and Travelling Expenses ..	16,422
8,318	Administrative Charges paid to the Citrus Management Company Ltd. for services rendered on behalf of the Board ..	10,000
2,830	Amortisation of Establishment Expenses	2,830
2,557	General Expenses	28,190
26,610		57,442
94	Surplus/(Deficit) for the year	(3,615)

The accumulated deficits as at 31st March, 1976, and 31st March, 1977 were \$10,035 and \$13,650 respectively. The deficits were represented by the following :—

31.3.76		31.3.77
\$		\$ \$
29,160	Bank Overdraft	33,744
4,435	Sundry Creditors	16,184
33,595		49,928
	<i>Less—</i>	
12,237	Service Fees due from Citrus Management Company Limited ..	27,785
11,323	Establishment Expenses (Net)	8,493
23,560		36,278
10,035	Accumulated Deficit	13,650

The Oats Marketing 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. A liquidator was appointed for the purpose of winding up the affairs of the Board.

Information has recently been received that the winding up has been completed. The following is a summary of the liquidator's receipts and payments for the period 19th December, 1972, to 19th August, 1977.

Receipts		\$	\$
Cash at Bank as at 19th December, 1972	.. .. .	416,016	
Debtors	.. .. .	187,836	
Sales of oats	.. .. .	88,163	
Interest on funds invested by the liquidator	.. .. .	150,771	
Sales of office equipment	.. .. .	425	
Sundry receipts	.. .. .	266	
		<hr/>	
Total receipts	.. .. .		843,477
Payments			
Amount owing to Victorian Oatgrowers Pool and Marketing Co. Ltd. as at 19th December, 1972, being balance of 1971-72 season disbursements for handling charges, including Portland freight, bagging up, pest eradication, terminal charges and sundry costs		74,969	
Additional charge for commission of 1.5 cents per bushel on 18,500 metric tons paid to Victorian Oatgrowers Pool and Marketing Co. Ltd.	.. .. .	15,295	
Settlement of Claim for charges by the contractor to the Board—Victorian Oatgrowers Pool and Marketing Co. Ltd.	.. .. .	38,150	
Liquidator's fee	.. .. .	18,500	
Sundry expenses	.. .. .	13,715	
		<hr/>	
Total Payments	.. .. .		160,629
Cash Surplus	.. .. .		682,848
Less Pool 71—first and second advance unclaimed	.. .. .		5,959
			<hr/>
Funds available for distribution	.. .. .		676,889
			<hr/>
			\$
The distribution of these funds was as follows :—			
Final payment of 71 Pool	.. .. .		667,442
Final payment of 71A Pool	.. .. .		9,447
			<hr/>
			676,889
			<hr/>

The above figures are subject to audit.

Onion Marketing Board.

Pursuant to Section 13 (5) of the *Marketing of Primary Products Act 1958*, the Governor in Council appointed a chartered accountant as liquidator of the Onion Marketing Board as from 19th November, 1975, for the purpose of wholly winding up its affairs and the liquidator so appointed is still acting in the winding-up.

The books and accounts of the Board for the period ended 19th November, 1975, which were completed by the liquidator as far as possible, have now been audited, and details of operations for the last two seasons, i.e., those ended on 15th November, 1974, and 19th November, 1975, are given in the statement hereunder.

	Pool	
	1974	1975
Proceeds from sales	\$ 1,408,949	\$ 919,512
Administration and Marketing Expenses	94,239	169,695
Payments to growers	1,324,184	827,134

However, because of unsatisfactory, incomplete and missing books and records, which were available neither to the liquidator nor to my officers, I have been unable to verify these figures or the assets and liabilities of the Board as at 19th November, 1975. I considered it necessary, therefore, to qualify my certificate to the Balance Sheet.

The Balance Sheet of the Board as at 19th November, 1975, is summarized as follows :—

*Liabilities—**Sundry Creditors*

Growers	\$ 61,943	\$
Others	21,577	
		83,520
Bank Overdraft		57,467
		<u>140,987</u>

Reserves

Long Service Leave	\$ 3,282
General Reserve	221,156
	<u>224,438</u>

<i>Less</i> Excess of Expenditure over Income	\$ 131,576	
1975 Pool Deficiency	77,317	
	<u>208,893</u>	15,545
		<u>156,532</u>

*Assets—**Fixed Assets**Current Assets*

Sundry Debtors	\$ 108,036	
Short Term Investments	2,271	
Cash on Hand	51	
	<u>110,358</u>	
		<u>156,532</u>

Tobacco Leaf Marketing Board

A summary of the financial operations for the accounting periods ended 31st March, 1976, and 1977, is set out hereunder.

1975-76		1976-77
\$		\$
20,517,036	Gross proceeds from sales of tobacco leaf	20,603,458
	<i>Applied to :—</i>	
384,695	Broker's Commission	386,315
85,358	Freight	97,064
21,684	Rehandling Charges	31,776
68,650	Commonwealth Tax Levy	67,204
272,373	Insurance	371,697
306,491	Marketing Board Charge	307,895
1,358	Other Expenses	4,677
1,958,520	Growers' Liens, Orders, &c.	1,569,903
17,417,907	Net Proceeds to Growers	17,766,927
20,517,036		20,603,458

The Board's charge of \$307,895 against the sales proceeds for 1976-77, together with other receipts, was expended as shown hereunder. The comparable figures for 1975-76 are also shown.

1975-76		1976-77
\$		\$
80,475	Board staff—salaries, superannuation, long service leave	90,118
12,789	Travelling expenses—other than Board members	13,949
25,285	Board members—allowances, travel and air fares	30,666
9,623	Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal	14,588
24,981	Appraisers' fees and allowances	22,186
16,940	Depreciation	21,499
24,961	Industry surveys	26,322
33,499	Harvester trials	42,852
27,085	Quota Development .. .. .	..
37,096	General and Administrative Expenses	55,832
151,867	Surplus	158,013
444,601		476,025

The Board's balances are summarized hereunder :

31.3.1976		31.3.1977
\$		\$
	<i>Assets—</i>	
171,480	Cash at Bank and on Hand	139,815
160,000	Loan to Tobacco Industry Leaf Finance Agency	100,000
179,000	Loan to Quota Advance Payment Agency	250,000
9,383	Advances	5,047
7,503	Sundry Debtors	28,711
..	Advance Insurance Premium Payment	40,000
13,437	Long Service Leave Fund	14,467
62,896	Motor Vehicles and Plant (Cost less depreciation)	89,783
104,904	Land and Buildings	104,767
5,147	Sundry	5,627
713,750		778,217
	<i>Liabilities—</i>	
624	Sundry Creditors	5,668
63,774	Insurance Equalization	61,079
13,437	Provision for Long Service Leave	17,367
484,048	Growers' Funds Brought Forward	635,915
151,867	Add Surplus for year	158,013
713,750		793,928
..	Less Amount distributed to growers	99,825
713,750		694,103
		778,217

The Victorian Egg 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 factory in Melbourne.

Pursuant to the provisions of the *Poultry Levy (Collection Arrangement) Act 1965*, the Board is responsible for the collection of a hen levy on behalf of the Commonwealth. An amount of \$2,181,893 (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 1976-77 pool period.

The following statement shows the operations of the pools during the last two accounting periods.

1975-76		1976-77	
\$		\$	\$
33,363,004*	Gross Sales	38,247,068*	
1,728,282†	Reimbursement, Poultry Industry Trust Fund	2,004,566†	
338,797‡	Claim on Insurance Company .. .. .	..
35,430,083			40,251,634
	<i>Less Cost of Sales—</i>		
28,224,248	Net Advances to Producers	32,008,579	
5,384,791	Receiving, Grading, Packaging, Manufacturing and Associated Costs	6,137,699	
33,609,039		38,146,278	
72,140	Increase (Decrease) in Stock on Hand	(369,671)	
33,536,899			38,515,949
1,893,184	Gross Operating Surplus		1,735,685
1,716,752	<i>Less</i> Selling, Marketing and Administrative Expenses ..		1,650,797
176,432	Net Pool Surplus		84,888
552,618	Accumulated Surplus brought forward	271,527	
(3,310)	Adjustments not applicable to current Pool Account (net) ..	54,948	
549,308			326,475
725,740			411,363
454,213	<i>Less</i> Transfers to Reserve Fund		188,001
271,527	Accumulated Surplus at close of Pool Period		223,362

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

† Reimbursement for losses on export (both pool periods) and loss from use of first quality eggs in local pulp and products (1976-77 only).

‡ Amount claimed under insurance policy re loss on damaged stock of egg pulp.

The following is a statement of the Board's balances at 2nd July, 1977. Comparative figures at the end of the preceding pool period are also given.

The Board's funds were—

3.7.76		2.7.77
\$		\$
1,770,494	Reserve Fund	1,978,691
468,131	Surplus Distribution 1947-48 (ex Commonwealth)	468,131
	Accumulated Surplus—	
271,527	1975-76 .. .. .	..
..	1976-77	223,362
<u>2,510,152</u>		<u>2,670,184</u>

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

3.7.76.		2.7.77
\$		\$ \$
	Current Assets—	
1,013	Cash on Hand and at Bank	883
..	Short Term Deposit—State Bank	300,000
80,664	Claim on Poultry Industry Trust Fund	52,254
	Stock on Hand—	
890,130	Eggs and Egg Products at valuation	520,459
305,780	Packing materials at cost	328,697
33,120	Supplies at cost or valuation	43,462
<u>1,310,707</u>		<u>892,618</u>
	Debtors—	
1,463,809*	Trade and other	1,659,644*
423,268†	Australian Egg Board	361,070†
<u>1,887,077</u>		<u>2,020,714</u>
30,000	Less Provision for Bad Debts	30,000
<u>1,857,077</u>		<u>1,990,714</u>
<u>3,167,784</u>		<u>3,236,469</u>
	Less Current Liabilities—	
838,840	Creditors	1,048,560
600,017	Reserve Bank of Australia	119,455
50,531	Department of Primary Industry (Hen Levy)	5,129
314,838	Provision for Employees Long Service Leave, Annual Leave and Sick Pay	345,473
100,000	Special Advance—Poultry Industry Trust Fund	100,000
<u>1,904,226</u>		<u>1,618,617</u>
<u>1,263,558</u>	Working Capital (Carried Forward)	<u>1,617,852</u>

* Includes \$338,797 claimed under insurance policy re loss on damaged egg pulp on hand 5th July, 1975, and disposed of during 1975-76. The claim is subject to litigation.

† Subject to adjustment on final realization of export sales.

\$		\$	\$
1,263,558	Brought Forward Fixed Assets—(at cost)		1,617,852
571,466	Freehold Properties	552,653	
15,854	Less accumulated Depreciation	15,947	
<hr/> 555,612		<hr/>	536,706
428,084	Leasehold Property	353,401	
103,427	Less Accumulated Depreciation	95,257	
<hr/> 324,657		<hr/>	258,144
987,467	Plant and Equipment	1,013,140	
722,944	Less Accumulated Depreciation	854,094‡	
<hr/> 264,523		<hr/>	159,046
137,473	Motor Vehicles	169,240	
70,044	Less Accumulated Depreciation	96,479	
<hr/> 67,429		<hr/>	72,761
76,292	Office Machinery and Equipment	67,179	
41,919	Less Accumulated Depreciation	41,504‡	
<hr/> 34,373		<hr/>	25,675
<hr/> 1,246,594			<hr/> 1,052,332
<hr/> 2,510,152			<hr/> 2,670,184

‡ Includes \$66,489 provided in excess of the cost of certain assets (Plant and Equipment \$66,340, Office Machinery and Equipment \$149).

The matter referred to in the last note above has been made the subject of qualification in my certificate appended to the Board's accounts.

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 \$520,459 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 2nd July, 1977, and has the effect of providing a reserve of \$100,000 not incorporated in the accounts.

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 Victorian Egg 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 1976-77, fees received on account of applications for licences amounted to \$9,010 compared with \$10,265 in the previous year. Expenditure incurred in the administration of the Act fell from \$61,662 in 1975-76 to \$57,434 in 1976-77.

