

VICTORIA

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*Supplementary Report*

of the

**AUDITOR - GENERAL**

for the

Year ended 30 June 1980

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*Ordered by the Legislative Assembly to be printed*

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REPORT OF THE AUDITOR-GENERAL  
OF VICTORIA

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SUPPLEMENTARY TO THE REPORT OF 14 OCTOBER 1980, IN  
RELATION TO THE TREASURER'S STATEMENT OF THE  
FINANCES FOR THE YEAR ENDED 30 JUNE 1980.

As authorised 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 final accounts for 1979-80 of the following statutory bodies were not available for audit at the date of preparation of this report:

Albury-Wodonga (Victoria) Corporation  
Home Finance Trust  
Metropolitan Fire Brigades Board  
National Gallery of Victoria  
State Superannuation Board - Superannuation Fund  
The Victorian Egg Marketing Board  
Victorian Arts Centre Trust

# ALBURY-WODONGA (VICTORIA) CORPORATION

The Albury-Wodonga Agreement Act 1973, which came into operation on 10 April 1974, ratified an agreement called the "Albury-Wodonga Area Development Agreement" entered into on 23 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 3 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 3 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 Corporation are to purchase, 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 3 members appointed by the Governor in Council. These 3 members are also the 3 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 Program which, when approved, is binding on the Development Corporation and each State Corporation. Administrative expenses are shared equally between the parties to the agreement. Victoria's share of these costs was \$300 000 in 1978-79 and was paid to the Development Corporation. The accounts of the Development Corporation are audited by the Commonwealth Auditor-General, while the accounts of the Victorian Corporation are subject to my audit.

The final accounts for the year ended 30 June 1979 which were not available at the time of my 1978-79 supplementary report are included in this report.

At the time of preparation of this report the accounts for the year ended 30 June 1980 were not available.

## *Qualification of Corporation's Financial Accounts*

In respect of the year 1978-79, I found it necessary to record the following qualifications on the balance sheet of the Albury-Wodonga (Victoria) Corporation.

"As stated in notes 1 and 8 to the accounts, Land and Buildings are included at cost plus holding charges and no provision has been made for depreciation.

It is further stated in note 1 to the accounts that no independent valuation of these assets has been obtained and it is recognised that the book value may be at variance with market value.

Because of the existence of this recognised variance, and in the absence of an independent valuation, I am unable to express an opinion on whether the Balance Sheet gives a true and fair view of the state of the affairs of the Corporation as at 30 June 1979. However, in my view, subject to the above matters, the Income and Expenditure Account properly summarises the financial operations for the year."

The Corporation's income and expenditure accounts for the years 1977-78 and 1978-79 are compared hereunder:

### Income and Expenditure Account

	1977-78	1978-79
	\$	\$
<b>INCOME</b>		
Land Sales	168 600	658 370
less Cost of Land sold	153 360	636 925
	15 240	21 445
Rentals	685 774	916 962
Interest Received	24 634	50 038
Miscellaneous	3 928	7 795
	729 576	996 240
<b>EXPENDITURE</b>		
Interest	6 388 059	7 331 333
Tenanted Properties		
Repairs, Maintenance and Other Expenses	250 489	293 530
Ex-Gratia Payment in lieu of Rates	36 713	*133 360
Development Expenses	**307 273	**340 252
Amortisation of Capital Charges	301 001	306 072
Sundry Acquisition Expenses	27 688	..
Provision for Doubtful Debts	..	3 000
Miscellaneous	14 492	42 363
	7 325 715	8 449 910
Deficit for year	6 596 139	7 453 670

\* Includes ex-gratia payments on account of two years

\*\*In 1977-78 and 1978-79, the Corporation wrote off certain development expenses totalling \$647 525 which were not in the nature of Establishment or Preliminary Expenses.

## Balance Sheet

The statement hereunder shows the assets and liabilities and funds of the Corporation at 30 June 1978 and 1979.

		30.6.78		30.6.79
	\$	\$	\$	\$
<b>FUNDS EMPLOYED</b>				
<b>CAPITAL ADVANCES</b>				
Commonwealth Government				
Grants	412 500		412 500	
Victorian Government Loans (ex Commonwealth)	55 240 077		55 240 077	
Victorian Government Loans	535 690		693 933	
Capitalised Interest	15 147 023		22 357 354	
Private Loans	500 000		1 747 854	
	<u>                    </u>	71 835 290	<u>                    </u>	80 451 718
Less				
<b>ACCUMULATED DEFICIENCY</b>				
At 1 July	9 733 608		16 329 747	
Deficiency for year	6 596 139		7 453 670	
	<u>                    </u>	16 329 747	<u>                    </u>	23 783 417
		<u>                    </u>		<u>                    </u>
		55 505 543		56 668 301
		<u>                    </u>		<u>                    </u>
<b>REPRESENTED BY:</b>				
<b>FIXED ASSETS</b>				
Land and Buildings (at book value)				
Acquired land and buildings identified for close urban development	*21 415 466		*21 476 745	
Acquired land and buildings held for possible future development and/or resale	*16 657 858		*16 815 585	
Corporation constructed houses and factory buildings	* 4 878 938		* 5 112 965	
Office building	2 197 718		2 215 374	
Construction in Progress	5 691 960		6 240 691	
Machinery and Equipment (at cost less depreciation)	39 488		34 078	
	<u>                    </u>	50 881 428	<u>                    </u>	51 895 438
<b>CURRENT ASSETS</b>				
Cash at Bank and Deposits on Call	586 825		386 689	
Debtors (less provision for doubtful debts)				
Contracts of Sale	32 242		196 728	
Rent and other debtors	27 456		28 884	
Developed Land	2 735 520		3 286 197	
Advances to Development Corporation	413 922		402 382	
Accrued Interest Receivable	..		4 565	
	<u>                    </u>	3 795 965	<u>                    </u>	4 305 445

	30.6.78	30.6.79
	\$	\$
<b>INTANGIBLE ASSETS</b>		
Establishment and Preliminary Planning Expenses	2 053 251	2 078 602
Less Written Off	1 144 101	1 450 173
	<u>909 150</u>	<u>628 429</u>
	55 586 543	
Less		
<b>CURRENT LIABILITIES</b>		
Creditors, Deposits and Rent paid in advance	81 000	161 011
	<u>55 505 543</u>	<u>56 668 301</u>

\* At cost plus holding charges

#### *Commonwealth Advances*

Under the relevant financial agreement with the Commonwealth, principal repayments on the advances received from the Commonwealth Government through the Victorian Treasury are not required for 10 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. At 30 June 1979, the total loan liability to the Commonwealth stood at \$55 240 077 and the interest capitalised to that date was \$22 296 365.

#### *Reserves*

Sub-section 1 of Section 23 of the Albury-Wodonga Agreement Act 1973 requires the Corporation to make such provisions and reserves as are required to ensure the efficiency and financial stability of the Corporation.

The financial statements of the Corporation show an accumulated deficiency of \$23 783 417 at 30 June 1979. The Corporation has not established any reserves to meet its future commitments.

# 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. Pursuant to the provisions of the Building Industry Long Service Leave (Amendment) Act 1979, provision has been made for the receipt of voluntary deposits from working sub-contractors.

The following statement summarises the income and expenditure of the Building Industry Long Service Leave Fund for the years ended 30 June 1979 and 1980. The figures for 1979-80 are subject to audit.

## BUILDING INDUSTRY LONG SERVICE LEAVE FUND

1978-79		1979-80
\$		\$
	<b>INCOME</b>	
7 166 555	Contributions from Employers and Working Sub-contractors	6 770 210
732 230	Investment Income (net)	1 280 784
79 925	Surcharges and Interest on Outstanding Contributions	57 551
3 688	Miscellaneous	21 377
7 982 398		8 129 922
	<b>EXPENDITURE</b>	
1 667 243	Long Service Leave Benefits	1 757 168
912 048	Salaries and Related Charges	764 954
225 846	Administration	198 231
96 187	Occupancy	99 539
53 171	Provision for Depreciation	58 041
19 500	Provision for Doubtful Debts	30 927
18 000	Provision for Staff Long Service Leave	10 033
144 300	Provision for Revenue Adjustment	6 750
3 136 295		2 925 643
4 846 103	Operating Surplus	5 204 279
5 178 703	Accumulated Fund Account Balance 1 July	10 023 206
10 024 806		15 227 485
	Less	
1 600	Establishment and Development Costs	1 500
10 023 206	Accumulated Fund Account Balance 30 June	15 225 985



The fund at 30 June 1979 and 1980 comprised:

30.6.79			30.6.80
\$		\$	\$
10 023 206	Accumulated Fund Account		15 225 985
61 000	Provision for Long Service Leave Staff		55 000
<u>10 084 206</u>			<u>15 280 985</u>

Represented by:

FIXED ASSETS

400 314	Computer Installation (at cost)	440 082	
46 721	Less Provision for Depreciation	108 989	
<u>353 593</u>			331 093
85 030	Furniture Equipment and Motor Vehicles (at cost)	89 587	
12 789	Less Provision for Depreciation	14 009	
<u>72 241</u>			75 578
<u>425 834</u>			<u>406 671</u>

CURRENT ASSETS

559 384	Sundry Debtors	463 862	
144 300	Less Provision for Revenue Adjustment	58 530	
<u>415 084</u>		405 332	
19 500	Less Provision for Doubtful Debts	41 470	
<u>395 584</u>			363 862
240 353	Interest Accrued	371 766	
3 234	Other	2 917	738 545
<u>639 171</u>			<u>1 145 216</u>

INVESTMENTS

	Semi-Government Securities		
4 914 910	Victoria	6 995 813	
900 000	Commonwealth	1 000 000	
750 000	Interstate	750 000	
..	Victorian Local Government	150 000	
1 926 022	Commonwealth Government Securities	2 218 170	
1 391 000	Mortgage Loans	1 991 000	
..	Transferable Deposits	1 000 000	
..	Commercial Bills	491 435	
100 000	Short Term Money Market	150 000	
<u>9 981 932</u>			14 746 418
<u>11 046 937</u>	Total Assets		<u>15 891 634</u>

30.6.79			30.6.80
\$			\$
	Less		
	LIABILITIES		
339 086	Long Service Leave Benefits	454 060	
24 424	Overpaid Contributions	58 662	
149 572	Bank Overdraft	38 842	
445 831	Sundry Creditors	37 670	
..	Working Sub-contractors Account	18 910	
3 818	Accrued Charges	2 115	
..	Sundry Deposits	390	
<hr/>		<hr/>	
962 731			610 649
<hr/>			<hr/>
10 084 206			15 280 985
<hr/>			<hr/>

# CANCER INSTITUTE

The Cancer Institute is controlled by the Cancer Institute Board constituted in accordance with the provisions of the Cancer Act 1958.