MELBOURNE AND METROPOLITAN BOARD OF WORKS

The audit of the books and accounts of the Board for the year ended 30th June, 1977, 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 :—

1975-76					1976-77		
\$					\$	\$	\$
	Rates and Charges—						
57,139,915	Water Supply	..	..	..	67,189,109		
79,726,372	Sewerage	..	..	..	93,330,992		
10,364,305	Drainage and Rivers	..	..	..	11,882,298		
<u>147,230,592</u>							<u>172,402,399</u>
	Farm—						
(3,781)	(Loss) Profit on cattle and sheep	..		..	229,303		
3,958	Sundry receipts	..	..	..	2,501		
<u>177</u>							<u>231,804</u>
<u>147,230,769</u>	Gross Revenue	..	..	..	..	..	<u>172,634,203</u>
	Working Expenses—						
19,552,989	Management	..	..	..	..	..	21,997,683
35,447,021	Maintenance	..	..	..	..	..	43,241,065
64,160,989	Interest	..	..	..	..	..	74,245,611
<u>119,160,999</u>							<u>139,484,359</u>
<u>28,069,770</u>	Gross Surplus	..	..	..	..	..	<u>33,149,844</u>
	General Expenditure—						
719,526	Loan Flotation Expenses	..	..	..	1,128,274		
513,077	Staff Retiring Gratuities	..	..	..	843,852		
4,505,440	Contributions to Superannuation Fund	..	..	..	4,964,973		
1,014,948	Depreciation—Furniture and Fittings, Works Temporarily Capitalized, &c.	..	..	..	1,018,589		
<u>6,752,991</u>							<u>7,955,688</u>
	Statutory Expenditure—						
221,004	Fees for Municipal Valuations	..	..	..	203,604		
58,078	Contributions to Municipalities	..	..	..	61,674		
<u>7,032,073</u>							<u>265,278</u>
	Carried forward	..	..	..	..	..	<u>8,220,966</u>
							<u>33,149,844</u>

1975-76		1976-77	
\$		\$	\$
7,032,073	Brought forward	8,220,966	33,149,844
Provisions and Transfers to Reserves—			
1,465,561	Renewals Fund	1,795,655	
2,407,880	Sinking Fund	2,726,728	
5,609,900	Loans Redeemed from Revenue Reserve ..	6,435,560	
100,000	Fund for Replacement of Interior Fittings— Head Office Building	100,000	
..	Provision for Repayment of Funds Invested in Board's Buildings	400,000	
9,583,341		11,457,943	
16,615,414	Expenditure, &c. from Gross Surplus		19,678,909
11,454,356			13,470,935
Appropriations from Revenue—			
5,900,000	General Reserve	5,900,000	
450,000	Provision for Furlough	1,000,000	
1,230,000	Insurance Fund	2,000,000	
200,000	Provision for Doubtful Debts	200,000	
7,780,000			9,100,000
3,674,356	Net Surplus Transferred to Rates Equalization Fund— Metropolitan General Fund		4,370,935

In addition to the yearly contributions to Renewals Fund, Sinking Fund and Loans Redeemed from Revenue Reserve, the Board also transferred \$5,900,000 to the General Reserve. This represents the amount appropriated from revenue for capital works for water supply, drainage and sewerage.

A further \$3,700,000 was appropriated from revenue for the following purposes:—

	\$
Provision for Repayment of Funds Invested in Board's Buildings ..	400,000
Additional Provision for Furlough	1,000,000
Additional Contribution to Insurance Fund	2,000,000
Replacement of Interior Fittings—Head Office Building	100,000
Provision for Doubtful Debts	200,000
	3,700,000

With the introduction of Long Service Leave after ten years service, many officers are availing themselves of this entitlement, and the Board has decided in the past two years to provide additional sums to meet its increased liability in this area. At 30th June, 1977, the provision stood at \$6,630,499.

The item "Provision for Repayment of Funds Invested in Board's Buildings, \$400,000" is the first of the appropriations necessary over a period of twenty years to recoup the Superannuation Fund in respect of its investment in the Head Office Building.

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).
	\$	\$	\$	\$
1974-75	44,960,416	62,439,734	8,380,784	769,861,286
1975-76	57,139,915	79,726,372	10,364,305	791,295,118
1976-77	67,189,109	93,330,992	11,882,298	804,681,318

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 \$10,084,622 higher than the previous year. However, the percentage of rates and charges absorbed by interest fell to 43.07 as compared with 43.58 in 1975-76.

The main credits during the year to Special Funds and the balances of those Funds at 30th June, 1977, are shown hereunder :—

	Contributions from Revenue.	Interest Credited.	Total Revenue Additions to Fund.	Credit Balance at 30th June, 1977.
	\$	\$	\$	\$
Sinking Fund	2,726,728	2,664,576	5,391,304	72,031,547
Loans Redeemed from Revenue Reserve ..	6,435,560	..	6,435,560	41,489,497
Renewals Fund	1,795,655	675,664	2,471,319	28,015,814
Superannuation Fund	5,304,242	1,141,004	6,445,246	25,967,202
	16,262,185	4,481,244	20,743,429	167,504,060

In addition to the Funds listed above, there are other Provisions and Reserves with credit balances to the sum of \$267,711,692 as at 30th June, 1977. Thus, the sum of the Board's Funds and Reserves as at that date was \$436,015,752. Of this sum, \$156,129,826 was invested and \$279,885,926 was utilized in the Board's undertaking.

Town Planning, &c.—The Metropolitan Improvement Rate was assessed on properties with an aggregate net annual value of \$838,354,046 compared with \$822,110,720 in 1975-76.

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

1975-76		1976-77	
\$		\$	\$
14,972,494	Revenue—		
	Metropolitan Improvement Rate and Sundry Income	16,344,193	
	Less Expenditure—		
4,249,438	Management	4,575,611	
38,160	Maintenance	304,565	
76,917	Interest	119,718	
(24,194)	Contribution to Sinking Fund—		
	Metropolitan Improvement Fund .. ..	..
324,365	Proportion of Statutory and General Charges	360,267	
1,260,775	Contribution to Melbourne Underground Rail Loop Authority	1,372,500	
5,925,461		6,732,661	
9,047,033		9,611,532	
	Less Appropriated for Works—		
	Planning—		
4,758,505	Reserved Land and Acquisitions	5,557,278	
553,056	Special Road Projects .. ..	..
	Metropolitan Parks—		
3,812,143	Land Acquisitions	6,080,402	
36,220	Fixed Plant	32,202	
308,074	Construction Works	893,791	
9,467,998		12,563,673	
	Less Amount reimbursed to the Board for—	\$	
5,225,246	Sales of Land	1,643,811	
664,882	Contribution Urban Land Council .. ..	..
..	Miscellaneous Receipts	19,284	
3,577,870		1,663,095	
5,469,163	Net Surplus (Deficit) Transferred to (from) Rates Equalization Fund—Metropolitan Improvement Fund .. ..	..	(1,289,046)

At 30th June, 1977, 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.. .. .	800,000
Contributions to Works—Metropolitan Improvement Fund	2,514,864
General Reserve—Metropolitan Improvement Fund	61,142,295
Rates Equalization Fund—Metropolitan Improvement Fund	7,953,339
Superannuation Fund—Metropolitan Improvement Fund Equity	2,362,139
	<hr/>
	75,572,637
	<hr/>

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

Metropolitan Improvement Fund—	\$	\$
Cash at Bank	157,144	
Amount due to Metropolitan General Fund	1,636,499	
	<hr/>	O/D 1,479,355
Securities—Short Term		14,653,733
Advances to Municipalities .. .. .		.. 450,104
Arrears—Rates and Charges (estimate) .. .. .		.. 333,810
Sundry Debtors—		
Land Sales	5,674,091	
Accrued Interest	300,208	
Rent	13,220	
	<hr/>	
Less Sundry Creditors—Hired Plant	18,039	
	<hr/>	5,969,480
Reserved Land—held temporarily under Section 57, Act No. 6849	35,926,090	
Compensation under Section 42, Act No. 6849	2,047,380	
	<hr/>	37,973,470
Metropolitan Parks—		
Fixed Plant	53,068	
Capitalized Expenditure	17,618,327	
	<hr/>	17,671,395
		<hr/>
		75,572,637
		<hr/>

In the 1975–76 Report, it was brought under notice that the making of an advance of \$50,000 by way of loan to the Shire of Diamond Valley appeared to be outside the powers of the Board. This advance was subsequently repaid. It has since been brought to my attention that similar advances had been made to the City of Waverley, and that of these advances a total of \$400,104 was outstanding at 30th June, 1977. The Honorable the Minister of Water Supply has advised me that it is proposed to introduce legislation to validate this transaction.

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 :—

30.6.1976		30.6.1977
\$		\$
	Loan Liability—	
120,942,772	From State Funds	149,321,447
55,906,303	From Commonwealth Funds	64,939,979
822,942,952	Other	916,255,308
<hr/>		<hr/>
999,792,027		1,130,516,734
<hr/>		
	Deferred Liabilities—	
21,322,826	Superannuation Account.. .. .	25,967,202
3,487,163	Provision for Furlough	6,630,499
<hr/>		<hr/>
24,809,989		32,597,701
<hr/>		
	Funds and Reserves—	
66,640,243	Sinking Fund—Metropolitan General Fund ..	72,031,547
35,053,938	Loans Redeemed from Revenue Reserve	41,489,497
46,915,794	General Reserve—Metropolitan General Fund ..	53,413,486
60,096,498	Contribution to Works—Metropolitan General Fund	87,620,181
110,000	Replacement Fund—Interior Fittings, Head Office Building	230,580
<hr/>		<hr/>
208,816,473		254,785,291
785,669	<i>Less</i> Fixed Assets Retired .. .. .	..
<hr/>		<hr/>
208,030,804		254,785,291
<hr/>		
800,000	Sinking Fund—Metropolitan Improvement Fund ..	800,000
2,514,864	Contribution to Works—Metropolitan Improvement Fund	2,514,864
9,242,385	Rates Equalization Fund—Metropolitan Improvement Fund	7,953,339
50,018,882	General Reserve—Metropolitan Improvement Fund ..	61,142,295
6,884,269	Rates Equalization Fund—Metropolitan General Fund	11,255,204
	Special Reserve—	\$
5,607,904	Head Office Building	5,607,904
3,130,956	Contributions to Works	3,130,956
		<hr/>
		8,738,860
3,433,993	Insurance Fund.. .. .	7,908,875
6,093,634	Sewage Disposal Contributions Reserve	10,120,520
5,139,899	Water Supply Contributions Reserve	7,406,032
1,438,375	Main Drainage Contributions Reserve	2,776,957
<hr/>		<hr/>
302,335,965		375,402,237
<hr/>		<hr/>
1,326,937,981		1,538,516,672
<hr/>		<hr/>
	Fixed Assets—	
433,202,636	Water Supply Works	515,931,400
621,260,328	Sewerage Works	700,769,057
66,038,523	Main Drainage and River Improvement Works ..	74,097,656
10,658,637	Metropolitan Parks	17,618,327
<hr/>		<hr/>
1,131,160,124	Carried forward	1,308,416,440

30.6.1976		30.6.1977
\$		\$
1,131,160,124	Brought forward	1,308,416,440
54,832,348	Buildings, Water Meters and Other Items	59,386,946
1,185,992,472		1,367,803,386
26,722,882	Less Renewals Fund	28,015,814
1,159,269,590		1,339,787,572
11,743,257	Plant and Tools	12,882,628
4,810,535	Motor Vehicles.. .. .	6,299,194
1,480,852	Furniture and Fittings	1,431,700
1,177,304,234		1,360,401,094
	Reserved Land—Metropolitan Improvement Fund—	
32,266,941	Acquired Land	35,835,407
1,899,791	Compensation for Loss	2,138,063
34,166,732		37,973,470
	Investments—	
11,933,220	External—Stock—Short Term Securities, &c. ..	11,919,220
2,251,820	Internal—Stock—Melbourne and Metropolitan Board of Works	3,196,518
14,185,040		15,115,738
	Current Assets—	
	Cash at Bank and on Hand—	\$
7,185	Metropolitan Improvement Fund	157,144
397,373	Special Accounts	313,151
363,384	Cash on Hand	304,061
		774,356
644,078	Advances to Contractors etc.	895,701
116,768,000	Securities—Short Term	141,020,288
7,439,970	Arrears of Rates and Charges	7,306,340
11,887,188	Sundry Debtors	16,308,061
		23,614,401
19,327,158	Less Provision for Doubtful Debts	400,000
200,000		23,214,401
19,127,158		11,639,172
9,455,731	Stores and Materials on Hand	1,199,241
1,168,709	Livestock on Hand	1,199,241
147,931,618		178,743,159
1,373,587,624		1,592,233,461
	Less Current Liabilities—	
759,433	Metropolitan General Fund—Bank Overdraft ..	2,229,114
37,489,235	Sundry Creditors and Advances to the Board ..	43,928,729
7,994,923	Loan Interest, Matured Debentures and Inscribed Stock	9,654,562
46,243,591		55,812,405
1,327,344,033		1,536,421,056
	Deferred Charges—	
221,798	Expenditure on Remedial Works—Head Office Building	807,211
627,850	Distributable Expense Variance Account	1,288,405
		2,095,616
1,326,937,981		1,538,516,672

Included under "Deferred Charges" is a temporarily capitalized amount of \$807,211, which the Board has paid for repairs to and restoration of the facade of its new Head Office building. Legal action is being taken by the Board for recovery of these costs.

In accordance with the *Metropolitan Bridges, Highways and Foreshores Act 1974*, the Country Roads Board, as from 1st July, 1974, took over the assets and liabilities in respect of bridges and highways of the Melbourne and Metropolitan Board of Works. Included among the liabilities was a loan of \$800,000 maturing 1st July, 1992. The amount of the residual liability of this loan, \$371,447, was paid to the Board of Works by the Country Roads Board on 31st January, 1976, and credited to Sinking Fund—Metropolitan Improvement Fund. The funds will be held at credit of the Sinking Fund until the loan matures.

Although the Country Roads Board, on 7th July, 1975, reimbursed the Melbourne and Metropolitan Board of Works \$170,097 for four properties acquired for the Punt Road Widening Project, the Board of Works has still to transfer the titles to these properties to the Country Roads Board.

The item "Contribution to Works—Metropolitan General Fund" includes the sum of \$2,505,444 provided by the State from the Works and Services Account for fluoridation of the water supply under the control of the Board making a total so provided at 30th June, 1977 of \$3,987,933.

The increase of \$6,497,692 in the General Reserve—Metropolitan General Fund was accounted for as follows :—

	\$
Capital Works financed from Revenue (Appropriation)	5,900,000
Profit on sale of properties	72,854
Road repairs carried out by Councils and not charged to the Board ..	71,980
National Debt Sinking Fund—Commonwealth Contribution	14,125
Profit on sale of Miscellaneous Assets	54,590
Transfers from Renewals Fund re Storeyard and Laboratory written off ..	85,715
Repayment of Superannuation Funds invested in Board's building ..	400,000
Miscellaneous	8,558
	<hr/>
	6,607,822
Less—	
Balances in certain Variance Accounts transferred	110,130
	<hr/>
	6,497,692

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, 1977, the Board's total liability in respect of such loans stood at \$915,455,308. 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 \$214,261,426 at the close of the year. These advances are not subject to a statutory maximum.

Under its *Urban and Regional Development (Financial Assistance) Acts* 1974 and 1975, the Commonwealth, to assist the State to overcome a backlog of sewerage works, made available, in 1976–77, amounts of \$9,170,000 by way of loan and \$3,930,000 by way of grant, making a total for this purpose of \$13,100,000. The balance outstanding, at 30th June, 1977, in respect of loans was \$64,939,979 and this sum is included in the Board's liability of \$214,261,426 under Section 200 of the Act referred to above. In addition, a further \$208,912 was provided by way of grant for support activities.

The increase in fixed assets financed from loan moneys and the Board's internal resources amounted to \$184,167,994. Major increases were :—

	\$
Reservoir and Conduit Construction, etc.	54,514,700
Water Supply—extension large mains	16,616,045
Water Supply—reticulation, water meters, etc.	8,691,801
Water Supply—treatment and fluoridation plants	1,930,958
Construction and Amplification—sewage disposal, etc.—Farm	556,578
Sewerage—extension mains, purification plants, etc.	77,805,293
Sewerage Pumping Stations	921,137
Main Drains and River Improvements—extensions, etc... .. .	7,958,461

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD

An annual audit of the accounts is conducted by my officers pursuant to the provisions of the *Melbourne and Metropolitan Tramways Act 1958*. A continuous audit of the accounts, also provided for in the Act, is 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>	
		1975-76	1976-77
		\$	\$
Traffic Receipts—Tram .. .. .	.. .. .	24,727,402	26,532,274
Bus .. .. .	.. .. .	5,240,497	5,661,623
Miscellaneous—Operating Receipts .. .. .	.. .. .	304,342	179,253
Non-operating Receipts .. .. .	.. .. .	417,561	458,420
Received from the Drivers' Licence Suspend Account .. .. .	.. .. .	1,028,000	115,982
Total Revenue .. .. .	.. .. .	31,717,802	32,947,552
 <i>Expenditure</i> 			
Traffic Operation Costs—Tram .. .. .	.. .. .	20,249,059	22,871,595
Bus .. .. .	.. .. .	5,512,192	6,275,893
Maintenance—Permanent Way .. .. .	.. .. .	1,764,871	1,827,088
Tramcars .. .. .	.. .. .	5,523,035	6,249,230
Buses .. .. .	.. .. .	2,521,884	2,837,081
Electrical Equipment .. .. .	.. .. .	1,428,801	1,498,319
Buildings and Grounds .. .. .	.. .. .	698,589	730,254
Traction Energy Costs .. .. .	.. .. .	1,048,396	1,178,292
Fuel Oil (Buses) .. .. .	.. .. .	533,167	560,974
Bus Licence Fees and Road Tax .. .. .	.. .. .	2,939	1,090
General Administration and Stores Department Costs .. .. .	.. .. .	3,030,532	3,598,357
Workers Compensation Insurance .. .. .	.. .. .	3,238,831	2,705,492
Payroll Tax .. .. .	.. .. .	1,966,939	2,191,280
Interest on Capital Debt .. .. .	.. .. .	2,360,660	3,094,109
Depreciation and Amortization Provisions .. .. .	.. .. .	1,156,072	1,478,409
Charges for—Accrued Sick Leave .. .. .	.. .. .	162,984	164,558
Long Service Leave .. .. .	.. .. .	984,216	1,138,064
Retiring Gratuities .. .. .	.. .. .	1,586,829	1,785,190
Public Liability Claims .. .. .	.. .. .	886,399	852,785
Non-operating expenses .. .. .	.. .. .	146,117	186,255
Total Expenditure .. .. .	.. .. .	54,802,512	61,224,315
Result for year .. .. .	.. .. .	Deficit 23,084,710	Deficit 28,276,763

The Board's balances as at 30th June, 1976 and 1977, are summarized hereunder :—

30.6.76		30.6.77
\$		\$ \$
	Current Assets—	
49,162	Balances at Bank and Cash in Hand	149,731
279,658	Sundry Debtors	450,604
4,198,133	Stores on Hand and Work in Progress	4,677,265
4,526,953		5,277,600
	Fixed Assets—	
22,126,785	Permanent Way, Overhead Construction, Transmission Lines	23,031,506
21,399,229	Rolling Stock	29,555,591
5,463,980	Land and Buildings	5,832,822
4,434,885	Plant, Furniture and Fittings, &c.	4,553,120
53,424,879		62,973,039
22,933,557	Less Provision for Depreciation	24,097,153
30,491,322		38,875,886
35,018,275	Carried forward	44,153,486

30.6.76		30.6.77
\$		\$
35,018,275	Brought forward	44,153,486
2,039,729	Intangible Assets	2,040,085
1,659,836	Less—Provision for Amortization	1,699,354
379,893		340,371
2,621,753	Investments	5,550,287
38,019,921	Total Assets	50,044,504
	Current Liabilities—	
975,403	Bank Overdraft	870,703
2,150,160	Other	2,912,539
3,125,563		3,783,242
	Accrued Liabilities—	
601,277	Interest on Loans	779,640
3,684,862	Other	4,557,445
4,286,139		5,337,085
15,555,000	Special State Advance—Works and Services Account ..	15,555,000
44,410,000	Vote	71,741,018
59,965,000		87,296,018
37,224,925	Liability in respect of Loans from Banks, Superannuation Funds, etc.	45,724,675
104,601,627	Total Liabilities	142,141,020
	The excess of Liabilities over Assets is represented by—	
50,480,746	The Accumulated Deficit brought forward	73,565,456
23,084,710	Plus—Deficit for year	28,276,763
73,565,456	Accumulated Deficit at 30th June	101,842,219
	Less—Grants from Commonwealth for Tramlines constructed at its request	157,573
157,573	Net Contributions towards Major Tramways Works constructed at the request of other Authorities	2,181,181
1,909,511	Grant from Country Roads Board—Tram Track Construction Project	1,200,000
1,000,000	Grants from Commonwealth under <i>States Grants (Urban Public Transport) Act 1974</i>	6,206,949
3,916,666		9,745,703
6,983,750		92,096,516
66,581,706		

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 \$115,982 from the Driver's Licence Suspense Account is the amount which was determined by the Treasurer as being payable in 1976–77 from that Account to the Board pursuant to Section 22E (3) of the *Motor Car Act 1958*. The payment is regarded as assistance towards meeting the cost to the Board of maintenance of roads along tram tracks and of 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 \$87,296,018 over the last six 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 :—

	30.6.76	30.6.77
	\$	\$
Provision for depreciation and amortization	22,656,917	23,660,084
Sinking Fund	1,936,476	*2,136,423
Total Provision	24,593,393	25,796,507

* Of the investments of the Board amounting to \$5,550,287 as at 30th June, 1977, investments to the sum of \$2,136,423 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—have been accepted.

The Trust's Revenue Accounts for the financial years 1975-76 and 1976-77 are shown in the following summary :—

	<i>Revenue</i>						1975-76	1976-77
							\$	\$
Charges on Ships	3,011,405	4,247,321
Charges on Goods	16,470,465	18,663,268
Charges for Services—Cranes	2,191,367	2,382,960
Charges for Services—Other	1,187,649	434,136
Rents and Licence Fees from Lands	4,395,795	4,560,919
Other Revenue..	661,618	807,643
Total Revenue	<u>27,918,299</u>	<u>31,096,247</u>

Expenditure and Provisions

Payment to the Consolidated Fund .. .. .	..	..	..	..	..	..	1,116,528	1,249,862
Operating Expenses .. .. .	..	..	..	..	..	..	7,126,951	7,546,635
Maintenance .. .. .	..	..	..	..	..	..	5,023,641	6,604,753
Interest on Loans .. .. .	..	..	..	..	..	..	3,715,468	4,194,819
Administration .. .. .	..	..	..	..	..	..	1,600,571	2,384,122
General Expenses .. .. .	..	..	..	..	..	..	622,289	815,581
Provision for Depreciation .. .. .	..	..	..	..	..	..	4,844,065	5,440,113
Provision for Insurance .. .. .	..	..	..	..	..	..	329,643	507,175
Total Expenditure .. .. .	..	..	..	..	..	..	<u>24,379,156</u>	<u>28,743,060</u>

Appropriations

Sinking Fund .. .. .	..	..	..	..	..	..	1,000,000	1,000,000
General Reserve .. .. .	..	..	..	..	..	..	2,300,000	1,000,000
Surplus .. .. .	..	..	..	..	..	..	<u>239,143</u>	<u>353,187</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 :—

	1975-76	1976-77
	\$	\$
Depreciation	910,324	993,761
Insurance	120,100	135,308
Superannuation Pensions	650,000	1,400,000
Service Grant Gratuities	100,000	20,000
Long Service Leave	600,000	450,000
	<u>2,380,424</u>	<u>2,999,069</u>

The following statement, based on the balance-sheet, analyses the sources of funds available to the Trust up to 30th June, 1977, and the application thereof, and includes relative figures at 30th June, 1976 :—

30.6.76	<i>Source of Funds</i>						30.6.77	
\$							\$	\$
	External—							
56,017,642	Loan Liability	..	..	..	..	..	61,302,540	
10,175,974	Contributions to Capital Works	..	..	..	..	..	10,808,650	
3,622,466	Sundry Creditors	..	..	..	..	..	3,623,988	
1,069,599	Bank Overdraft	..	..	..	..	..	1,043,356	
43,617	Trust Accounts	..	..	..	..	..	45,158	
							76,823,692	
	Internal—							
15,014,932	Capital Redemption Reserve	..	..	..	..	..	16,233,184	
11,537,000	General Reserve	..	..	..	..	..	12,537,000	
3,083,584	Depreciation Adjustment Reserve	..	..	..	..	..	4,931,274	
4,586,465	Insurance Provision	..	..	..	..	..	4,779,680	
2,629,905	Superannuation Accounts	..	..	..	..	..	2,780,178	
43,212,653	Provision for Depreciation	..	..	..	..	..	46,835,990	
63,000	Provision for Periodical Maintenance	..	..	..	..	..	20,679	
1,973,447	Provision for Pensions and Gratuities	..	..	..	..	..	2,718,241	
1,004,158	Provision for Long Service Leave	..	..	..	..	..	957,703	
3,063,600	Sinking Fund	..	..	..	..	..	3,077,254	
10,355,103	Revenue Account Balance	..	..	..	..	..	10,708,290	
							105,579,473	
167,453,145								182,403,165
	<i>Application of Funds</i>							
153,570,111	Works of Construction and Plant (at cost)	..	..	..	..	..	166,818,444	
6,595,380	Investments (at cost) and Cash	..	..	..	..	..	6,603,770	
	Current Assets—							
1,585,940	Sundry Debtors	..	..	..	..	..	1,419,887	
470,754	Advances for Housing	..	..	..	..	..	456,295	
1,414,527	Materials in Stock (at cost)	..	..	..	..	..	2,608,740	
							4,484,922	
1,709,216	General Reserve Fund Investments (at cost) and Cash	..	..	..	..	..	2,373,617	
2,063,600	Sinking Fund Investments (at cost) and Cash	..	..	..	..	..	2,077,254	
43,617	Cash Held in Trust Accounts	..	..	..	..	..	45,158	
167,453,145							182,403,165	

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. It may also lease land, which is no longer required for Loop construction purposes, for re-development in accordance with the requirements of the Authority. Operations of the Authority commenced 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 \$200,000,000. As at 30th June, 1977, loan liability amounted to \$129,055,894 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 or by such other means and to such limits as may be determined by the Treasurer. Repayment of any such temporary borrowing is guaranteed by the State.

Consequent upon the passing of the *Melbourne Underground Rail Loop (Amendment) Act 1977*, the Authority was empowered, as from 1st January, 1977, to purchase or, with the consent of the Minister, compulsorily acquire, a certain area of land adjacent to land owned by the Authority within the City of Melbourne. Re-development powers in respect of such site were conferred on the Authority. The land was purchased during the year and the cost, plus expenses, totalled \$6,101,014 to 30th June, 1977. Short term financing arrangements in connection with this purchase by the Authority were approved by the Treasurer of Victoria.