Operating expenditure of the Institute is met mainly from moneys appropriated under a Health Commission Vote and from moneys provided from the Commonwealth Assistance Medibank Trust Account.

The Institute's income and expenditure for the past two years are set out hereunder:

	INCOME			
	1978-79	1979-80	1978-79	1979-80
	\$	\$	\$	\$
State Government Grants				
From Vote-for maintenance	7 461 000		8 057 995	
From Works and Services Account- for items of Capital				
Equipment under \$50 000	236 962		349 974	
	<u>7 697 962</u>		<u>8 407 969</u>	
Commonwealth Assistance Medibank Trust Account	7 589 962		8 293 969	
Commonwealth Home Nursing Subsidy	108 752		114 395	
Special Youth Employment Training Program	..		30 484	
Patients' Fees	1 790 888		2 216 478	
Miscellaneous	212 810		231 902	
	<u>17 400 374</u>		<u>19 295 197</u>	
EXPENDITURE				
Nursing Services				
Wards	2 247 721		2 429 964	
Other	1 431 102		1 573 936	
	<u>3 678 823</u>		<u>4 003 900</u>	
Medical, Professional and Ancillary Services	7 381 562		8 205 029	
Administration and Ancillary Services	5 429 765		6 339 784	
Scientific and Research Departments	844 613		993 699	
Special Youth Employment Training Program				
Salaries and wages	..		42 836	
Surplus (Deficit) for year	65 611		( 290 051)	
	<u>17 400 374</u>		<u>19 295 197</u>	

OPERATING FUND

	1978-79	1979-80
	\$	\$
Balance 1 July	( 61 045)	6 889
Adjustment salaries and wages	2 323	10
	<hr/>	<hr/>
Surplus (Deficit) for year	( 58 722) 65 611	6 899 ( 290 051)
	<hr/>	<hr/>
Balance 30 June	6 889	( 283 152)
	<hr/>	<hr/>

The following balance sheets set out the financial position at 30 June 1979 and 1980:

	ASSETS			30.6.80	
	30.6.79	30.6.80		30.6.79	30.6.80
	\$	\$		\$	\$
<b>CURRENT AND DEFERRED ASSETS</b>					
Cash at Bank	1 124 028		..		
Investment - Short-term Money					
Market	..		1 750 000		
Stores on Hand	238 092		297 145		
Sundry Debtors	360 274		353 077		
Accrued Income	28 307		29 976		
Loans to Doctors	2 278		1 742		
	<hr/>	1 752 979	<hr/>	2 431 940	
RESERVE FUND INVESTMENTS		339 696		*	64 496
<b>FIXED ASSETS (at cost)</b>					
Building Improvements	22 584 749		22 343 424		
Furniture, Plant and Equipment	5 580 137		6 432 285		
Motor Cars	137 412		172 165		
	<hr/>	28 302 298	<hr/>	28 947 874	
		<hr/>		<hr/>	
		30 394 973		31 444 310	
		<hr/>		<hr/>	
<b>LIABILITIES AND FUNDS</b>					
	30.6.79	30.6.80		30.6.79	30.6.80
	\$	\$		\$	\$
<b>CURRENT LIABILITIES</b>					
Bank overdraft	..		150 883		
Sundry Creditors	596 545		690 935		
Accrued Expenses	443 191		563 888		
	<hr/>	1 039 736	<hr/>	1 405 706	
<b>RESERVE FUNDS</b>					
Special Reserve	434 363		288 693		
Research Investigation	192 272		466 505		
Peter Crimmins Cancer Research	292 000		272 020		
Other Funds	149 020		202 727		
	<hr/>	1 067 655	<hr/>	1 229 945	
CAPITAL FUNDS		28 280 693		29 091 811	
OPERATING FUND		6 889		( 283 152)	
		<hr/>		<hr/>	
		30 394 973		31 444 310	
		<hr/>		<hr/>	

\* Consisting of Short-Term Deposits and Deposit Stock \$58 090 and various approved Trustee Securities \$6 406

In respect of the accounts for 1979-80 the following should be noted:

1. Depreciation

Provision is not made for depreciation on Buildings Plant and Equipment owned by the Hospital. Depreciation is accounted for on disposal of the asset. The accounting treatment was applied in respect of the following assets:

- (a) The Forster Block building of which the book value together with demolition expenses totalled \$692 513 was demolished during the year thus reducing Fixed Assets and Capital Fund.
  - (b) Leased premises at 380 Little Lonsdale Street on which Building Improvements of \$17 329 had been effected. These premises were vacated due to the termination of the lease.
2. A contingent liability of \$793 569 may exist in respect of rental of three and a half floors of the Sun Alliance Building at 456 Lonsdale Street, Melbourne for the period 1 May 1975 to 30 June 1980.
  3. A contingent liability may also exist in respect of rental of premises leased at 372 Little Lonsdale Street, Melbourne for the period 1 January 1980 to 30 June 1980.

*Qualification of Board's Financial Accounts*

I found it necessary to record the following qualification on the accounts of the Cancer Institute Board for the year ended 30 June 1980:

Private Practice Income of \$408 335 was collected under the terms of Section 33 (3) of the Cancer Act 1958. Principal accounting records for this activity are neither maintained by, nor accessible to the Board, and are therefore not verifiable by audit.

# COUNTRY FIRE AUTHORITY

The Country Fire Authority is constituted under the Country Fire Authority Act 1958 for the more effective control of the prevention and suppression of fires in the country area of Victoria.

The Authority's revenue consists mainly of contributions to meet its estimated annual expenditure. These contributions are made, as to one-third, by the State from the Municipalities Assistance Fund, and, as to two-thirds, by fire insurance companies in proportion to risks underwritten.

In addition to these contributions, revenue is derived from insurance brokers and certain property owners who are required to contribute in those cases in which properties are insured with companies other than those licensed under Section 96 of the Stamps Act 1958.

Statements of accounts for the years 1978-79 and 1979-80 are shown hereunder. The figures for 1979-80 are subject to audit:

	1978-79	1979-80
	\$	\$
Balance 1 July	251 145	20 536
<b>RECEIPTS</b>		
Statutory contributions—Government of Victoria	6 413 951	7 302 978
Insurance Companies	12 827 952	14 565 708
Brokers and Property Owners	245 664	196 692
Interest on Investments	249 738	302 449
Other receipts	595 810	664 609
	20 584 260	23 052 972
<b>PAYMENTS</b>		
Salaries, wages and maintenance	10 862 953	12 402 570
Loan repayments including sinking fund	850 746	1 147 476
Loan interest	1 013 247	1 313 595
Land, buildings, rolling-stock and equipment	1 835 914	1 583 889
Telephone charges	915 115	639 617
Brigade expenses	371 787	449 330
Motor Replacement Fund Contribution	690 321	871 603
Compensation Fund Contribution	219 272	216 400
Superannuation Contribution	937 057	1 043 281
Insurance	773 085	405 046
Printing and stationery	147 690	207 309
Publicity	206 872	192 670
Pay-roll tax	456 483	492 693
Rentals and rates	186 316	248 989
Transport and travelling	459 919	594 876
Interest to sale of Property Account	249 738	302 449
Other Payments	387 209	447 535
	20 563 724	22 559 328
Balance 30 June	20 536	493 644

Receipts and payments of loan moneys etc. over the years 1978-79 and 1979-80 are shown hereunder:

	1978-79	1979-80
	\$	\$
Balance 1 July	290 529	1 373 083
RECEIPTS		
Loan Proceeds	3 100 000	3 687 000
Interest etc.	148 205	206 023
	<u>3 538 734</u>	<u>5 266 106</u>
PAYMENTS		
Buildings	1 283 969	1 023 553
Vehicles	720 315	936 495
Radio Equipment	161 367	10 780
	<u>2 165 651</u>	<u>1 970 828</u>
Balance unexpended 30 June	<u>1 373 083</u>	<u>3 295 278</u>

A summary hereunder of the Authority's balance sheets shows the financial position at 30 June 1979 and 1980:

	30.6.1979	30.6.1980
	\$	\$
SOURCE OF FUNDS		
External		
Loan Liability	13 290 649	16 353 955
Less unexpended	<u>1 373 083</u>	<u>3 295 278</u>
	11 917 566	13 058 677
Internal		
Excess of assets over liabilities transferred from Country Fire Brigades Board	276 271	276 271
Income and Expenditure Account accumulated balance	10 471 793	12 513 734
Reserves	7 432 962	8 927 018
Funds	<u>10 717 211</u>	<u>11 494 883</u>
	28 898 237	33 211 906
Less invested on account of Compensation, Superannuation and other Trust purposes	<u>7 797 875</u>	<u>8 478 435</u>
	21 100 362	24 733 471
CURRENT LIABILITIES		
Sundry Creditors	836 087	1 156 828
DEFERRED LIABILITIES		
Computer and Associated Services	<u>256 101</u>	<u>90 016</u>
	1 092 188	1 246 844
	<u>34 110 116</u>	<u>39 038 992</u>

	30.6.1979	30.6.1980
	\$	\$
Less		
<b>CURRENT ASSETS</b>		
Cash at Bank and on Hand	752 339	1 073 426
Sundry Debtors and Prepayments	157 874	226 594
Stock and Work in Progress	384 807	517 913
	<u>1 295 020</u>	<u>1 817 933</u>
	<u>32 815 096</u>	<u>37 221 059</u>

Represented by:

<b>FUNDS-INVESTMENTS ETC.*</b>		
Motor Replacement	1 108 388	320 178
Sale of Property	457 811	716 970
Sinking Fund-Loans	1 353 137	1 979 300
	<u>2 919 336</u>	<u>3 016 448</u>

\* Includes cash balances. At 30 June 1979 and 1980 cash balances in respect of all funds amounted to \$342 913 and \$1 663 560 respectively.

	30.6.1979	30.6.1980
	\$	\$
<b>FIXED ASSETS (at cost or valuation)</b>		
Land and Buildings	14 258 481	16 058 064
Rolling-stock	13 883 330	16 277 013
Plant and Machinery	4 043 633	4 659 007
Computer Installation and Development	929 206	1 008 124
Uniforms, Furniture and Office Machines	473 780	502 757
	<u>33 588 430</u>	<u>38 504 965</u>
Less Provision for Depreciation	3 692 670	4 300 354
	<u>29 895 760</u>	<u>34 204 611</u>
	<u>32 815 096</u>	<u>37 221 059</u>

In March 1977, the Authority contracted for the design, development and installation of some 13 major data processing systems for a consideration of \$360 000, with an anticipated completion date prior to 1 July 1978.

In June 1978, the Authority formally accepted the contracted systems as being satisfactory in accordance with the contract.



At the time of preparing this report, 5 systems were operating of which 4 had required extensive program modifications by Authority staff. The remaining systems will also require extensive modification before they can be utilised.

In May 1977, the Authority contracted for data collection services in connection with 4 major systems and it was anticipated these projects would be completed prior to July 1978. At the time of preparing this report data collection is still being carried out by the contractor. The reason given is that these systems are not operational and thus continual updating is required on the data collection. Payments for these services to 30 June 1980 amounted to \$267 069 and included in the assets of the Authority at 30 June 1980 are the following costs associated with computer installation and development:

	\$
Computer	381 055
Systems Development	360 000
Data Collection	267 069
	<hr/>
	1 008 124
	<hr/>

# DANDENONG VALLEY AUTHORITY

Functions of the Dandenong Valley 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 including the Cardinia Creek catchment area and the prevention of flooding and pollution.

During the year, the Authority, in accordance with Section 36 of the Dandenong Valley Authority Act 1963, raised \$1 050 000 in private loans. Total loan liability at 30 September 1979 was \$9 398 388.

Following is an abridged statement of the General Revenue Account for the years ended 30 September 1978 and 1979:

1977-78		1978-79
\$		\$
	<b>INCOME</b>	
2 224 499	Rating Precepts-Original Area	2 645 729
57 939	Rating Precepts-Cardinia Catchment	70 105
689 045	Other	639 001
2 971 483		3 354 835
	<b>EXPENDITURE</b>	
1 076 213	Maintenance of Works	1 247 373
641 574	Debt Services	700 719
621 541	Administration	663 476
297 926	Survey, Investigation and Design	357 509
166 394	Depreciation	243 368
2 803 648		3 212 445
167 835	Excess of Income over Expenditure	142 390
219 625	Transfers from Plant Replacement Reserve	169 058
..	Surplus on realisation of Assets	146 630
387 460		458 078
25 395	Less Appropriation to Loans Repayment Sinking Fund	45 395
362 065	Surplus transferred to General Revenue Account	412 683

The Authority's balances at 30 September 1978 and 1979 are summarised hereunder:

30.9.78		30.9.79
\$		\$
	<b>CURRENT ASSETS</b>	
2 923 451	Cash at Bank	3 706 414
489 104	Debtors and Prepayments	362 205

30.9.78		30.9.79
\$		\$
60 561	Other	66 790
<hr/>		<hr/>
3 473 116		4 135 409
<hr/>		<hr/>
	<b>FIXED ASSETS</b>	
1 514 197	Plant Vehicles and Equipment (at cost)	1 734 210
502 594	Less Provision for Depreciation	613 859
<hr/>		<hr/>
1 011 603		1 120 351
1 012 034	Land and Buildings (at cost)	974 163
35 227	Office Furniture and Machines (at cost less depreciation)	54 164
<hr/>		<hr/>
2 058 864		2 148 678
<hr/>		<hr/>
	<b>CAPITAL WORKS</b>	
17 299 138	Piped or Lined Drainage Channels	19 485 721
5 311 910	River Improvement Works	6 066 287
3 339 682	Flood Retarding Basins	3 666 347
2 410 361	Land Acquisition and Compensation	2 514 868
1 773 614	Carrum Drainage District	1 773 614
515 961	Other	539 274
<hr/>		<hr/>
30 650 666		34 046 111
998 573	Less Provision for Depreciation	1 227 663
<hr/>		<hr/>
29 652 093		32 818 448
<hr/>		<hr/>
1 272 110	<b>INVESTMENTS</b>	1 554 589
<hr/>		<hr/>
36 456 183	<b>TOTAL ASSETS</b>	40 657 124
<hr/>		<hr/>
	<b>CURRENT LIABILITIES</b>	
569 858	Bank Overdraft	235 106
214 429	Sundry Creditors	176 637
15 795	Contractors' Deposits	20 440
<hr/>		<hr/>
800 082		432 183
<hr/>		<hr/>
	<b>LOAN LIABILITY</b>	
610 421	Government of Victoria	608 154
7 789 814	Private Loans and Advances	8 790 234
<hr/>		<hr/>
8 400 235		9 398 388
<hr/>		<hr/>
9 200 317	<b>TOTAL LIABILITIES</b>	9 830 571
<hr/>		<hr/>
27 255 866	Excess of Assets over Liabilities	30 826 553
<hr/>		<hr/>

Represented by:

30.9.78		30.9.79
\$		\$
17 527 364	Contributions from Property Owners and Subdividers	19 484 860
4 489 388	Capital Expenditure Borne by the State	5 672 207
3 758 386	General Revenue Account	4 171 069
760 739	Other Grants and Contributions	914 956
473 096	Grants by Government of Victoria	281 112
240 736	Loans Repayment Sinking Fund	302 349
6 157	Plant Replacement Reserve	..
<hr/>		<hr/>
27 255 866		30 826 553
<hr/>		<hr/>

*Investments*

Investments at 30 September 1979 comprised the following:

	\$
Interest Bearing Term Deposits	572 000
Inscribed Stock	164 850
Mortgage Loans	694 993
Cash	122 746
	<hr/>
	1 554 589
	<hr/>

# EMERALD TOURIST RAILWAY BOARD

The Emerald Tourist Railway Act 1977 provided for the establishment of the Emerald Tourist Railway Board to preserve and operate as a tourist attraction in the Dandenong Ranges, for public recreational purposes, the historical narrow-gauge steam railway-"Puffing Billy".

## *Treasury Grants*

Grants available to the Board to meet expenditure on approved Capital Works, were provided from the following sources:

### (a) Historical and Community Projects

The Treasurer has approved an amount of \$550 000 being allocated from the above fund to the Board. To 30 June 1980, claims amounting to \$301 456 had been recouped by the Board from the said fund.

### (b) Works and Services Account

Expenditure totalling \$59 863 was recouped by the Board during 1979-80 from this account.

## *Deferred Liability*

On 1 October 1977, the Board took over from the Puffing Billy Preservation Society such assets as kiosk stock and equipment, motor vehicle and cash on hand. At 30 June 1980, an amount of \$24 477, including accrued interest, was due to the Society. This amount has been shown in the Board's accounts as a deferred liability.

## *Operations*

For years prior to the establishment of the Board, members and friends of the Puffing Billy Preservation Society worked without pay as helpers in the kiosk and as ticket sellers and collectors. Since the Board was established this honorary work has continued to be given and only some train crews, maintenance and full-time office staff are paid employees of the Board.

The Board's trading and profit and loss account for the years ended 30 June 1979 and 1980 are summarised hereunder:

1978-79		1979-80
\$		\$
	REVENUE	
340 666	Gross Fare Revenue	422 987
88 827	Kiosk Revenue	118 050
61 707	Less Cost of Sales, Kiosk operating expenses and depreciation	78 523

1978-79		1979-80
	\$	\$
27 120	Net Profit-Kiosk	39 527
2 284	Museum Admissions	2 197
4 579	Interest Received	4 375
1 971	Sale of Scrap Materials	9 540
2 900	Other Income	4 812
<hr/>		<hr/>
379 520		483 438

EXPENDITURE

167 865	Salaries, Wages and Casual Labour	184 987
58 633	Repairs, Maintenance and Consumables	104 879
31 571	Coal and Light Up Wood	34 440
17 042	Insurances	17 251
28 301	Printing, Telephone and Advertising	40 534
2 850	Interest	2 325
4 952	Electricity	6 456
4 550	Audit Fees	3 410
2 498	Depreciation	6 294
9 460	Other Operating Expenses	14 416
..	Long Service Leave Provision	2 377
		<hr/>
		417 369

327 722

51 798	Net Profit Transferred to Accumulated Funds	66 069
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The Board's balance sheets at 30 June 1979 and 1980 are summarised hereunder:

30.6.79		30.6.80
\$		\$

ACCUMULATED FUNDS

39 980	Treasury Advance-Working Capital	39 980
91 886	Retained Profits	157 955
166 000	Asset Revaluation Reserve	166 000
223 414	Government Grants	454 319

<hr/>		<hr/>
521 280		818 254

REPRESENTED BY:

CURRENT ASSETS

28 098	Cash on Hand and at Bank	36 280
31 663	Kiosk Stocks (at the lower of cost or net realisable value)	42 846
..	Trade Debtors	7 468
20 000	Short-term Deposits and Commercial Bills	103 325
2 321	Prepayments	..
2 835	Other Amounts Receivable	5 450