The Authority is also required to establish a Special Fund to record transactions relevant to this land purchase. Amounts required to be paid into the Fund include net proceeds of the sale of any land purchased or acquired, net proceeds of leases and interest received on investment of any moneys in the Fund. Moneys in the Special Fund shall be applied towards defraying the costs and expenses of purchasing or acquiring land, the repayment of moneys borrowed for such purpose, and payments to a sinking fund. The Treasurer may from time to time direct that moneys standing to the credit of the Special Fund, or such portion thereof as he requires, be paid into the Consolidated Fund. For the year 1976-77, there were no transactions in the Fund, and there was no balance at 30th June, 1977.

The legislation provides that the Treasurer shall determine amounts required to be paid to the Authority each year for the purpose of defraying estimated expenses of administering the Melbourne Underground Rail Loop Act, the net loan redemption payments on general borrowings and the loan redemption payments relating to loans raised to finance land purchases under the provisions of Section 30A of the Act.

The Treasurer made no determination with respect to administration expenses which are being capitalized in the accounts of the Authority and financed from general borrowings.

In accordance with the Act, as amended by the *Melbourne Underground Rail Loop (Financial Contributions) Act 1976*, the Treasurer determined, for 1976-77, that contributions to the net loan redemption payments (which for this year related to general borrowings only) and totalling \$9,150,001 were payable to the Authority. Pursuant to the determination, the following payments were received by the Authority during the year.

	\$
From—City of Melbourne—10 per cent. of total	915,000
From—Melbourne and Metropolitan Board of Works—15 per cent. of total	1,372,500
From—Victorian Railways Board—as determined by Treasurer	1,833,033
From—Consolidated Fund—the balance of	5,029,468
	<hr/>
	\$9,150,001
	<hr/>

Capital expenditure for 1976-77 amounting to \$52,741,553 included payments for construction work, fees to the consulting engineers, and land purchased under re-development powers. At 30th June, 1977, there were compensation claims outstanding in respect of land acquired by the Authority for which no provision has been made in the statement of financial position.

The financial position of the Authority as at 30th June, 1976, and 1977, is set out hereunder. Fixed assets in the financial statement are shown at cost.

30.6.76		30.6.77	
\$		\$	\$
	Fixed Assets—		
74,104,206	Loop Development	120,128,612*	
	Land Acquisitions and expenses—		
..	Section 30A	6,101,014	
12,693,480	Other	13,281,304	
		<hr/>	19,382,318
99,937	Plant	120,744	
94,204	Office Furniture, Fittings and Equipment ..	101,706	
6,609	Motor Vehicle	6,609	
		<hr/>	139,739,989
86,998,436			
	Current Assets—		
66,548	Cash at Bank and on Hand	2,704	
6,971,000	Investments—Short Term	5,000	
384,052	Accrued Interest Receivable	38,125	
416,709	Prepayments	423,636	
		<hr/>	469,465
7,838,309			
	Less Current Liabilities—		
..	Bank Overdrafts	2,069,906	
..	Short Term Advances	4,000,000	
307,487	Sundry Creditors	3,198,914	
2,055,984	Accrued Interest Payable	3,205,606	
6,967	Contractors' Deposits	32,375	
490,000	Inscribed Stock Applications	1,215,000	
		<hr/>	13,721,801
2,860,438			Cr. 13,252,336
4,977,871			
	Investments—		
318,256	Sinking Fund		545,678
	Intangibles—Capitalized Costs—		
12,665,649	Administrative and Financial Expenses ..		23,836,831
104,960,212			<hr/>
			150,870,162

* Includes \$2.49 million advance payments to contractors.

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

\$		\$	\$
	External—		
90,535,423	Loans—Secured by Inscribed Stock	127,074,813	
1,987,944	Advances—Works and Services Account ..	1,981,081	
		<hr/>	129,055,894
92,523,367			
	Contributions—		
	Loan Redemption Payments—		
3,315,340	Victorian Railways Board	5,148,373	
2,481,124	City of Melbourne	3,396,124	
2,481,124	Melbourne and Metropolitan Board of Works	3,853,624	
1,646,905	Consolidated Fund	6,676,373	
		<hr/>	19,074,494
9,924,493			
	Administrative Expenses—		
56,975	Victorian Railways Board		56,975
	Capital Works—		
2,137,121	Victorian Railways Board		2,137,121
	Internal—		
318,256	Sinking Fund Reserve		545,678
104,960,212			<hr/>
			150,870,162

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 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.

The Board's revenue consists primarily of contributions from Fire Insurance Companies, Municipalities and the Consolidated Fund to meet the estimated annual expenditure of the Board, as provided under Sections 36 and 37 of the *Metropolitan Fire Brigades Act 1958*. 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 1976-77 are subject to audit, shows receipts and disbursements for the past two years :—

	1975-76		1976-77	
	\$	\$	\$	\$
<i>Receipts</i>				
Statutory Contributions—				
Fire Insurance Companies	17,623,500		19,262,308	
Municipalities	2,937,250		3,219,250	
Treasurer of Victoria (Consolidated Fund)	2,937,250		3,219,250	
Brokers and Owners	299,011		356,515	
	23,797,011		26,057,323	
Patrol Services, Testing and Inspecting Appliances		1,844,080		2,091,326
Sale of Materials, Property and Plant		225,967		256,605
Rents		167,179		181,896
Interest on Investments		358,138		632,922
Investments—Short Term (Net) .. .. .		..		330,000
Miscellaneous		34,403		48,965
Balance carried forward to next year	o/D	1,671,033	o/D	1,265,391
		28,097,811		30,864,428
<i>Disbursements</i>				
Balance brought forward from previous year	o/D	1,390,021	o/D	1,671,033
Salaries, Wages and Maintenance, &c.		21,559,573		25,418,656
Superannuation Contributions and Staff Insurance Subsidies		1,613,384		2,106,925
Purchases of Property, Plant and Equipment		700,381		1,132,727
Interest on Loans		267,286		373,703
Loan Repayments		87,166		159,884
Investments—Short Term (Net)		2,480,000		..
—Other (Net) .. .. .		..		1,500
		28,097,811		30,864,428

An abridged statement of assets and liabilities and funds of the Board as at 30th June, 1976, and 1977, is set out hereunder :—

30.6.76		30.6.77
\$		\$
	<i>Current Assets—</i>	
246,037	Sundry Debtors	156,012
3,830,000	Investments—Short Term	3,500,000
601,325	Stock on Hand (at cost)	638,636
4,677,362		4,294,648
	<i>Fixed Assets—</i>	
10,306,486	Land and Buildings	14,266,872
573,211	Plant, Machinery and Equipment	595,682
2,175,729	Rolling Stock	2,597,355
13,055,426		17,459,909
670,860	Investments—Long Term	672,392
18,403,648	Total Assets	22,426,949

\$						\$	\$	
	<i>Current Liabilities—</i>							
1,671,033	Cash Balance Overdrawn (Net)	..	..	..	..	1,265,391	
5,407	Sundry Creditors	..	..	..	..	12,521	
<u>1,676,440</u>							1,277,912	
4,296,204	<i>Loan Liability</i>	..	..	..	..	..	4,936,321
	<i>Funds—</i>							
3,661	Florant Reward Fund	..	..	..	..	3,807	
139,125	Motor Replacement Fund	..	..	..	..	150,349	
1,162,906	Plant and Building Fund	..	..	..	..	1,595,321	
11,315	Recreation and Education Fund	..	..	..	..	11,697	
641,775	Special Service Fund	..	..	..	..	684,101	
<u>1,958,782</u>							2,445,275	
7,931,426	Total Liabilities and Funds	..	..	..	..	..	8,659,508
10,472,222	Excess of Assets over Liabilities	..	..	..	..	..	13,767,441
<u>18,403,648</u>							<u>22,426,949</u>	

METROPOLITAN FIRE BRIGADES SUPERANNUATION BOARD

The Metropolitan Fire Brigades Superannuation Board was constituted under the *Metropolitan Fire Brigades Superannuation Act 1976*, proclaimed to operate from 22nd December, 1976, for the purpose of establishing and administering the Metropolitan Fire Brigades Superannuation Fund.

Under the terms of the legislation, the Metropolitan Fire Brigades Board was required to assign to the Superannuation Board any policy of insurance held in respect to a superannuation scheme previously operated by it. Subject to the Act, all powers, authorities, immunities, rights, obligations and duties previously exercisable by the Fire Board or by any other person on behalf of the Fire Board in relation to the superannuation scheme, together with any assets forming part of the scheme fund (No. 1 and No. 2 schemes), were required to be transferred to the Superannuation Board.

The revenue of the Superannuation Fund includes—

- (a) contributions from the salaries of Fire Board officers ;
- (b) payments by the Fire Board of a fixed percentage of amounts paid by way of salary in respect of each Board scheme contributor ;
- (c) reimbursement of contributions to premiums under an insurance scheme ; and
- (d) income from investments authorized under the Act.

Costs and expenses incurred in the administration of the Act, together with superannuation benefits payable pursuant to the Act and Regulations thereunder, are chargeable to the Fund.

Subject to audit, the income and expenditure of the Fund for the period ended 30th June, 1977, together with the balance sheet as at that date, may be summarized as follows :—

INCOME AND EXPENDITURE		1976-77	
<i>Income</i>		\$	\$
Board Scheme Contributions by :—			
Contributors		664,384	
Fire Board		1,136,944	
Superannuation Board		443	
		1,801,771	1,801,771
Insurance Scheme Contributions by :—			
Members		12,371	
Fire Board		20,289	
		32,660	32,660
Interest .. .. .		.. .. .	1,371,932
Dividends .. .. .		.. .. .	1,720
Commission .. .. .		.. .. .	245
Profit on Sale of Investments .. .. .		.. .. .	1,752
Trust Fund .. .. .		.. .. .	161,357
		3,371,437	3,371,437
<i>Expenditure</i>			
<i>Benefits</i>			
Board Scheme		690,623	
Superannuation No. 1 Scheme		47,352	
Superannuation No. 2 Scheme		125,653	
		863,628	863,628
<i>Administrative Costs</i>			
Salaries (including temporary staff)		19,651	
Secretarial Assistance		10,953	
Printing, Stationery and Advertising		2,724	
Postage		2,271	
Office Equipment		2,206	
Property Inspection Costs		1,063	
Computer Consultant's Fees		1,120	
Board Scheme Contributions		443	
Miscellaneous		845	
		41,276	41,276
Balance .. .. .		.. .. .	2,466,533
		3,371,437	3,371,437

BALANCE SHEET

<i>Assets</i>							
							30.6.77
							\$
Investments and Loans ..	..	..	..	..	..	..	23,566,117*
Cash at Bank and in Hand ..	..	..	..	..	..	..	47,667
Investment Interest Accrued ..	..	..	..	..	..	..	217,558
Debtors :—							\$
Interest on Investments and Loans ..	..	..	..	..	..	..	216,205
No. 1 and No. 2 Scheme Trustees ..	..	..	..	..	..	..	161,356
Sundry ..	..	..	..	..	..	..	32,378
							<hr/>
Pensions Prepaid ..	..	..	..	..	..	..	409,939
							22,574
							<hr/>
							24,263,855
							<hr/>
<i>Liabilities</i>							
Sundry Creditors ..	..	..	..	..	..	..	341
Mortgage Loan Reserve ..	..	..	..	..	..	..	488
Superannuation Fund ..	..	..	..	..	..	..	24,263,026
							<hr/>
							24,263,855
							<hr/>

* Consisting of First Mortgage Loans, \$14,913,000, Semi-Government and Local Government Securities, \$5,250,496, Interest Bearing Bank Term Deposits, \$2,299,588, and other, \$1,103,033.

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.

The three-year period relating to the Special Account, particulars of which have been given in previous Reports, ended on 11th February, 1977. The surplus at 30th June, 1977, was \$2,429,610, and outstanding benefit liability has been estimated to be \$176,000. The legislation does not provide for disbursement of any surplus.

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.

The Board is empowered, under certain circumstances and pursuant to the provisions of Section 65 of the *Motor Accidents Act* 1973, to require the authorized insurers to pay to the Board certain sums determined by it. The amount and the timing of the calls made by the Board in recent years have caused marked fluctuations in the financial results as disclosed in the General Account. In 1975-76, calls made under Section 65 amounted to \$16,346,844, and in 1976-77, to \$11,108,000. The General Account showed a surplus of \$489,872 and a deficit of \$7,817,554 in the two years, respectively.

The timing of calls to be made in the future is receiving the consideration of the Board.

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		1975-76	1976-77
		\$	\$
	Deductions from Third Party Premiums	1,944,055	1,205,281
	Interest earned on Short Term Deposits	34,104	177,394
	Medibank Receipts	10,021	33,877
		1,988,180	1,416,552
	<i>Less—</i>		
	Benefits Paid	431,140	201,628
	Administrative Expenses	43,738	21,150
		474,878	222,778
	Surplus for Period	1,513,302	1,193,774
	Balance brought forward	(277,466)	1,235,836
		1,235,836	2,429,610
GENERAL ACCOUNT			
	Calls on Authorized Insurers (Note 1)	16,346,844	11,108,000
	Drivers' Licence Surcharges	67,080	93,155
	Interest earned on Short Term Deposits	300,391	357,526
	Medibank Receipts	361,146	1,220,820
		17,075,461	12,779,501
	<i>Less—</i>		
	Benefits Paid	15,056,022	18,641,630
	Administrative Expenses	1,529,567	1,955,425
		16,585,589	20,597,055
	Surplus (deficit) for Period	489,872	(7,817,554)
	Surplus brought forward	15,925,056	16,414,928
		16,414,928	8,597,374

BALANCE SHEET

30.6.76 \$		\$	30.6.77 \$
	Funds held by the Board—		
16,414,928	General Account		8,597,374
1,235,836	Special Account		2,429,610
<u>17,650,764</u>			<u>11,026,984</u>
	Represented by—		
	Current Assets—		
100	Cash on Hand	200	
2,958	Prepayments	6,138	
199,185	Sundry Debtors	355,650	
86,570	Third Party Premiums Deductions Due	4,529	
4,000,000	Short Term Deposits at Bank	9,100,000	
14,706,749	Unpaid Calls—Authorized Insurers (Note 1)	3,116,000	
<u>18,995,562</u>		<u>12,582,517</u>	
	Less Current Liabilities and Provisions—		
1,442,204	Sundry Creditors and Accruals—(Note 2)	1,585,149	
110,621	Bank	384,999	
83,586	Provision for Long Service Leave	126,006	
<u>1,636,411</u>		<u>2,096,154</u>	
17,359,151			10,486,363
	Fixed Assets (at cost)—		
50,000	Office Partitions	110,582	
41,367	Furniture and Fittings	56,103	
21,282	Office Equipment	97,976	
16,144	Motor Vehicles	30,657	
<u>128,793</u>		<u>295,318</u>	
18,180	Less Provision for Depreciation	32,697	
<u>110,613</u>		<u>262,621</u>	
181,000	E.D.P. Development Expenses (Note 3)		278,000
<u>17,650,764</u>			<u>11,026,984</u>

Notes to and forming part of the accounts for the year ended 30th June, 1977.

1. Calls on Authorised Insurers under Section 65 of the *Motor Accidents Act* 1973 include a Call of \$6,288,000 made on the 31.5.77 of which \$3,116,000 was unpaid by the Insurance Commissioner at 30.6.77 and has since been paid.
2. Sundry Creditors and Accruals include an amount of \$1,233,618 being June benefits payable, paid in July.
3. EDP Development Expenses represents expenditure of a capital nature on development and implementation of programs for the on-line automatic claims processing system.
4. Medibank Receipts of approximately \$150,000 are expected in respect of Medical Expenses paid for the period 1st July, 1975 to 30th September, 1976. Reimbursement for services after this period were precluded under an amendment to the *Health Insurance Act* 1973.
5. Outstanding Benefits Liability.
The liability for future benefits payable for accidents occurring up to and including 30th June, 1977, including unreported accidents, was determined from an examination of case files over a selected period. The liability has been estimated to be :

	\$
Special Account	176,000
General Account	29,831,179

6. No deductions from Benefits were made in respect of Income Tax, and this issue is still not resolved. A test case may be heard by the Victorian Supreme Court during April or May, 1978.

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 surplus of \$113,244 compared with \$164,133 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 \$1,220,000 there was a surplus of \$108,834 on the year's operations. This compares with a surplus of \$218,136 in 1975-76.

Particulars of revenue and expenditure for the past two years are shown hereunder. The figures for 1976-77 are subject to audit.

1975-76		1976-77	
\$		\$	\$
	Operating Revenue—		
290,040	Wharfage Rates	369,512	
49,099	Tonnage Rates	61,251	
7,235	Slipway Charges and Licences	6,609	
275,353	Shipping Services	399,496	
69,286	Rent	72,762	
760,299	Handling Charges, &c.—Grain Terminal	723,180	
7,205	Cool Store Operations	28,370	
663	Other	915	
<u>1,459,180</u>			<u>1,662,095</u>
	Operating Expenditure—		
339,841	Administrative	356,398	
164,696	Maintenance	139,654	
409,014	Shipping Services	444,310	
383,793	Grain Terminal Expenses (including Depreciation)	395,933	
15,667	Depreciation—Harbor Works, &c.	12,020	
12,001	Cool Store Expenses	25,539	
<u>1,325,012</u>			<u>1,373,854</u>
134,168	Operating Surplus		<u>288,241</u>
	Non-operating Revenue—		
4,919	Interest		3,068
<u>139,087</u>			<u>291,309</u>
	Non-operating Expenditure—		
1,304,732	Loan Interest	1,402,418	
219	Loan Flotation Expenses, &c.	57	
<u>1,304,951</u>			<u>1,402,475</u>
1,165,864	Excess of Expenditure over Revenue		<u>1,111,166</u>
1,384,000	Contribution by State from the Consolidated Fund for maintenance of port facilities and for other purposes		<u>1,220,000</u>
218,136	Surplus for year		108,834
489,919	Accumulated Deficit at end of previous year	429,839	
55,069	Sinking Fund Provision	56,419	
102,987	Redemption of Loans	110,155	596,413
<u>429,839</u>	Accumulated Deficit at end of year		<u>487,579</u>

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, \$3,418,687, and National Debt Sinking Fund contributions, \$408,008.

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

30.6.76. \$		30.6.77. \$	\$
370,052	Current Liabilities .. .. .	..	411,862
	Deferred Liabilities—		
10,000	Treasury Advance	10,000	
23,383,809	Loan Liability	24,223,653	
90,164	Provision for Long Service Leave	107,311	
148,517	Other Provisions and Reserves	242,594	
23,632,490		24,583,558	
	Funds of the Trust—		
24,692	Endowments	23,000	
1,555,031	Sinking Fund	1,726,326	
855,191	Loans Redeemed Reserve	965,347	
2,434,914		2,714,673	
429,839	Less—Accumulated Deficit	487,579	
2,005,075		2,227,094	
26,007,617		27,222,514	
	Current Assets—		
24,226	Cash	92,404	
230,798	Stores	166,574	
342,159	Other	401,197	
		660,175	
2,682,226*	Investments .. .. .	..	3,038,540*
	Fixed Assets—		
11,379	Property Vested (<i>less</i> Written Off)	11,379	
84,957	Other (<i>less</i> Depreciation)	80,838	
20,185,768	Harbor Construction Works and Plant (<i>less</i> Depreciation)	20,978,394	
2,446,104	Grain Terminal Construction Works and Plant (<i>less</i> Depreciation)	2,453,188	
		23,523,799	
26,007,617		27,222,514	

* Includes investments on account of Sinking Fund.

Loan Liability at 30th June, 1977, comprised advances from the Treasurer, \$3,822,900, (including \$24,900 discount and expenses on loans) and \$20,400,753 raised by the Trust by the issue of Inscribed Stock and Debentures.

Deferred Liabilities do not include the amount of \$3,418,687, interest accrued on advances from the Treasurer.

Investments, \$3,038,540, 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. 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, 1976, and 1977.

	30.6.76	30.6.77
	\$	\$
Estates—Protected Persons, Deceased Persons, Trusts and Agencies ..	42,140,632	47,881,235
Moneys held in Trust for Minors	2,940,033	3,643,981
Unclaimed Moneys	1,871,397	2,016,974
Estates Guarantee and Reserve Account	2,274,508	2,670,097
Maintenance Fund	151,588	..
Interest Reserve	600,000	804,690
Suspense—Amounts pending allocation or adjustment	15,819	1,638
Building Depreciation Account	20,376	26,387
	50,014,353	57,045,002

The Common Fund was invested as follows :—

	30.6.76	30.6.77
	\$	\$
Inscribed Stock	5,613,600	6,413,600
Bank Term Deposit and Special Deposits	6,959,972	4,195,094
Loans to Municipal and other Statutory Bodies	3,875,072	3,850,268
Mortgages	29,993,981	38,674,765
Loan to Co-operative Housing Society	19,204	4,204
Cash at Bank and in Hand	303,133	613,900
Land and Buildings	3,249,391	3,293,171
	50,014,353	57,045,002

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 \$1,508,780 at 30th June, 1977.

The *Public Trustee (Amendment) Act 1971* empowered the Public Trustee to apply moneys 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, 1977, a sum of \$3,293,171 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, \$500,106, were credited to the Building Operations Account for the year. After debiting operating expenses of \$108,548 in respect of the land and building at 168 Exhibition Street, Melbourne, and paying \$4,690 into the Building Depreciation Account, the balance of \$386,868 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, any remaining credit in the Interest Suspense Account is payable to the Consolidated Fund towards administrative costs.

Operations through the Suspense and Reserve Accounts for the financial years 1975-76 and 1976-77 were :—

1975-76		INTEREST SUSPENSE ACCOUNT				1976-77	
\$						\$	\$
4,430,385	Income from investments .. .. .	..	..	..	..	5,776,089	
405,858	Transfer from Building Operations Account .. .. .	..	..	..	..	386,868	
<u>4,836,243</u>							6,162,957
	Appropriations—						
2,797,841	Interest allocated to estates .. .. .	..	..	..	..	3,740,651	
600,000	Provision for interest payable to estates .. .. .	..	..	..	..	804,690	
135,000	Estates Guarantee and Reserve Account .. .. .	..	..	..	..	154,000	
1,303,402	Consolidated Fund .. .. .	..	..	..	..	1,463,616	
<u>4,836,243</u>							<u>6,162,957</u>

		ESTATES GUARANTEE AND RESERVE ACCOUNT					
1,958,482	Balance at 1st July .. .. .	..	..	..	..	..	2,274,508
181,336	Interest credited on balance .. .. .	..	..	..	..	..	246,586
135,000	Transfer from Interest Suspense Account .. .. .	..	..	..	..	..	154,000
<u>2,274,818</u>							<u>2,675,094</u>
310	<i>Less</i> Legal costs and other expenses .. .. .	..	..	..	..	..	4,997
<u>2,274,508</u>	Balance at 30th June .. .. .	..	..	..	..	..	<u>2,670,097</u>

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 \$389,788 compared with a surplus of \$307,051 in the preceding year. Particulars are :—

1975-76						1976-77	
\$						\$	\$
	<i>Receipts—</i>						
1,259,290	Fees and Commission .. .. .	..	..	..	..	1,406,349	
1,303,402	Surplus—Interest Suspense Account .. .. .	..	..	..	..	1,463,616	
<u>2,562,692</u>							2,869,965
	<i>Less Payments—</i>						
1,901,097	Salaries, pay in lieu of long service leave, overtime and payroll tax ..	..	..	..	..	2,101,737	
3,200	Publicity .. .. .	..	..	..	..	3,081	
279,512	Rent .. .. .	..	..	..	..	293,436	
71,832	Other Expenses (net) .. .. .	..	..	..	..	81,923	
<u>2,255,641</u>							<u>2,480,177</u>
307,051	Surplus for the year .. .. .	..	..	..	..	..	389,788

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 :—

	1974-75	1975-76	1976-77
	\$	\$	\$
Consolidated Fund—			
Fees and Commission	996,438	1,259,290	1,406,349
Probate Duty	1,744,645	1,382,097	1,957,704
Surplus from Interest Suspense Account.. .. .	967,311	1,303,402	1,463,616
Maintenance—Patients in Mental Hospitals	75,016	80,118	96,038
Postages, Stationery recouped	31,847	54,436	81,404
Sundry Receipts	20,173	35,078	19,047
	<u>3,835,430</u>	<u>4,114,421</u>	<u>5,024,158</u>
Treasury Trust Fund—			
Unclaimed Moneys	112,998	169,752	268,485

The above remittances for 1974-75 and 1976-77 include the following amounts not brought to account in the Treasury until the respective succeeding financial years :—

	1974-75	1976-77
	\$	\$
Consolidated Fund	1,049,879	71,000
Treasury Trust Fund	<u>112,998</u>	<u>..</u>

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 \$7,354,549. At the close of the year, \$34,483,973 was held by borrowers of which \$25,673,646 was held in respect of primary industries and \$8,810,327 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.

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 \$3,961.