<hr/>		<hr/>
84 917		195 369

Less

CURRENT LIABILITIES

68 481	Trade Creditors and Accrued Charges	64 628
10 763	Provision for Holiday Pay	12 538
3 115	Provision for Superannuation Benefits	5 108
..	Provision for Long Service Leave	2 377
..	Other Accounts Payable	365

<hr/>		<hr/>
82 359		85 016

2 558	Working Capital	110 353
-------	-----------------	---------

30.6.79  
\$

30.6.80  
\$

FIXED ASSETS

166 000	Buildings, Locomotives and Rolling Stock (at Board valuation)	166 000
44 809	Buildings, Locomotives, Plant, Equipment and Motor Vehicle (at cost)	129 409
14 978	Lease Building (at cost)	15 122
..	Property - Old Monbulk Road (at cost)	28 082
..	Pedestrian Walkway (at cost)	51 640

225 787		390 253
3 579	Less Provision for Depreciation	9 730

222 208		380 523
---------	--	---------

323 862	Capital Works in Progress (funded by Government Grants)	350 599
1 029	Capital Works in Progress - Other	1 256

547 099		732 378
---------	--	---------

549 657		842 731
---------	--	---------

Less

DEFERRED LIABILITY

28 377	Puffing Billy Preservation Society Loan Account	24 477
--------	--	--------

521 280		818 254
---------	--	---------

*Vested Land*

Land vested in the Board pursuant to the Emerald Tourist Railway Act 1977 has not been valued and accordingly does not appear in the accounts of the Board.

# GAS AND FUEL CORPORATION OF VICTORIA

The Gas and Fuel Corporation of Victoria was established under the provisions of the Gas and Fuel Corporation Act 1950.

The functions of the Corporation are to secure the ultimate co-ordination or unification of gas, fuel and allied undertakings in Victoria, to secure the adoption of such standards of plant and equipment as will admit of the efficient inter-connection of such undertakings, to secure the amalgamation or concentration of such undertakings, to encourage and promote the use of gas, and generally to secure the safe, economical and effective supply of gas and fuel in Victoria.

During the year, a wholly owned subsidiary company, Gas and Fuel Exploration No Liability, entered into a joint venture with Phillips Australian Oil Company and M.I.M. Investments Pty. Ltd., to carry out exploration for oil and gas in the Otway Basin.

By statutory direction, the accounts of the Gas and Fuel Corporation of Victoria are audited jointly by the Auditor-General and auditors appointed by the Corporation. The auditors appointed by the Corporation audit the accounts of the subsidiaries of the Corporation, namely, Waldorf Appliances Pty. Ltd., the Albury Gas Company Ltd. and Gas and Fuel Exploration No Liability.

## Financial Operations

With effect from 1 July 1979, the Corporation implemented changes in accounting policy under which the cost of renewal of gas mains and services and the cost of fixing industrial and commercial gas meters were charged to operations. In prior years, these costs were charged to the respective asset accounts.

In addition, the Corporation determined to accelerate the rate of depreciation of previously capitalised meter fixing from 1 July 1979.

The effect of the above changes was an increase of \$14 874 655 in costs charged to revenue in the year under review.

The following statement shows the income and expenditure of the Corporation for the year ended 30 June 1980, and the consolidated figures of the Corporation and its subsidiaries, Waldorf Appliances Pty. Ltd., the Albury Gas Company Ltd. and Gas and Fuel Exploration No Liability for the years ended 30 June 1979 and 30 June 1980.



	Gas and Fuel Corporation 1979-80 \$	Consolidated 1979-80 \$	Consolidated 1978-79 \$
<b>INCOME</b>			
Sales			
Gas	204 748 605	205 988 164	183 973 765
Appliances, L.P. Gas, Residual and Other Products	59 962 119	65 173 022	52 832 959
	<u>264 710 724</u>	<u>271 161 186</u>	<u>236 806 724</u>
Less Cost of Sales			
Gas	46 108 894	46 874 111	43 645 676
Appliances, L.P. Gas and Other Products	50 187 461	54 204 731	41 575 449
	<u>96 296 355</u>	<u>101 078 842</u>	<u>85 221 125</u>
Net Income	<u>168 414 369</u>	<u>170 082 344</u>	<u>151 585 599</u>
<b>EXPENDITURE</b>			
Distribution	66 198 186	66 688 067	49 160 583
Marketing	29 049 580	29 766 253	25 576 055
Administration	50 709 205	51 981 153	45 771 367
Amortisation of Natural Gas Change-over Costs	4 212 165	4 250 165	18 328 000
Amortisation of Goodwill	1 798 524	1 817 452	2 000 000
Contribution to Consolidated Fund	10 697 500	10 697 500	6 820 000
	<u>162 665 160</u>	<u>165 200 590</u>	<u>147 656 005</u>
Net Profit for Year before Income Tax, Transfers to Reserves and Fixed Dividends	<u>5 749 209</u>	<u>4 881 754</u>	<u>3 929 594</u>
Provision for Income Tax	..	6 529	21 000
Income Tax under-provided prior years	..	..	34 769
Transfer to Contingency Reserve	50 000	50 000	50 000
Transfer to Reserve for Gas Research	2 000 000	2 000 000	2 000 000
Transfer to Trading Stock Valuation Reserve	..	..	34 902
	<u>2 050 000</u>	<u>2 056 529</u>	<u>2 140 671</u>
Balance carried forward to Profit and Loss Appropriation Account	<u>3 699 209</u>	<u>2 825 225</u>	<u>1 788 923</u>

The quantity of gas sold for the year was 116 690 000 gigajoules returning \$1.77 per gigajoule compared with, in 1978-79, 109 138 000 gigajoules for a unit return of \$1.68.

The Public Authorities (Contributions) Act 1966, as amended, requires the Corporation to pay to the Consolidated Fund in each financial year a contribution of an amount equal to 5.5 per cent. of the total revenue of the Corporation in the preceding financial year. The rate of contribution was increased from 4 per cent. to 5.5 per cent. from 1 July 1979. In terms of the legislation, an amount of \$194 500 000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1978-79 and 5.5 per cent. thereof, \$10 697 500, was paid to the Consolidated Fund in 1979-80.

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

	\$	\$
Balance 1 July	2 811 991	
Net Profit for year from Profit and Loss Account	2 825 225	
	<hr/>	
Available for Appropriation		5 637 216
Preference Shares Dividend at 4 per cent. per annum for year ended 30 June 1980	315 278	
"B" Preference Shares Dividend at 6 per cent. per annum for year ended 30 June 1980	361 260	
	<hr/>	676 538
		<hr/>
Balance 30 June		4 960 678
		<hr/>

The composition of the consolidated net profit before appropriation for the past two years is shown hereunder:

	1979-80	1978-79
	\$	\$
Gas and Fuel Corporation	Profit 3 699 209	Profit 2 509 368
The Albury Gas Company Ltd.	Loss 887 506	Loss 715 027
Waldorf Appliances Pty. Ltd.	Profit 13 522	Loss 5 418
	<hr/>	<hr/>
Net Result for Year	Profit 2 825 225	Profit 1 788 923
	<hr/>	<hr/>

The third successive loss recorded by The Albury Gas Company was due to the policy of the Corporation of maintaining uniform tariffs for the supply of gas throughout the whole of the natural gas reticulation system.

Charges against revenue for the past two years included:

	1980	1979
	\$	\$
(a) Interest on debenture and other fixed loans from outside group	30 216 554	26 641 780
Other interest outside group	194 185	755 905
	<hr/>	<hr/>
	30 410 739	27 397 685
Less interest received from investments	5 917 918	5 178 566
	<hr/>	<hr/>
	24 492 821	22 219 119
	<hr/>	<hr/>

	1980	1979
	\$	\$
(b) Provision in respect of Depreciation		
Buildings, Plant and Equipment	24 234 716	24 230 653
(c) Other		
Amortisation		
Natural Gas Change-over Costs	4 250 165	18 300 000
Goodwill	1 817 452	2 000 000
Doubtful Debts		
Trade	869 422	809 777
Hire Purchase	134 965	90 094
Accrued Annual Leave	769 002	714 876
Long Service Leave	2 394 174	2 192 050
Retiring Allowances	154 085	97 054
Deferred Repairs	413 133	255 610
	<u>10 802 398</u>	<u>24 459 461</u>

#### *Amortisation of National Gas Changeover Costs*

The costs of conversion to natural gas which commenced in 1969 amounted to \$67 785 327 at 30 June 1980.

These costs are being written off against revenue by annual charges over a period of years and the amount written off in 1979-80 was \$4 250 165, making the total written off to date \$66 799 873.

#### *Amortisation of Goodwill*

Included in the balance sheet of the Corporation at 30 June 1977 was the intangible asset "Goodwill" amounting to \$5 798 524. This asset resulted from the dissolution of the former subsidiaries, the Geelong Gas Company and Colonial Gas Holdings Limited, and the subsequent transfer of their assets and liabilities to the Corporation, and was made up as follows:

	\$
Geelong Gas Company	1 875 949
Colonial Gas Holdings Limited	3 922 575
	<u>5 798 524</u>

During 1977-78, a policy was adopted to write off this intangible asset over a period of 3 years. The balance of \$1 798 524 at 30 June 1979 was written off in the year under review.

#### *Depreciation*

Depreciation is calculated on a straight line basis at rates based on the estimated working life of fixed assets.

With effect from 1 July 1979, the Corporation decided to charge the cost of renewal of gas mains and services to revenue with a consequent increase of \$8 910 015 in Distribution expenses charged for the year.

In addition, the Corporation decided to charge to revenue the cost of fixing industrial and commercial gas meters, from 1 July 1979, and to accelerate the rate of depreciation of previously capitalised meter fixing. The increased charges to revenue arising from this decision amounted to \$5 964 640.