The Rural Rehabilitation Fund is held in the Treasury. The position of the Fund is summarized hereunder :—

	\$	\$
Grants from Commonwealth Government .. .. .	.. .. .	4,784,000*
<i>Add</i> Amounts received from farmers to 30th June, 1976 ..	7,130,046	
Repayments of advances, 1st July, 1976, to 30th June, 1977 ..	20,616	
	7,150,662†	
		11,934,662
<i>Less</i> Payments <i>re</i> debt adjustment to 30th June, 1977	7,285,577	
Amount transferred to Rural Reconstruction Scheme 1971 ..	4,649,076	
	11,934,653	
Unexpended balance 30th June, 1977 .. .. .	.. .. .	9

* Of the advances from this amount, \$102,459 (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, 1977, 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 :—

1975-76	INCOME							1976-77	
\$								\$	\$
2,458,201	Interest							2,864,993	
57,354	Application and Legal Fees							91,566	
<u>2,515,555</u>									2,956,559
	EXPENDITURE AND PROVISIONS								
482,249	Administration							486,290	
1,642,900	Interest on Loan Indebtedness							1,940,704	
146,348	Interest on Redeemed Securities							159,243	
<u>2,271,497</u>									2,586,237
244,058	Operating Profit for Year								370,322
	<i>Add—</i>								
420,736	Interest on Investments								383,734
31,916	Surplus on Sale of Residences, &c.								39,882
<u>696,710</u>									793,938
	<i>Less—</i>								
70,698	National Debt Sinking Fund—Contribution							70,698	
2,293	Discounts and Expenses on Loans							2,752	
107,335	Provision for Doubtful Debts							119,246	
<u>180,326</u>									192,696
516,384	Surplus Transferred to Profit and Loss Appropriation Account								601,242
	PROFIT AND LOSS APPROPRIATION ACCOUNT								
<i>Dr.</i> 56,241	Balance 1st July								83,002
516,384	<i>Add</i> Surplus as above								601,242
<u>460,143</u>								\$	684,244
1,712,292	Administration Costs							2,012,085	
1,735,151	<i>Less</i> Recouped Administration Costs							2,055,146	
<u>22,859</u>	Administration Costs over recouped								43,061
483,002									727,305
400,000	Appropriation Loan Equalization Reserve								600,000
<u>83,002</u>	Balance 30th June								127,305
	At 30th June, 1976 and 1977, funds available to the Commission were :—								
30.6.76								30.6.77	
\$								\$	\$
30,029,202	Loan Funds—								
	Loan Liability—Treasurer of Victoria (net)								31,189,040
	Other Funds—								
3,433	Advances <i>Farmers Debts Adjustment Act</i> 1943—Treasurer of Victoria							3,002	
53,544*	Funds provided by Grant under Commonwealth's <i>Loan (Farmers' Debt Adjustment) Act</i> 1935							*32,464	
19,404	Interest on Mortgages prior to 26th April, 1950							19,404	
									54,870
260,770	Trust Account—Amounts in suspense								361,959
63,853	Sundry Creditors								30,300
3,552,489	Reserve—National Debt Sinking Fund (including Commonwealth contributions)								3,854,906
153,190	Provision for Long Service Leave								129,438
2,828,429	Provision for Superannuation								3,168,431
740,549	Provision for Doubtful Debts								859,795
2,030,000	Loan Equalization Account								2,630,000
1,266,804	General Reserve								1,384,607
83,002	Profit and Loss Appropriation Account								127,305
<u>41,084,669</u>									43,790,651

* Excludes \$102,459 (net) bad debts written off.

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

30.6.76		30.6.77
\$		\$ \$
	Loans and Advances—	
31,283,419	Loans under Part III.— <i>Rural Finance Act</i> 1958	34,483,973
75,908	Advances under <i>Farmers Debts Adjustment Act</i> 1935, and	
	Part IV.— <i>Rural Finance Act</i> 1958	54,861
13,540	Contracts of Sale	11,890
		<hr/>
		34,550,724
1,045,931	Interest Due and Accrued	1,211,135
	Cash at Treasury, &c.—	
472	Rural Rehabilitation Fund	9
13,759	National Debt Sinking Fund	58,322
		<hr/>
		58,331
	Fixed Assets—	
33,913	Furniture and Office Equipment <i>less</i> Depreciation ..	150,839
52,709	Motor Cars <i>less</i> Depreciation	57,727
92,509	Residences and Offices	117,852
		<hr/>
		326,418
11,570	Charges paid in Advance	20,731
	Cash and Deposits—	
61,005	At Bank and in hand	17,246
4,246,421	Deposits at call	3,050,253
		<hr/>
		3,067,499
4,153,513	Investment Pool (at cost) on account of	
	Provisions and General Reserve	4,555,813
<hr/>		<hr/>
41,084,669		43,790,651

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.

Natural Disasters Relief—

Funds have been provided by the State and Commonwealth for loans and subsidies to assist farmers affected by disasters caused by extreme adverse weather conditions. Receipts and payments during the year were :—

	\$	\$
<i>Receipts—</i>		
Balance—1st July, 1976		693,349
Trust Fund—Victorian Natural Disasters Relief Account—		
Drought 1976	990,000	
Bush Fire 1977	1,750,000	
	<hr/>	2,740,000
Repayments of Principal and Interest—		
Drought 1967	136,630	
Flood 1974, 1975	290,919	
	<hr/>	427,549
Bad Debts recovered—		
Drought 1967		9
		<hr/>
		3,860,907

Rural Adjustment Scheme—The *States Grants (Rural Adjustment) Act 1976*, which came into operation 1st January, 1977, took over all existing schemes for Dairy Adjustment, Beef and Rural Reconstruction with the exception that the loans to finance the changeover to refrigerated bulk milk supply now ceased to be interest free. Further assistance was introduced for Household Support to alleviate conditions of hardship for non-viable farmers considering whether or not to adjust out of farming.

The sum of \$3,483,000 was made available by the Commonwealth under this scheme during 1976-77.

Receipts and payments for the year were :—

Receipts—

	\$
Commonwealth Advances	3,483,000
State Advances	229,645
Principal repayments	38,289
Interest repayments	8,732
	3,759,666

Payments—

	\$	\$
Loan Advances—		
Debt Reconstruction		1,299,346
Farm Build-up		1,608,718
Farm Improvements		53,404
Household Support		16,063
Beef Carry-on		344,735
Dairy Carry-on		30,978
Balance 30th June, 1977—Advances	359,401	
Repayments	47,021	406,422
		3,759,666

Other Agency Operations—

Receipts and payments in respect of other operations of the Agency Department for the year are :—

	\$	\$
Receipts—		
Balance 1st July, 1976		11,400
Treasurer of Victoria—		
Works and Services Account		1,175,000
Borrowers—		
Repayments of Principal	2,724,563	
Interest on Advances	374,700	
		3,099,263
		4,285,663
Less Payments—		
Advances—Primary and Secondary Industry	939,825	
Treasurer of Victoria—Instalments of Principal and Interest	2,381,325	
Principal and Interest from S.P.C.	717,938	
Freight, Fodder and other Subsidies	50,054	
		4,089,142
Balance 30th June, 1977		196,521

Further assistance was provided to Fruit Canneries by way of deferral to 31st December, 1977, of principal and interest repayments due on the loans amounting to \$3,401,388 disbursed during 1975-76.

SOLDIER SETTLEMENT ACT 1958

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, 1977, a sum of \$131,279,185 has been allocated for soldier settlement. Of this sum, \$116,881,779 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, 1977, was \$26,086,630.

With the exception of \$2,465,435 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 1976-77, \$1,614,054 was so credited, bringing the total repayments to 30th June, 1977, to \$79,843,686.

Principal assets of the Commission at 30th June, 1977, were :—

	\$
Land and improvements held by settlers under purchase lease	20,675,840
Advances to finance single unit farms	4,064,654
Advances to effect improvements and for purchase of stock, &c.	3,408

In respect of Soldier Settlement, the Commission's Profit and Loss Account for 1976-77 shows :—

<i>Expenditure—</i>	\$	\$
Interest	1,824,326	
<i>Less</i> Interest transferred and borne by the State	851,524	
	<hr/>	
Administrative Costs	972,802	
	228,652	
	<hr/>	1,201,454
 <i>Income—</i>		
Interest earned	517,744	
Rents, Fees and Sundries	3,989	
	<hr/>	521,733
Deficit for 1976-77	<hr/>	679,721

The total accumulated deficit to 30th June, 1977, amounted to \$30,151,619. 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 30th June, 1977, have been calculated by the Commission to be \$30,740,070.

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 \$39,280,796 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, 1977, was \$23,563,740—a reduction of \$15,717,056, made up as hereunder :—

	To 30.6.76	1976–77	Total
	\$	\$	\$
Settlers' repayments to the Consolidated Fund	10,205,127	1,729,203	11,934,330
Borne by the State pursuant to Section 41	3,782,726	..	3,782,726
	<u>13,987,853</u>	<u>1,729,203</u>	<u>15,717,056</u>

Assets of the Commission at 30th June, 1977, were :—

	\$	\$
Estates purchased and developed not yet disposed of .. .. .	..	8,714,776
Unpaid balances under contracts of sale .. .. .	..	33,311
Land and improvements held under purchase lease—Division 4 .. .. .	..	14,306,010
Advances to settlers—Division 6 .. .. .	..	140,710
Land and improvements under mortgage—Division 4 .. .. .	..	1,222,701
Capital expenses not allocated to estates .. .. .	..	138,700
Interest and rents due and accrued .. .. .	..	134,245
Other assets—		
Buildings and working plant at cost <i>less</i> depreciation	114,949	
Plant, materials, services and expenses not yet allocated	428,633	
Livestock	547,137	
	<u>1,090,719</u>	
		<u>25,781,172</u>

The Profit and Loss Account for the year ended 30th June, 1977, excluding livestock transactions, shows :—

	\$	\$
<i>Expenditure—</i>		
Interest and Loan-raising Expenses .. .. .	..	1,750,267
<i>Less</i> Interest Capitalized	92,775	
„ Interest transferred and borne by the State under Section 41	243,727	
	<u>336,502</u>	
Administrative Costs .. .. .	..	1,413,765
		<u>217,392</u>
		1,631,157
<i>Income—</i>		
Interest earned, agistment, &c. .. .. .	..	628,405
<i>Deficit</i> .. .. .	..	<u>1,002,752</u>

The accumulated deficit to 30th June, 1977, before taking into account profits from livestock trading, amounted to \$8,044,458. 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 \$69,262, (1976, a loss of \$71,015), thereby reducing the accumulated profit from this activity to \$625,420 at 30th June, 1977.

RURAL FINANCE AND SETTLEMENT INSURANCE FUND

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

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

	\$	\$
<i>Income—</i>		
Balance at 1st July, 1976		1,802,728
Premiums Raised 1976-77	295,265	
Interest on Investments	160,655	
	<u>455,920</u>	
Total Income		<u>2,258,648</u>
<i>Expenditure—</i>		
Current Claims admitted—1976-77	453,749	
Administration Expenses	98,710	
Statutory contribution to Country Fire Authority	99,213	
	<u>651,672</u>	
Total Expenditure		<u>651,672</u>
Balance at 30th June, 1977		<u>1,606,976</u>

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

	\$	\$
Investments—Inscribed Stock, &c. held in Common Pool	1,708,890	
Accrued Interest	54,026	
Arrears of Premium	22,280	
Cash at Bank	11,124	
	<u>1,796,320</u>	
<i>Less—</i>		
Claims Admitted but not Paid	178,616	
Provision for Stamp Duty	10,728	
	<u>189,344</u>	
		<u>1,606,976</u>

STATE INSURANCE OFFICE

The *State Insurance Act 1975* amalgamated the State Accident Insurance Office and the State Motor Car Insurance Office.

Under the terms of the legislation, proclaimed to operate from 1st July, 1975, all funds, including moneys, securities, deposits and reserves, held on account of the State Accident Insurance Fund and the State Motor Car Insurance Fund, were transferred to the Insurance Commissioner to be paid to the credit of or held on behalf of the State Insurance Fund established under the Act. The funds of the Insurance Office do not come within the ambit of the Public Account.

All premiums and other moneys received by the Commissioner are required to be paid into the State Insurance Fund, from which moneys are available to meet liabilities incurred before and after the commencement of the Act, together with administration and other costs payable under the Act. Moneys standing to the credit of the Fund may be invested by the Commissioner on the advice of the Investment Advisory Committee, constituted under the Act, in such securities as are within the classes or kinds of securities approved by the Treasurer.

As the final accounts for the financial year 1976-77 are not yet available, the information furnished herein is in respect of the operations for 1975-76 only. The audit of the financial statements for 1975-76 had not been completed in time for inclusion in the Auditor-General's Supplementary Report for that year.

A summary of income and expenditure in respect of each of the classes of insurance transacted by the Office, together with comparative figures for 1974-75, is furnished hereunder :—

	Employers Liability		Compulsory Third-party		Comprehensive Motor Vehicle	
	1974-75	1975-76	1974-75	1975-76	1974-75	1975-76
	\$	\$	\$	\$	\$	\$
Net premiums earned ..	27,637,108	67,237,665	48,547,217	72,224,307	9,140,716	13,615,227
Stamp Duty recouped ..	2,288,205	6,388,946	..	..	795,364	1,243,687
	29,925,313	73,626,611	48,547,217	72,224,307	9,936,080	14,858,914
Less Provision for Claims Experience Discount ..	..	15,000,000	..	..	..	..
	29,925,313	58,626,611	48,547,217	72,224,307	9,936,080	14,858,914
Claims	27,885,234	55,968,766	64,901,636	74,217,240	8,218,892	10,318,410
Management	2,112,232	3,883,516	1,149,880	1,443,513	2,723,002	3,066,108
Licence Fee	1,839,103	2,973,852	..	..	588,567	799,505
	31,836,569	62,826,134	66,051,516	75,660,753	11,530,461	14,184,023
Operating Profit .. ..	..	..	..	..	..	674,891
Operating Loss	1,911,256	4,199,523	17,504,299	3,436,446	1,594,381	..
Loss ratio to earned premium income	% 100.9	% 83.2	% 133.7	% 102.8	% 90.0	% 75.8

The overall financial position of the Office for the financial years 1974-75 and 1975-76 is summarized hereunder :—

	1974-75	1975-76
	\$	\$
Operating Income for year	88,408,610	145,709,832
Less Expenditure	109,418,546	152,670,910
Operating Loss	21,009,936	6,961,078
Add Non-operating Income	9,748,579	18,102,327
Net Profit (Loss)	(11,261,357)	11,141,249

APPROPRIATION ACCOUNT

	1974-75		1975-76	
	\$	\$	\$	\$
<i>Net Profit (Loss) :—</i>				
Employers Liability	1,015,540		2,277,230	
Compulsory Third-Party	(11,845,656)		6,717,975	
Comprehensive Motor Vehicle	(431,241)		2,146,044	
		(11,261,357)		11,141,249
<i>Appropriations and Transfers :—</i>				
Contribution to Consolidated Fund				100,000
General Reserve—Employers Liability		1,015,540		2,227,230
—Comprehensive Motor Vehicle				2,096,044
Transfer to Accumulated Loss—				
Compulsory Third-Party		(11,845,656)		6,717,975
Transfer to Accumulated Profit—				
Comprehensive Motor Vehicle		(431,241)		
		(11,261,357)		11,141,249

My predecessor qualified his report on the Balance Sheet of the State Insurance Office as follows :—

“ The amount of \$15 million shown as “ Provision for Claims Experience Discount ” is not, in my opinion, a proper charge against the year’s operations. This item cannot be truly matched against the premium income for the year, is not an expense incurred in or in respect of the year ended 30th June, 1976, and, in my opinion, should have been treated in the Profit and Loss Statement as an appropriation of profit made for the specific purpose of providing for future anticipated allowances to policy holders. In my opinion, therefore, the year’s net profit has been understated to the extent of \$15 million.”