The balance sheet shown on page 31 of this report discloses that the provision for depreciation increased by \$22 457 579 during the year and amounted to \$132 829 876 at 30 June 1980.

### *Provision for Doubtful Debts*

The movements in this provision for the year were:

	Trade \$	Hire Purchase \$
Balance 1 July	832 694	110 175
Provision for year as per statement on page 29	869 422	134 965
	<hr/>	<hr/>
	1 702 116	245 140
Less Bad debts written off during the year	610 842	95 140
	<hr/>	<hr/>
Balance 30 June	1 091 274	150 000

### Financial Position

#### *Statement of Balances*

The following is a consolidated statement of the balances of the Corporation and its subsidiaries Waldorf Appliances Pty. Ltd., The Albury Gas Company Ltd., and Gas and Fuel Exploration No Liability at 30 June 1979 and at 30 June 1980. A statement of balances of the Corporation at 30 June 1980 is also given.

	Gas and Fuel Corporation 30.6.80 \$	Consolidated 30.6.80 \$	Consolidated 30.6.79 \$
<b>SHAREHOLDERS' FUNDS</b>			
Subscribed Capital			
3 940 976 4 per cent. Cumulative Preference Shares of \$2 each	7 881 952	7 881 952	7 881 952
3 010 503 6 per cent. "B" Cumulative Preference Shares of \$2 each	6 021 006	6 021 006	6 021 006
4 000 000 Ordinary Shares of \$2 each subscribed by the State of Victoria	8 000 000	8 000 000	8 000 000
	<hr/>	<hr/>	<hr/>
Subscribed Capital (Fully Paid)	21 902 958	21 902 958	21 902 958

	Gas and Fuel Corporation 30.6.80 \$	Consolidated 30.6.80 \$	Consolidated 30.6.79 \$
<b>RESERVES</b>			
Reserve for Gas Research	6 500 000	6 500 000	4 500 000
Provision for Special Leakage Survey	200 000	200 000	117 000
Provision for Conversion of Metered L.P. Gas	415 857	415 857	587 136
Provision for Demolition of Holders	615 033	615 033	674 500
General Reserve	2 913 285	2 987 495	2 870 095
Asset Revaluation Reserve	39 703 360	39 703 360	39 703 658
Asset Realisation Reserve	2 965 701	2 965 701	2 965 701
Contingency Reserve	957 336	957 336	907 336
Provision for Repairs to Cylinders	1 700 000	1 700 000	980 000
	<u>55 970 572</u>	<u>56 044 782</u>	<u>53 305 426</u>
Profit and Loss Appropriation Account	7 876 405	4 960 678	2 811 991
	<u>85 749 935</u>	<u>82 908 418</u>	<u>78 020 375</u>
<b>DEFERRED LIABILITIES</b>			
Advances from State of Victoria Less Corporation's Equity in National Debt Sinking Fund	10 105 766	10 105 766	10 104 995
	<u>2 248 117</u>	<u>2 248 117</u>	<u>2 105 625</u>
	7 857 649	7 857 649	7 999 370
Provision for Long Service Leave	12 585 000	12 733 567	11 373 926
Provision for Retiring Allowances	597 852	597 852	691 841
	<u>21 040 501</u>	<u>21 189 068</u>	<u>20 065 137</u>
<b>DEBENTURES AND DEBENTURE STOCK (SECURED)</b>			
Redeemable within 12 months	33 457 219	33 457 219	20 005 319
Redeemable after 12 months	335 442 808	335 442 808	321 321 571
	<u>368 900 027</u>	<u>368 900 027</u>	<u>341 326 890</u>
	<u>475 690 463</u>	<u>472 997 513</u>	<u>439 412 402</u>
<b>FIXED ASSETS</b>			
Freeholds, Leaseholds, Machinery, Plant, Equipment and Capital Work in Progress (at cost or valuation)	540 736 408	548 513 393	491 566 667
Less Provision for Depreciation	132 330 872	132 829 876	110 372 297
	<u>408 405 536</u>	<u>415 683 517</u>	<u>381 194 370</u>

	Gas and Fuel Corporation 30.6.80 \$	Consolidated 30.6.80 \$	Consolidated 30.6.79 \$
<b>CURRENT ASSETS</b>			
Cash in Hand and at Banks	1 715 366	1 756 669	861 268
Short-term Deposits	18 691 328	18 691 328	18 186 402
Trade and Other Debtors and Prepayments (less Consumers' Deposits and Provision for Doubtful Debts)	46 992 979	48 337 397	43 763 343
Stocks at Cost, Average Cost or Valuation (Net)	18 708 812	20 153 252	15 361 982
Amount Owing by Subsidiaries	13 039 838	..	..
	<u>99 148 323</u>	<u>88 938 646</u>	<u>78 172 995</u>
Less			
<b>CURRENT LIABILITIES</b>			
Trade and Other Creditors	29 105 444	29 805 129	24 345 953
Bank Overdraft	8 362 766	8 368 282	2 275 444
	<u>37 468 210</u>	<u>38 173 411</u>	<u>26 621 397</u>
<b>PROVISIONS</b>			
Accrued Annual Leave	5 114 868	5 141 660	4 418 570
Deferred Repairs	1 207 886	1 207 886	1 307 965
Preference Dividend	338 269	338 269	338 269
Income Tax	..	7 800	21 000
	<u>44 129 233</u>	<u>44 869 026</u>	<u>32 707 201</u>
<b>NET CURRENT ASSETS</b>	<u>55 019 090</u>	<u>44 069 620</u>	<u>45 465 794</u>
<b>INVESTMENTS</b>			
Statutory Authorities	9 959 065	9 959 065	5 000 000
Subsidiary Companies	1 090 190	..	..
Other Companies	27 000	27 000	33 000
	<u>11 076 255</u>	<u>9 986 065</u>	<u>5 033 000</u>
<b>INTANGIBLES</b>			
Goodwill on Consolidation	..	..	1 817 452
Unamortised Debenture Issue Expenses	1 189 582	1 189 582	904 278
Natural Gas Change-over Costs	..	985 454	4 837 923
Exploration Costs	..	1 083 275	159 585
	<u>1 189 582</u>	<u>3 258 311</u>	<u>7 719 238</u>
	<u>475 690 463</u>	<u>472 997 513</u>	<u>439 412 402</u>

## Capital

	30.6.80	30.6.79
	\$	\$
<b>AUTHORISED CAPITAL</b>		
7 500 000 4 per cent. Cumulative Preference Shares of \$2 each	15 000 000	15 000 000
6 625 000 6 per cent. "B" Cumulative Preference Shares of \$2 each	13 250 000	13 250 000
7 500 000 Ordinary Shares of \$2 each	15 000 000	15 000 000
	<hr/>	<hr/>
	43 250 000	43 250 000
	<hr/>	<hr/>
<b>ISSUED CAPITAL</b>		
4 per cent. Cumulative Preference Shares of \$2 each	7 881 952	7 881 952
6 per cent. "B" Cumulative Preference Shares	6 021 006	6 021 006
Ordinary Shares of \$2 each	8 000 000	8 000 000
	<hr/>	<hr/>
	21 902 958	21 902 958
	<hr/>	<hr/>

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

## Debentures

Additional loan money was raised during the year by the issue of debentures amounting to \$29 280 737. Also, debentures amounting to \$18 264 563 were issued to redeem maturing loans.

## Fixed Assets

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

	30.6.80	30.6.79
	\$	\$
Freehold Land at cost and valuation	39 093 008	40 389 151
Buildings at cost and valuation	20 340 608	18 077 680
Machinery Plant and Equipment at cost and valuation	456 763 957	388 718 417
Capital works in progress	32 315 820	44 381 419
	<hr/>	<hr/>
	548 513 393	491 566 667
Less Provision for Depreciation	132 829 876	110 372 297
	<hr/>	<hr/>
	415 683 517	381 194 370
	<hr/>	<hr/>

## State Investments and Advances

Particulars of Corporation shares acquired by the State and advances for works made by the State are furnished hereunder. The cost to the Consolidated Fund on account of the State's financial interest in the Corporation is also shown.

	To 30 June 1979	1979-80	To 30 June 1980
	\$	\$	\$
<b>ACQUISITION OF SHARES</b>			
Subscription for 4 000 000 Ordinary Shares of \$2	8 000 000	..	8 000 000
Purchase of Preference Shares	7 688 894	20 000	7 708 894
	<u>15 688 894</u>	<u>20 000</u>	<u>15 708 894</u>
<b>ADVANCES</b>			
Advanced for Capital Works	12 000 000	..	12 000 000
Loan Flotation Expenses	105 766	551	106 317
	<u>12 105 766</u>	<u>551</u>	<u>12 106 317</u>
Total Investments and Advances by the State	<u>27 794 660</u>	<u>20 551</u>	<u>27 815 211</u>
<b>COST TO THE STATE ON ACCOUNT OF THE ABOVE</b>			
Debt Charges	28 621 322	1 346 972	29 968 294
Less Recoups etc., from Corporation-			
Debt Charges	13 184 855	775 379	13 960 234
Dividends on Preference Shares	7 279 166	307 376	7 586 542
	<u>20 464 021</u>	<u>1 082 755</u>	<u>21 546 776</u>
Cost to the State	<u>8 157 301</u>	<u>264 217</u>	<u>8 421 518</u>

The above statement does not take into account the sum of \$10 697 500, already referred to, which was paid into the Consolidated Fund in 1979-80 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 30 June 1980, namely, \$46 552 500.

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 30 June 1980, the State was the registered owner of 3 847 348 shares. The transfer of a further 250 shares was in course and \$13 698 was held by the Corporation for future purchases.

### *Superannuation Fund*

The Gas and Fuel Corporation established a superannuation fund under a trust deed dated 14 June 1951, pursuant to Section 27 of the Gas and Fuel Corporation Act 1958. The accounts of the fund are audited by a private auditor appointed in accordance with the deed. During the year the Corporation made a contribution to the fund of \$5 596 715.

# GEELONG HARBOR TRUST

Pursuant to the provisions of the Geelong Harbor Trust Act 1958, the exclusive management and control of the Port of Geelong is vested in the Commissioners of the Geelong Harbor Trust.

Comparative figures of the Trust's revenue account for the years ended 31 December 1978 and 1979 are shown in the statement hereunder:

## REVENUE

	1978	1979
	\$	\$
Operating Revenue		
Harbor Revenue	3 099 686	3 092 090
Shipping Services	2 444 595	2 550 463
Other	285 126	301 849
Non-operating Revenue		
Interest	363 215	495 546
Sale of Scrap Materials	235	876
	6 192 857	6 440 824

## EXPENDITURE

Operating Expenses		
Administration and General Charges	1 315 088	1 564 075
Shipping Services	1 932 700	1 958 648
Maintenance	764 333	657 270
Depreciation and Amortisation	860 831	848 497
Non-operating Expenses		
Superannuation and Gratuities	369 474	391 060
Interest	115 001	83 052
Long Service Leave	86 823	87 464
Miscellaneous	2 148	36 460
	5 446 398	5 626 526
Net Surplus	746 459	814 298

## NET REVENUE STATEMENT

	1978	1979
	\$	\$
Balance 1 January	10 521 662	11 221 432
Add Surplus for year	746 459	814 298
	11 268 121	12 035 730
Less Provision for Long Service Leave	31 904	57 117
Allocation to Sinking Fund	14 785	13 710
	46 689	70 827
Balance 31 December	11 221 432	11 964 903

The following is an abridged statement of the Trust's balance sheet at 31 December 1978 and 1979.

31.12.78		\$	\$	31.12.79
\$				\$
	CURRENT ASSETS			
2 100	Cash	5 150		
1 959 252	Investments	*5 455 612		
723 042	Sundry Debtors and Prepayments	719 818		
73 184	Stores (at cost)	73 076		
<hr/>				
2 757 578			6 253 656	
<hr/>				
	DEFERRED ASSETS			
1 798 064	Various Advances etc.		+1 606 469	
<hr/>				
	FIXED ASSETS (at cost)			
480 786	Land		++396 329	
2 110 618	Buildings and Improvements	2 208 429		
(1 069 910)	Less Provision for Depreciation	1 135 203		
			<hr/>	
			1 073 226	
27 527 718	Harbor Works	27 732 535		
(9 129 713)	Less Provision for Depreciation and Amortisation			
		9 776 009		
			<hr/>	
			17 956 526	
3 004 579	Floating Plant	886 238		
(1 956 653)	Less Provision for Depreciation			
		616 245		
			<hr/>	
			269 993	
674 872	Other Plant and Vehicles	699 448		
(412 388)	Less Provision for Depreciation	433 457		
			<hr/>	
			265 991	
82 010	Furniture and Fittings	136 345		
(62 070)	Less Provision for Depreciation	64 145		
			<hr/>	
			72 200	
<hr/>				
21 249 849				20 034 265
<hr/>				
	FUNDS			
7 509 271	Specific Funds			8 241 678
<hr/>				
33 314 762	Total Assets			<hr/> 36 136 068

\* Consisting of Bank Accepted Bills (at cost) \$1 105 612, Official Short-Term Money Market \$400 000, Term Deposit \$3 950 000

+ Consisting of Advances re commercial mortgages etc. \$1 406 859, staff housing \$171 843, other \$27 767

++Consisting of Vested Land (at book value) \$15 909 (cost-nil), Purchased Land (at cost) \$380 420

31.12.78		\$	\$	31.12.79
\$				\$
	CURRENT LIABILITIES			
38 946	Bank Overdraft			
225 482	Sundry Creditors and Accruals		391 286	
..	Deposits, Retentions and Options		16 455	
			<hr/>	
264 428				407 741
<hr/>				

31.12.78			31.12.79
\$		\$	\$
	DEFERRED LIABILITIES		
1 478 500	Inscribed Stock	1 371 000	
623 305	Provision for Long Service Leave	450 933	
<hr/>		<hr/>	
2 101 805			1 821 933
	CAPITAL AND RESERVES		
5 658 224	Endowments	5 695 224	
6 559 602	General Reserve	8 004 589	
11 221 432	Net Revenue Account	11 964 903	
7 509 271	Specific Reserves	8 241 678	
<hr/>		<hr/>	
30 948 529			33 906 394
<hr/>			<hr/>
33 314 762	Total Liabilities		36 136 068
<hr/>			<hr/>

The increase in Investments arose mainly from funds made available from the sale of the Trust's commercial tugs and launches, disposal of land, and the surplus for the year.

### General Reserve

Details of the movements in the General Reserve for the year are as follows:

	\$	\$
Balance 1 January		6 559 602
Profit on sale of assets		1 434 030
Return of superannuation contributions		10 957
		<hr/>
Balance 31 December		8 004 589
		<hr/>

### Specific Reserves Funds

Transactions within the respective reserves and funds during 1979 are given hereunder:

	Port Development Fund	Insurance Reserve Fund	Sinking Fund	Total
	\$	\$	\$	\$
Balance 1 January	4 850 565	2 579 355	79 351	7 509 271
Allocation from Revenue	..	..	13 710	13 710
Interest on Investments	453 285	255 518	4 778	713 581
Profit on realisation of inscribed stock	2 587	2 441	88	5 116
	<hr/>	<hr/>	<hr/>	<hr/>
Balance 31 December	5 306 437	2 837 314	97 927	*8 241 678
	<hr/>	<hr/>	<hr/>	<hr/>

\* Consisting of Inscribed Stock (at cost) \$6 292 685, Bank Accepted Bills (at cost) \$1 284 551, Term Deposit and Cash \$664 442

## *Provision for Long Service Leave*

An amount of \$57 117, in respect of employees attaining 10 years service during the year under review, was appropriated to the provision for long service leave from the net surplus at 31 December 1979. An additional amount of \$87 464 was credited to the provision in respect of employees already qualified in terms of service. Payments during 1979 totalled \$316 953 leaving a balance, at 31 December 1979, of \$450 933.

The decrease in the balance of the provision resulted from the transfer of maritime employees involved in towage operations to Geelong Port Services Pty. Ltd. The company is now responsible for the Geelong Harbor towage operations.

## **Geelong Harbor Trust Superannuation Fund**

The Geelong Harbor Trust Superannuation Fund is operated in accordance with the regulations prescribed pursuant to Section 99 of the Geelong Harbor Trust Act 1958. On retirement, contributors are entitled to a lump-sum cash payment of an amount equivalent to their equity in the fund at that date.

Details of the fund's operations for 1978 and 1979 are shown hereunder:

1978		1979
\$		\$
3 242 316	Balance 1 January	3 934 450
327 665	Add Contributions - Trust (net)	336 435
173 617	Employees	180 532
40 119	Recoup Death and Disability Insurance Policy	8 823
287 256	Investment Income	372 855
<hr/>		<hr/>
4 070 973		4 833 095
136 523	Less Benefit Payments	897 730
<hr/>		<hr/>
3 934 450	Balance 31 December	*3 935 365
<hr/>		<hr/>

\* Consisting of Inscribed Stock (at par) \$3 513 300, Official Short Term Money Market \$340 000 and Cash \$82 065

Pursuant to an agreement entered into on 14 September 1979 with Geelong Port Services Pty. Ltd. the Commissioners have a contingent liability in maintaining the Superannuation benefits of the transferring Trust maritime employees during the term of the said agreement or any extension thereof. The agreement provides that transferring employees shall be entitled to the same superannuation benefits as if they had remained in the employ of the Trust.

# GRAIN ELEVATORS BOARD

The Grain Elevators Board is constituted under the provisions of the Grain Elevators Act 1958 and operates as the bulk handling authority in Victoria.

For the year ended 31 October 1979 wheat, barley and oats were handled by the Board as agent for the Australian Wheat Board, the Australian Barley Board and various oat traders including the Victorian Oatgrowers Pool and Marketing Co. Ltd. respectively. Receipts in tonnes by the Board, as agent, for the 1978-79 season compared with 1977-78 were:

	1977-78	1978-79
Wheat	1 532 296	3 460 846
Barley	289 477	467 931
Oats	..	164 927
	1 821 773	4 093 704

A charge, covering the use of Board facilities etc., is made for each tonne of grain handled by the Board.

In addition, other grain, including barley and oats, was received from merchants for shipping through the Geelong and Portland terminals. Charges for these services are made in accordance with the Board's by-laws.

## *Loan Liability*

Under the Grain Elevators Act 1958 the Board may borrow up to \$45 000 000. Loan liability shown in the balance sheet at 31 October 1979 amounted to \$32 725 470 and comprised the following:

	\$
Inscribed stock issued by the Board	*29 664 629
Advances from Works and Services Account	1 261 241
Portland Harbor Trust inscribed stock taken over by the Board (balance)	1 799 600
	32 725 470

\* Includes \$182 000, formerly Portland Harbor Trust inscribed stock, now cancelled and re-issued to stockholders as Board stock.

In addition the Board has repaid the following amounts together with interest to the Trust:

	1977-78	1978-79
	\$	\$
Interest on Loans	128 866	136 143
Reduction of Principal	11 200	7 200
	<hr/>	<hr/>
	140 066	143 343
	<hr/>	<hr/>

The Board, which does not appear to have specific powers under the Grain Elevators Act 1958 to make these payments, has sought legal advice on the matter.

### *Portland Facilities*

The authority for the Portland Harbor Trust Commissioners to operate and maintain the grain terminal at Portland was revoked from 1 July 1977.

By agreement between the two bodies, and with Ministerial approval, operational control of the Trust's grain handling facilities was taken over by the Board from 1 November 1977.