The overall net profit disclosed at 30th June, 1976, would have been \$26,141,249 had not this sum of \$15 million shown as “ Provision for Claims Experience Discount ” been charged against the year’s operations. In addition, experience has now shown that the inflationary factor (an estimated 20 per cent. for the year ended 30th June, 1977) included by the consulting actuaries in the calculation of the liability of \$173,500,000 in respect of outstanding claims for compulsory third-party insurance at 30th June, 1976, was excessive.

As in previous years, the financial results for each year were influenced to a major extent by the degree of accuracy of the assessment of the potential liability for unsettled and unreported claims at the close of the year. Details of incurred claims for the years 1974-75 and 1975-76 in respect of each class of insurance are given in the following statement :—

	Employers Liability		Compulsory Third-party		Comprehensive Motor Vehicle	
	1974-75	1975-76	1974-75	1975-76	1974-75	1975-76
	\$	\$	\$	\$	\$	\$
Claims paid during year	16,002,474	19,271,339	28,961,636	35,397,240	7,355,237	9,183,410
Add claims unpaid as at close of year	43,699,573	80,397,000	134,680,000	173,500,000	2,520,000	3,655,000
	59,702,047	99,668,339	163,641,636	208,897,240	9,875,237	12,838,410
Less claims unpaid brought forward from previous year	31,816,813	43,699,573	98,740,000	134,680,000	1,656,345	2,520,000
Incurred claims	27,885,234	55,968,766	64,901,636	74,217,240	8,218,892	10,318,410

Information and comments in respect of each of the three classes of insurance business conducted by the Office are given hereunder :—

Employers Liability Insurance

A rise of 45 per cent. in premium rates, effective from 1st July, 1975, together with an increase in new business (current policies rose by approximately 110 per cent. during the year) had the effect of increasing premium income for 1975-76 significantly. On the other hand, there was a considerable increase in incurred claims, from \$27,885,234 in 1974-75 to \$55,968,766 in 1975-76 and a substantial rise in management and other expenses.

The assessment of unpaid and unsettled claims at 30th June, 1976, was based on an actuarial estimate, to which was added a provision for expenses in handling such claims. In previous years the assessment was made by the "case method".

Comprehensive Motor Insurance

The significant improvement in the underwriting result for the year, a profit of \$674,891 compared with a loss of \$1,594,381 in 1974-75, was mainly due to rises in premium rates during 1975-76.

Compulsory Third-party Insurance

A substantial increase in the number of vehicles insured by the Office, together with the application for the full year of higher premium rates, operative from 10th December, 1974, were the major factors causing an increase of \$23,677,090 in earned premium for 1975-76.

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

30.6.75	<i>Assets</i>						30.6.76
\$							\$
	Current—						
5,647,896	Cash at Bank and at Treasury	..	..	..	..	..	..
12,291,860	Sundry Debtors, less Bad Debts Provision	..	..	..	..	..	50,366,750
1,620,696	Licence Fee in Advance	..	..	..	..	..	2,152,661
3,518,680	Interest Accrued	..	..	..	..	..	8,647,797
	Investments—						
156,491,962	Government and Other Authorized Securities	..	..	..	..	..	253,373,807
	Fixed (at cost less depreciation)—						
4,911,781	Land and Buildings	..	..	..	..	..	4,768,108
239,712	Furniture, Office Equipment and Motor Cars	..	..	..	..	..	281,766
	Computer Installation	..	..	..	..	..	1,116,160
<u>184,722,587</u>							<u>320,707,049</u>
	Liabilities and Funds						
	Current—						
..	Bank Overdrawn	..	..	..	..	..	3,562,176
2,900,038	Sundry Creditors	..	..	..	..	..	2,411,851
..	Contribution to Consolidated Fund	..	..	..	..	..	100,000
	Provisions—						
48,578,914	Unearned Premium	..	..	..	..	..	78,673,471
180,899,573	Outstanding Claims	..	..	..	..	..	257,552,000
..	Claims Experience Discount	..	..	..	..	..	15,000,000
179,264	Reinsurance Premiums	..	..	..	..	..	179,264
344,021	Building Maintenance	..	..	..	..	..	366,261
	Reserves—						
12,938,837	General Reserve—Employers Liability	..	..	..	..	..	15,166,067
6,956,618	—Comprehensive Motor Vehicle	..	..	..	..	..	9,052,662
(68,074,678)	Accumulated Losses Compulsory Third-party	..	..	..	..	..	(61,356,703)
<u>184,722,587</u>							<u>320,707,049</u>

The large increase in Sundry Debtors at 30th June, 1976, is stated to have arisen mainly from changes in procedure involving the accounting for premium income much earlier than in the past.

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, 1976, has been completed and the audit for the year ended 30th June, 1977, is in course.

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.

1975-76							1976-77	
\$	<i>Receipts</i>						\$	\$
	<i>Contributions—</i>							
42,401,791	Current (net)	..	..	..	..	..	51,975,513	
112,911	Deferred	..	..	..	..	..	38,649	
								52,014,162
37,479,713	Payments from the Consolidated Fund	..	..	..	..	..	..	48,886,804
20,103,244	Interest on Investments	..	..	..	..	..	..	19,547,367
31,304	Insurance Commission	..	..	..	..	..	..	39,738
142,478	Mortgage Reserve Account Premiums	..	..	..	..	..	..	98,613
4,301,916	Suspense	..	..	..	..	..	..	..
856,124	Property Revenue (net)	..	..	..	..	..	..	2,551,102
105,429,481								123,137,786
\$	<i>Disbursements</i>						\$	\$
42,563,899	Pensions	..	..	..	..	..	..	52,680,778
	<i>Lump Sum Payments—</i>							
162,247	Limited and ill-health Contributors	..	..	..	..	..	386,648	
34,149,062	Cash Options	..	..	..	..	..	26,439,930	
								26,826,578
8,720,047	Pensions Supplementation Fund—Statutory Transfer	..	..	..	..	..	..	10,479,454
..	The Consolidated Fund—Act 7081, Sec. 9 (3) (4)	..	..	..	..	..	..	2,091
122,083	Interest on Refunds of Reserve Units Contributions	..	..	..	..	..	..	113,862
1,163	Assurance Premiums (net)	..	..	..	..	..	..	178,178
657	Miscellaneous	..	..	..	..	..	..	25
138	Valuation Fees (net)	..	..	..	..	..	..	522
46,110	Reserve Units Account (net)	..	..	..	..	..	..	67,459
85,765,406								90,348,947
19,664,075	Surplus of Receipts over Disbursements	..	..	..	..	..	..	32,788,839
283,955,603	Balance (including Investments) 1st July	..	..	..	..	..	..	303,619,678
303,619,678	Balance 30th June	..	..	..	..	..	..	336,408,517

The provisional figures furnished by the Board for 1976-77 indicate that investments during the year, other than short-term investments, amounted to \$34,551,248, including payments in connection with properties acquired, \$3,472,111.

Progress in the development of the computer sub-systems for the application of electronic data processing to certain of the Board's functions is continuing, but has not reached the stage of providing the accrual information necessary for the construction of a revenue account and balance sheet.

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 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 1975-76 :—

1975-76		1976-77
\$		\$
	Income—	
8,797,405	Statutory Transfer—Superannuation Fund	10,535,943
1,521,043	Police Pensions Fund	1,875,560
10,408,251	Consolidated Fund	15,494,269
..	Interest on Current Account	938
20,726,699		27,906,710
	Expenditure—	
20,724,601	Pensions	27,903,669
2,098	Surplus	3,041

The Accumulated Funds as at 30th June, 1976 and 1977, respectively, were represented by—

30.6.76		30.6.77
\$		\$
	Assets—	
13,684	Cash at Bank	16,725
	Accruals—	
160,934	Superannuation Fund	217,423
27,963	Police Pensions Fund	39,693
211,436	Consolidated Fund	339,106
414,017		596,222
	Less Liabilities—	
400,333	Pensions approved but unpaid	596,222
13,684	Accumulated Funds	16,725

MARRIED WOMEN'S SUPERANNUATION FUND

The *Married Women's Superannuation Act* 1968 provided 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, prior to the operation of the *Superannuation Act* 1975, were not eligible to become contributors to the Superannuation Fund established under the *Superannuation Act* 1958, or who, subsequent to the operation of the 1975 Act, elected to contribute to the Married Women's Superannuation Fund.

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>						
1975-76							1976-77	
\$							\$	\$
4,516,628	Balance 1st July .. .. .	..	..	..	..	..	..	4,364,840
		Contributions—						
575,499	Officers and the Consolidated Fund .. .. .	..	..	..	..	..	570,212	
67,893	The Consolidated Fund—Lump Sums .. .. .	..	..	..	..	..	50,978	
							—————	621,190
429,399	Interest on Investments .. .. .	..	..	..	..	..	..	372,110
5,589,419								—————
								5,358,140
		<i>Disbursements</i>						
122,404	Lump Sum Payments .. .. .	..	..	..	..	..	..	87,965
7,662	Annuities .. .. .	..	..	..	..	..	..	7,060
		Contributions Refunded, Section 15—						
218,159	Officers .. .. .	..	..	..	..	..	300,395	
94,794	The Consolidated Fund .. .. .	..	..	..	..	..	95,329	
							—————	395,724
781,560	Transfer to Superannuation Fund, Section 16 .. .. .	..	..	..	..	..	..	1,554,680
4,364,840*	Balance 30th June .. .. .	..	..	..	..	..	..	*3,312,711
5,589,419								—————
								5,358,140
		*Represented by—						
4,336,416	Investments (at cost) .. .. .	..	..	..	..	..	..	3,265,416
28,424	Cash at Bank .. .. .	..	..	..	..	..	..	47,295
4,364,840								—————
								3,312,711

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 1975-76 and 1976-77 were :—

1975-76								1976-77	
\$		<i>Receipts</i>						\$	\$
1,345,056	Balance 1st July .. .. .	..	..	..	..	..	..	2,815,083
	Contributions—								
291,276	Members .. .. .	..	..	..	..	..	369,503	
2,441,992	The Consolidated Fund .. .. .	..	..	..	..	..	2,441,992	
							<hr/>	2,811,495	
169,307	Interest on Investments .. .. .	..	..	..	..	..	..	345,738
..	Suspense .. .. .	..	..	..	..	..	..	917
							<hr/>	5,973,233	
<hr/>	4,247,631							<hr/>	
		<i>Disbursements</i>							
720,852	Pensions .. .. .	..	..	..	..	..	..	869,197
694,189	Lump Sum Payments .. .. .	..	..	..	..	..	..	562,699
17,507	Refund of Contributions .. .. .	..	..	..	..	..	..	8,680
2,815,083*	Balance 30th June .. .. .	..	..	..	..	..	..	*4,532,657
							<hr/>	5,973,233	
<hr/>	4,247,631							<hr/>	
	<i>*Represented by—</i>								
2,799,500	Investments (at cost) .. .. .	..	..	..	..	..	..	4,484,000
15,583	Cash at Bank .. .. .	..	..	..	..	..	..	48,657
							<hr/>	4,532,657	
<hr/>	2,815,083							<hr/>	

The contribution of \$2,441,992 from the Consolidated Fund is the amount certified by the actuary appointed by the Trustees as the amount required to be paid to the Parliamentary Contributory Retirement Fund in terms of Section 13 of the Act.

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, 1977.