Correspondence between the Trust and the Board disclosed that agreement had been reached on the takeover of certain of the Trust's assets as follows:

	\$
Written down value of Grain Terminal fixed assets	1 913 067
Road and rail works	94 567
	<hr/>
	2 007 634
	<hr/>

At the date of preparation of this report no formal contract had been executed but these assets were incorporated in the Board's accounting records during 1978-79 and appeared in the balance sheet at 31 October 1979.

In addition, there are two other principal matters where final agreement between the Board and the Trust has not been reached:

- (a) valuation of the grain gantry and shiploaders; and
- (b) acquisition or lease of the land upon which the grain facilities are located.

These assets were not included in the Board's accounts at 31 October 1979 but the Board continued to expend amounts on outloading facilities at Portland located on the land it is negotiating to acquire or lease from the Trust. Expenditure totalling \$14 321 in 1978-79 (\$622 038, 1977-78) was included in the balance sheet under the heading of fixed assets.

## Qualification of Board's Financial Accounts

The matters, mentioned under the heading "Portland Facilities" in this report and detailed by the Board in note 8 to its accounts for 1978-79, which are yet to be finalised i.e. valuation of the grain gantry and shiploaders, acquisition or lease of the land upon which these assets are situated and the execution of a formal contract with the Portland Harbor Trust, form the bases of the qualification I found necessary to record on the balance sheet of the Grain Elevators Board for 1978-79.

### Changes in Accounting Methods

The Board's policy of following accounting standards issued by Australian Accounting Bodies together with its adoption of a full accruals basis of accounts preparation in 1977-78 has resulted in additional changes in accounting methods in 1978-79. Comparative figures are not included in my report this year as meaningful comparisons with the previous year cannot be made.

A summary of these changes together with their effect on the 1978-79 accounts is shown hereunder:

- (a) Operating surplus increased by \$2 909 143 resulting from:
  - (i) the inscribed stock sinking fund contribution being treated as an appropriation (\$339 025),
  - (ii) income from investments, previously credited direct to various funds, being included as revenue (\$2 521 653); and
  - (iii) the increase in the Board's equity in the National Debt sinking fund being offset against its contribution to the sinking fund in the profit and loss account (\$48 465).
- (b) An increase of \$9 328 141 in revenue surpluses shown under the heading of accumulated revenue resulted from the write back of the following reserves or funds:

	\$
Cancelled Securities Reserves	
National Debt Sinking Fund	848 385
Debenture and Inscribed Stock	2 216 947
Matured Loans	2 213 806
Office Building Reserve Fund	1 807 693
Contribution from Reserve Fund for Renewal of Assets	2 241 310

- (c) The amount set aside to meet the Boards future liability for superannuation was treated as an expense and shown in the accounts as a provision.



- (d) The portion of the Depreciation Reserve Fund which is in fact a provision for depreciation was shown as a deduction from the asset to which it related. There was no effect on the result for the year but in the balance sheet both items, Reserves and Funds and Fixed Assets were reduced by \$12 314 511.

### Revenue

Revenue of the Board for 1978-79 consisted of the following items:

	\$
Wheat handling charges	24 036 441
Barley handling charges	3 603 069
Other grain handling recoveries	1 938 955
Interest on investments	2 521 653
	<hr/>
	32 100 118
	<hr/>

### Expenditure

Expenditure for 1978-79 consisted of the following items:

	\$
Head Office expenses	2 033 094
Maintenance and operating expenses	13 467 682
Board fees	47 749
Audit fees	10 000
Fumigants	1 360 277
Depreciation	1 318 001
Interest	2 446 495
	<hr/>
	20 683 298
	<hr/>

### Profit and Loss Account

The Board's profit and loss account for the year ended 31 October 1979 follows:

	1978-79
	\$
Revenue	32 100 118
Expenditure	20 683 298
	<hr/>
Operating Surplus	11 416 820
Add	
Accumulated Revenue 1 November (adjusted)	9 860 082
Inscribed Stock Sinking Fund	347 424
	<hr/>
	21 624 326
	<hr/>

Less Appropriations	
General Reserve (Handling Charges Equalisation) Fund	3 000 916
Inscribed Stock Sinking Fund	339 025
	<hr/>
	3 339 941
	<hr/>
Accumulated Revenue 31 October	18 284 385
	<hr/>

### Balance Sheet

A summary of the Board's balance sheet at 31 October 1979 follows:

		31.10.79
		\$
		\$
FIXED ASSETS		
at cost	51 134 172	
at valuation	13 147 061	
	<hr/>	
	64 281 233	
less provision for depreciation	12 314 511	
	<hr/>	51 966 722
INVESTMENTS		18 763 500
NON CURRENT ASSETS		44 110
CURRENT ASSETS		
Short-term Deposits	5 694 396	
Amounts Receivable		
Australian Wheat Board	8 014 586	
Australian Barley Board	377 652	
Sundry Debtors	719 979	
Sundry Advances	331 736	
Stores (at cost)	792 059	
	<hr/>	15 930 408
		<hr/>
		86 704 740
		<hr/>
LOAN LIABILITY		
Government of Victoria	1 261 241	
Inscribed Stock	29 664 629	
Portland Harbor Trust Loan	1 799 600	
	<hr/>	32 725 470
RESERVES AND FUNDS		
Inscribed Stock Sinking Fund	1 957 023	
Depreciation Reserve Fund	7 715 173	
General Reserve (Handling Charges Equalisation) Fund	7 000 000	
Renewals Reserve Fund	1 555 821	
Asset Revaluation Reserve	10 773 121	
Insurance Reserve Fund	103 199	
	<hr/>	29 104 337
ACCUMULATED REVENUE		18 284 385



## *Investments*

Investments at 31 October 1979 consist of:

	31.10.79
	\$
Inscribed Stock in semi and local government authorities	15 800 000
Grain Elevators Board Inscribed Stock	2 588 500
Debentures in semi-government authorities	250 000
Loan secured by mortgage deed	125 000
	<hr/>
	18 763 500
	<hr/>

## *Provisions*

Provisions at 31 October 1979 were:

	31.10.79
	\$
Provision for Interest Payable	492 282
Provision for Long Service Leave	480 341
Provision for Annual Leave	459 369
Provision for Superannuation	1 899 086
	<hr/>
	3 331 078
	<hr/>

## *Grain Handling Improvement Authorities*

The Grain Handling Improvement Authorities Act 1979 provided for the establishment of 3 separate authorities from 22 December 1979 as follows:

Geelong Grain Handling Improvement Authority  
Portland Grain Handling Improvement Authority  
Country Grain Handling Improvement Authority

The authorities are required to prepare accounts at 31 October and details will be included in my report for 1980-81.

## GREYHOUND RACING CONTROL BOARD

The Greyhound Racing Control Board is constituted under the provisions of sub-section (1) of Section 69 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 the Board's financial scheme under Section 116I of the Act, registration fees and a statutory contribution of 3 per cent. of the gross revenue of registered Greyhound Racing Clubs.

The Board's statement of income and expenditure for 1978-79 and 1979-80 is summarised hereunder. The figures for 1979-80 are subject to audit.

	1978-79	1979-80
	\$	\$
<b>INCOME</b>		
Registration	73 445	81 938
Totalizator Agency Board	168 171	213 161
Statutory Contributions by Clubs	67 084	46 051
Other Income	14 571	13 339
	323 271	354 489
<b>EXPENDITURE</b>		
Board Members-Salaries and Expenses	19 135	17 536
Supervision Fees-Stewards	121 521	123 293
Salaries	114 133	115 558
Publication of Journal	23 574	35 723
Office Expenses	53 900	48 494
National Coursing Association of Victoria	24 024	30 452
Miscellaneous	38 009	39 822
	394 296	410 878
Deficit	71 025	56 388
Net (Accumulation) Deficit 1 August	(65 019)	6 006
Net Deficit 31 July	6 006	62 394

The following is a summary of the balance sheets for the years ended 30 June 1979 and 1980.

	30.6.79	30.6.80
	\$	\$
CURRENT LIABILITIES		
Sundry creditors	7 453	23 963
Accruals	200	200
Registration fees in advance	38 906	61 589
Bank overdraft	41 229	56 000
	<u>87 788</u>	<u>141 752</u>
Less		
FIXED ASSETS	19 692	21 355
Less Provision for Depreciation	7 096	8 342
	<u>12 596</u>	<u>13 013</u>
CURRENT ASSETS		
Sundry debtors	13 640	11 936
Stock on hand	4 746	4 209
Deposits	100	100
Cash in hand	100	100
	<u>18 586</u>	<u>16 345</u>
LOANS TO CLUBS	50 600	50 000
	<u>81 782</u>	<u>79 358</u>
ACCUMULATED DEFICIT	6 006	62 394
	<u>6 006</u>	<u>62 394</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 out of that fund are generally by way of both lump sum and pension payable upon retirement, death or disability.

The annual audit of the Hospitals Superannuation Fund is conducted by my officers pursuant to the provisions of the Hospitals Superannuation Act 1965. 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.

The 1978-79 accounts, made available in January 1980, have been audited. The 1979-80 accounts are subject to my audit.