Turnover for the year ended 31st July, 1977, amounted to \$546,840,420 compared with \$497,346,976 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, 1976, and 1977 :—

1976 \$		1977 \$	\$
	Revenue—		
42,274,712	Commission on totalizator investments .. .. .	.. .. .	46,469,543
	Other Income—		
2,304,237	Unpaid Dividends .. .. .	.. .. .	2,585,341
1,696,765	Miscellaneous Income .. .. .	.. .. .	1,751,796
46,275,714			50,806,680
	Less Expenditure—		
17,193,564	Employees' remuneration and agency fees .. .. .	.. .. .	19,311,998
3,386,862	Rentals, rates, repairs, maintenance and communications ..	..	3,611,572
2,203,840	Depreciation .. .. .	.. .. .	1,789,415
1,772,393	Administration, printing, stationery and other operating expenses .. .. .	.. .. .	2,488,309
24,556,659			27,201,294
21,719,055			23,605,386
280,000	<i>Plus</i> —Transferred from Distribution Reserve .. .. .	.. .. .	.. .. .
21,999,055			23,605,386
3,233,585	<i>Less</i> Transferred to Development Reserve .. .. .	.. .. .	3,566,098
160,000	Provision for Agents Fees Equalization .. .. .	.. .. .	104,000
..	Transferred to Late Dividends Reserve .. .. .	.. .. .	120,000
..	Transferred to Distribution Reserve .. .. .	.. .. .	535,288
3,393,585			4,325,386
18,605,470	Total Surplus Funds for Distribution .. .. .	.. .. .	19,280,000
	Deduct—		
2,696,327	Advances of first charge administration costs .. .. .	.. .. .	3,090,501
270,666	Advances Spring Racing Stakes .. .. .	.. .. .	315,031
2,966,993			3,405,532
15,638,477	Balance of Surplus Funds available for Distribution .. .. .	.. .. .	15,874,468

The item—"Advances of first charge administration costs \$3,090,501"—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, 1976 and 1977, are summarized hereunder :—

1976		1977
\$		\$ \$
6,059,807	Contributed Capital	6,059,807
7,566,234	Contributed Capital—Development Reserve	11,132,332
<u>13,626,041</u>		<u>17,192,139</u>
	Represented by—	
	Fixed Assets—	
7,989,714	Freehold land and buildings (at cost)	13,546,525
1,847,931	Less provision for depreciation	2,120,918
<u>6,141,783</u>		<u>11,425,607</u>
3,318,384	Leasehold improvements (at cost)	3,524,357
2,494,205	Less provision for depreciation	2,799,490
<u>824,179</u>		<u>724,867</u>
14,798,392	E.D.P. equipment (at cost)	20,015,803
1,531,903	Country Automation (at cost)	1,503,749
1,212,304	Motor vehicles, plant, machinery, fixtures and fittings (at cost)	1,317,705
<u>17,542,599</u>		<u>22,837,257</u>
11,596,885	Less provision for depreciation	12,687,755
<u>5,945,714</u>		<u>10,149,502</u>
<u>12,911,676</u>		<u>22,299,976</u>
	Other Assets—	
26,677,277	Cash on hand and at bank (including funds on term deposit)	22,146,318
134,618	Sundry Debtors	105,664
783,495	Prepayments	669,923
100,033	Stock of E.D.P. Equipment Spares	85,109
<u>27,695,423</u>		<u>23,007,014</u>
<u>40,607,099</u>		<u>45,306,990</u>
	Deduct Liabilities—	
15,638,477	Proposed distribution of surplus funds	15,874,468
1,476,172	Amounts payable to Treasurer of Victoria	1,431,810
4,584,176	Dividends payable on totalizator investments and telephone betting deposits held	4,583,935
2,732,233	Sundry Creditors, provisions and accruals	3,019,350
280,000	Distribution Reserve	815,288
2,270,000	Late Dividends Reserve	2,390,000
<u>26,981,058</u>		<u>28,114,851</u>
<u>13,626,041</u>		<u>17,192,139</u>

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

1. Contingent liability on uncompleted capital projects is \$20,000,000 for Crisp and Head Office Building Projects.
2. Retention moneys of \$280,000 are held in trust in the joint names of Totalizator Agency Board and K. G. Hooker Builders Pty. Limited.

During 1976-77, the Minister approved the transfer to the Development Reserve of \$2,187,000 and an additional \$1,379,098 was credited to the Reserve representing one-quarter per cent. of off-course totalizator investments and three per cent. of Tabella totalizator investments, bringing the total amount available in the Reserve, at 31st July, 1977, to \$11,132,332. This amount has been fully expended on approved development projects.

Capital contributed by the three Metropolitan Racing Clubs and the Trotting Control Board—the Contributing Clubs—remained at \$6,059,807.

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 and the provision of tourist facilities throughout Victoria.

Further advances from the State Treasury's Works and Services Account, of \$5,200,000, together with \$1,500,000 received from the issue of Victorian Development Corporation Inscribed Stock, enabled additional Victorian Development Corporation loans totalling \$6,561,537 to be made during 1976-77.

Additional payments of \$450,000 to a Braybrook firm to enable it to transfer its operations to Shepparton brought the total so far advanced to that firm to \$700,000 at 30th June, 1977. The Corporation is acting in an agency capacity for a special advance of \$800,000 made available for that purpose by the State Treasury in the previous year.

The Corporation was involved with the construction, on a lease back basis, of two additional factories, the lessees having the right of purchase at the conclusion of the leases.

The Provision for Bad Debts at 30th June, 1976, \$850,000, together with the current year's provision, \$360,746, was divided into two categories during 1976-77. The sum of \$699,868 was provided in respect of "Loans to Industries" on account of debts expected to be irrecoverable. The balance of \$510,878 represents a provision for possible future losses.

Following is a summary of the Profit and Loss Accounts for the years ended 30th June, 1976 and 1977:—

1975-76		1976-77	
\$		\$	\$
	Income—		
655,349	Interest on loan advances	1,121,530	
412,964	Interest on bank term deposits.. .. .	499,197	
138,153	Other	52,532	
1,206,466			1,673,259
	Expenditure—		
873,345	Interest payable	1,311,858	
300,000	Provision for doubtful debts and contingencies	360,746	
276,237	Administration expenses	335,403	
1,449,582			2,008,007
243,116	Loss for year		334,748

The balance-sheets of the Corporation as at 30th June, 1976, and 1977, are summarized hereunder:—

30.6.76		30.6.77	
\$		\$	\$
394,851	Current Assets .. .. .	..	468,598
5,140,000	Investments—Fixed Deposits .. .. .	..	5,400,000
10,756,203	Loans to Industries—Section 11	16,148,721	
	Less provision for bad debts	699,868	
			15,448,853
26,083	Fixed Assets—Less Depreciation .. .. .	..	30,551
725,071	Industrial properties at cost .. .. .	..	1,110,792
250,000	Agency Loan—Section 16 .. .. .	..	700,000
929,360	Accumulated Loss .. .. .	..	1,264,108
18,221,568			24,422,902
	Current Liabilities—		
358,452	Bank Overdraft	648,382	
45,783	Accruals and Prepayments	60,309	
	Deferred Liabilities—		
14,833,333	Treasurer of Victoria—Loan	19,533,333	708,691
1,300,000	Inscribed Stock	2,800,000	
			22,333,333
800,000	Agency Loan .. .. .	..	800,000
	Reserves—		
850,000	Provision for contingencies	510,878	
34,000	Leased Property Provision	70,000	
18,221,568			580,878
			24,422,902

VICTORIAN PUBLIC OFFICES CORPORATION

The Victorian Public Offices Corporation was constituted pursuant to the *Victorian Public Offices Corporation Act 1974*. The Act was proclaimed to operate from 10th February, 1975.

The Corporation consists of four Ministers, the Minister of Public Works, the Treasurer of Victoria, the Minister of Lands and the Minister for State Development and Decentralization.

It is the duty of the Corporation to provide such public offices as are from time to time required for the government of Victoria. Professional and administrative services are made available to the Corporation through the Public Works Department.

The more important transactions of the Corporation during the year included—

- (i) the purchase, for \$137,000, of a property, 404–406 Main Street, Ballarat, as a site for the Ballarat Public Offices ;
- (ii) the sale of properties at 110 Exhibition Street, Melbourne, and 436 Napier Street, Bendigo, for \$576,000 and \$26,000 respectively, both properties being considered redundant ; and
- (iii) the sale of properties at 232, 240 and 250 Victoria Parade, East Melbourne for \$8,700,000. These properties were sold to the State Superannuation Board, which is leasing them back to the Public Works Department on a long-term basis.

The Corporation also acted in an advisory capacity in respect to the purchase and leasing of other properties on behalf of Government Departments.

An abridged statement of the Corporation's balance sheet as at 30th June, 1977, is given :—

	\$	\$
<i>Liabilities</i>		
Loan from State Superannuation Board	700,000	
Other	6,041	
	706,041	
<i>Equity of Corporation</i>		
Accumulated Surplus	412,385	
Properties granted to the Corporation by the Crown, at valuation ..	11,027,830	
	11,440,215	
		12,146,256
<i>Assets</i>		
In Public Offices Fund at Treasury—		
Cash	99,731	
Investments (Interest Bearing Term Deposits)	8,150,000	
	8,249,731	
Sundry Debtors, including accrued interest		470,905
Properties—at cost	2,760,790	
at valuation	664,830	
	3,425,620	
		12,146,256

ZOOLOGICAL BOARD OF VICTORIA

The Zoological Board of Victoria, under the provisions of the *Zoological Parks and Gardens Act 1967*, is responsible for the administration and control of zoological parks at Royal Park and Werribee and is required to maintain these parks for—

- (a) the exhibition of zoological specimens to the public ;
- (b) the scientific study of zoological specimens ;
- (c) the instruction and entertainment of the public ;
- (d) the protection, preservation, management and use of wildlife ; and
- (e) the protection or preservation of wildlife habitat including native plants and trees.

Receipts and expenditure of the Board for the year ended 30th June, 1977, together with comparative figures for the previous year, are set out hereunder.

		RECEIPTS					
1975-76						1976-77	
\$						\$	\$
	Balance 1st July						
30,315	Royal Melbourne Zoological Gardens .. .. .	..	..	..	..	16,573	
10,000	Werribee Fauna Park .. .. .	..	..	..	..	5,224	
							21,797
	<i>Royal Melbourne Zoological Gardens</i>						
441,000	Government Grants .. .. .	..	..	..	..	..	701,980
40,000	Loans—Government .. .. .	..	..	..	..	40,000	
..	Private .. .. .	..	..	..	..	400,000	
							440,000
270,700	Unemployment Relief Grant .. .. .	..	..	..	..	..	..
721,494	Ticket Sales .. .. .	..	..	..	..	..	997,598
252,946	Kiosk Sales .. .. .	..	..	..	..	..	93,325
81,024	Souvenir Shop Sales .. .. .	..	..	..	..	..	85,817
15,000	Contributions—Catering Development Fund .. .. .	..	..	..	..	..	..
12,020	Donations—Education Service .. .. .	..	..	..	..	..	39,260
11,364	Recoup of Expenditure—Education Complex .. .. .	..	..	..	..	..	..
15,069	Commissions—Catering etc. .. .. .	..	..	..	..	..	38,758
63,147	Amusements .. .. .	..	..	..	..	..	64,159
36,355	Miscellaneous .. .. .	..	..	..	..	..	22,414
	<i>Werribee Fauna Park</i>						
40,000	State Government Grants .. .. .	..	..	..	..	137,773	
62,495	Rural Relief Grants .. .. .	..	..	..	..	20,000	
5,089	Other Receipts .. .. .	..	..	..	..	2,551	
							160,324
2,108,018							2,665,432

EXPENDITURE

1975-76		1976-77
\$	<i>Royal Melbourne Zoological Gardens</i>	\$
725,696	Salaries, Wages and Ancillary Charges	858,599
104,927	Animal Maintenance	138,866
226,252	Kiosk Expenses	83,815
66,443	Souvenir Shop Expenses	67,862
270,441	General Maintenance and Other Operating Expenses	336,124
	Unemployment Relief Grant— .. .. .	..
109,184	Maintenance .. .. .	..
126,971	Wages .. .. .	..
	Loan Repayments—	\$
26,805	Government	31,854
..	Private	5,277
		<hr/>
		37,131
72,705	Administration and Sundries	55,928
..	Education Service	45,689
	Special Works—	
142,087	New Catering Centre	854,857
112,350	Other	54,200
		<hr/>
		909,057
	<i>Werribee Fauna Park</i>	
13,834	Wages	31,721
10,038	Plant and Equipment	65,793
15,993	Other Expenses	45,442
	Rural Relief Grant—	\$
38,866	Wages	14,358
23,629	Maintenance	6,063
		<hr/>
		20,421
		<hr/>
		163,377
	Balance 30th June	
16,573	Royal Melbourne Zoological Gardens	O/D 33,188
5,224	Werribee Fauna Park	2,172
		<hr/>
<u>2,108,018</u>		<u>2,665,432</u>

The substantial decrease in both receipts and expenditure relating to kiosks was due to the granting, in December, 1976, of sole catering rights, at the Royal Melbourne Zoological Gardens, to a private catering firm. Under the agreement the Board received a commission on gross turnover.

Only one firm was invited to tender for this concession and a formal legal contract was not arranged. The Board responded to audit observations on these matters in an audit report in June, 1977, to the effect that it had, as a responsible body, exercised its judgement both objectively and subjectively in seeking a suitable caterer and that the form of agreement into which the Board actually entered was preferable to a legal agreement.

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.

The assistance of the Government Printer in the presentation of my Annual Report and this Report is appreciated.

B. J. WALDRON,
Auditor-General.

Melbourne, 23rd November, 1977.