Details of the major funds administered by the Board are as follows:

## 1978-79

	Approved Scheme \$	Provident Account \$	Supplementary Contribution \$	Pension Scheme \$	Terminal Benefits Class "B" Institution \$
Balance 1 July 1978	47 696 015	2 469 176	3 332 227	2 139 722	1 239 926
Add					
Contributions	7 656 783	149 789	709 825	3 092 165	182 429
Matured Policies	..	1 091	..	..	..
Withdrawal					
Surplus	614 901	29 577	..	..	..
Distribution of Fund Income	5 663 498	276 459	396 661	355 141	153 135
	<u>61 631 197</u>	<u>2 926 092</u>	<u>4 438 713</u>	<u>5 587 028</u>	<u>1 575 490</u>
Less					
Benefits	3 402 713	270 281	355 462	1 202 734	51 002
Withdrawal					
Surplus	637 047	..	..	..	..
Transfer to Non-contributing	293 976	12 447	20 899	..	..
Insurance Charge	580 730	..	..	..	..
Management Charge	360 718	5 992	39 039	232 330	..
	<u>5 275 184</u>	<u>288 720</u>	<u>415 400</u>	<u>1 435 064</u>	<u>51 002</u>
Balance 30 June 1979	<u>56 356 013</u>	<u>2 637 372</u>	<u>4 023 313</u>	<u>4 151 964</u>	<u>1 524 488</u>

	Approved Scheme \$	Provident Account \$	Supplementary Contribution \$	Pension Scheme \$	Terminal Benefits Class "B" Institution \$
Balance 1 July 1979	56 356 013	2 637 372	4 023 313	4 151 964	1 524 488
Add					
Contributions	8 142 778	123 651	812 072	4 627 904	146 529
Matured Policies					
Withdrawal					
Surplus	716 980	28 537	..	..	..
Distribution of					
Fund Income	8 834 182	360 642	629 123	846 597	246 957
	<u>74 049 953</u>	<u>3 150 202</u>	<u>5 464 508</u>	<u>9 626 465</u>	<u>1 917 974</u>
Less					
Benefits	4 102 206	502 014	477 941	1 835 154	80 293
Withdrawal					
Surplus	733 087	..	..	..	..
Transfer to Non-					
contributing	522 573	23 210	53 308	..	..
Insurance Charge	810 223	..	..	..	..
Management					
Charge	387 026	4 946	44 664	228 728	..
	<u>6 555 115</u>	<u>530 170</u>	<u>575 913</u>	<u>2 063 882</u>	<u>80 293</u>
Balance 30 June 1980	<u>67 494 838</u>	<u>2 620 032</u>	<u>4 888 595</u>	<u>7 562 583</u>	<u>1 837 051</u>

### Actuarial Investigation

The Board, in accordance with the Hospitals Superannuation Act 1965 is required to cause a triennial investigation to be carried out into the financial position of the Hospitals Superannuation Fund. Reports on the financial position at 30 June 1978, provided to the Board indicated that within the Fund:

- (a) the Lump Sum Scheme was financially sound; and
- (b) the Pension Scheme - Institutions Fund had a deficit of \$302 775 at that date (\$942 018 at 30 June 1979) but that with the increased levy (0.78 per cent. to 2.37 per cent.), effective from 7 September 1979, the deficit should be reduced to a small surplus by 30 June 1982.

### Management Account

The Act provides for the operation of a Management Account within the Hospitals Superannuation Fund.

Summaries of the transactions of the Management Account during 1978-79 and 1979-80 and the balance sheets of the Board at 30 June 1979 and 30 June 1980 are shown on the following pages:



ADMINISTRATION

	1978-79	1979-80
	\$	\$
<b>INCOME</b>		
Management Proportion of Contributions	416 819	457 249
Commission	17 419	10 986
Distribution of Earnings	57 077	91 533
	<u>491 315</u>	<u>559 768</u>
 <b>EXPENDITURE</b>		
Salaries	360 534	397 852
Provision for Long Service Leave	7 000	16 440
Staff Superannuation	11 136	16 515
Actuarial Fees	59 159	65 652
Audit Fees	13 954	13 250
Board Members' Fees	12 435	11 441
Legal Fees	375	252
Medical Fees	35 764	31 832
Office and Miscellaneous Expenses	175 814	147 400
Depreciation	11 437	15 568
	<u>687 608</u>	<u>716 202</u>
Less Pension Scheme proportion of Management Expenses	232 330	228 728
	<u>455 278</u>	<u>487 474</u>
Transfer to Accumulated Fund	36 037	72 294
	<u>491 315</u>	<u>559 768</u>

ACCUMULATED FUND

Balance 1 July	359 282	382 412
Transfer from Administration	36 037	72 294
	<u>395 319</u>	<u>454 706</u>
 Less		
Contribution from the Accumulated Fund for the purchase of Capital Assets	12 907	1 607
	<u>382 412</u>	<u>453 099</u>
Balance 30 June	<u>382 412</u>	<u>453 099</u>

MANAGEMENT RESERVE ACCOUNT

Balance 1 July	44 024	59 319
Transfer from Welfare Accounts	15 295	31 712
	<u>59 319</u>	<u>91 031</u>
Balance 30 June	<u>59 319</u>	<u>91 031</u>

## BALANCE SHEET

	30.6.79	30.6.80
	\$	\$
<b>CONTRIBUTORS' FUNDS</b>		
Members' Accounts		
Approved Schemes	56 356 013	67 494 838
Provident	2 637 372	2 620 032
Supplementary Contributions	4 023 313	4 888 595
Non-contributing	402 191	567 643
	<u>63 418 889</u>	<u>75 571 108</u>
<b>OTHER FUNDS</b>		
Pension Scheme	4 151 964	7 562 583
Insurance	45 937	86 244
Mortgage Indemnity	10 960	12 680
Terminal Benefits-Class "B"		
Institutions	1 524 488	1 837 051
Management Accumulated Fund	382 412	453 099
	<u>6 115 761</u>	<u>9 951 657</u>
<b>RESERVES</b>		
Welfare Reserve	200 000	200 000
Income Stabilisation Reserve	1 036 070	3 744 869
Management Capital Account	81 736	83 343
Management Reserve	59 319	91 031
Cancer Institute Scheme Welfare Reserve	13 357	..
	<u>1 390 482</u>	<u>4 119 243</u>
	<u>70 925 132</u>	<u>89 642 008</u>
Represented by:		
<b>FIXED ASSETS</b>		
Furniture, Fittings, Equipment and Motor Vehicles (at cost)	81 736	83 343
Less Provision for Depreciation	35 789	42 000
	<u>45 947</u>	<u>41 343</u>
<b>INVESTMENTS</b>		
Life Assurance Companies' Schemes	40 293 911	53 907 858
Trustee Company's Scheme (at cost)	250 000	250 000
Government and Semi-Government Stock (Face Value \$21 359 978)	14 159 842	21 179 957
Mortgage Loans	16 251 488	16 274 118
Deposits-Short Term Money Market	2 450 000	1 150 000
	<u>73 405 241</u>	<u>92 761 933</u>
<b>CURRENT ASSETS</b>		
Cash at Bank and on Hand	29 970	143 694
Sundry Debtors	251 759	254 261
Income Accrued	362 353	599 992
Benefits and Prepaid Expenses	1 456	12 094
	<u>645 538</u>	<u>1 010 041</u>
	<u>74 096 726</u>	<u>93 813 317</u>
Less		
<b>CURRENT LIABILITIES</b>		
Bank Overdraft	72 107	..
Sundry Creditors and Accrued Expenses	117 247	463 532

	30.6.79	30.6.80
	\$	\$
Contributions Received in		
Advance	548 520	600 214
Provision for Long Service Leave	50 000	65 000
Benefits Payable	774 329	404 694
Deferred Benefits	695 382	889 108
Disability Benefits	856 097	1 675 906
Annuities	57 912	72 855
	<u>3 171 594</u>	<u>4 171 309</u>
	<u>70 925 132</u>	<u>89 642 008</u>

The Board's income during 1979-80, available for distribution, was \$14 139 384. Of this amount \$2 714 182 was transferred to Income Stabilisation Reserve. The balance of the reserve at 30 June 1980 was \$3 714 869.

## HOUSING COMMISSION

The Housing Commission was constituted under the provisions of the Housing Act 1958, and reconstituted by the provisions of the Housing (Amendment) Act 1978, which came into operation on 24 January 1979.

The main functions of the Commission are the provision of houses for letting or selling to eligible persons, improvement of existing housing conditions, urban redevelopment and the development and sale of land for housing and related purposes.

For these purposes, the State has made loan allocations to the Commission and the Commission, itself, has raised loan moneys by the issue of debentures. However, the major funds which have been allocated to the Commission for housing projects have been those which, between 1945-46 and 1979-80, were advanced by the Commonwealth in terms of a series of Commonwealth-State Housing Agreements the last of which was the Commonwealth-State Housing Agreement 1978, which came into operation on 1 July 1978 for a 3 year period. Also, many municipalities have, in various forms, assisted the Commission with cash contributions, rate refunds and gifts of land for housing projects of a special nature.

During 1979-80, loan advances totalling \$25 091 150 were received from the Commonwealth consisting of \$25 046 000 for housing generally under the 1978 Housing Agreement and the Commonwealth's Housing Assistance Act 1978, and \$45 150 for defence housing under the terms of the Commonwealth-State Housing Agreement (Servicemen) 1978.

Also under the terms of the 1978 Housing Agreement and the Commonwealth's Housing Assistance Act 1978, the Commonwealth provided grants of \$22 231 000 for rental assistance for pensioners and other persons in need.

In addition, the Commonwealth provided grants of \$943 250 as an interest subsidy and \$356 535 for aboriginal housing under the Aboriginal Advancement Act 1976.

A summary of the Commission's revenue and expenditure for 1978-79 and 1979-80 is furnished below. The figures in respect of 1979-80 are subject to audit.

	1978-79	1979-80
	\$	\$
<b>REVENUE</b>		
Rentals	53 899 567	54 546 708
Gross Surplus-House Sales	11 664 648	8 227 131
Gross Profit-Land Sales for Residential Purposes	289 185	76 098
Interest		
House Sales (net)	4 427 503	4 162 828
Sundry	2 363 851	3 794 925
Urban Renewal Subsidy	502 556	495 231
Certificate Fees	306 400	422 978
Miscellaneous	353 744	252 395
	73 807 454	71 978 294
Total Revenue	73 807 454	71 978 294

	1978-79	1979-80
	\$	\$
<b>EXPENDITURE</b>		
Interest-less amounts capitalised and applied to House Sales	15 279 713	15 696 560
Loan Redemption-Commonwealth-State Agreements	3 257 317	3 410 316
	<hr/>	<hr/>
	18 537 030	19 106 876
Less Interest and Redemption included in Operating Costs of Parking Bays and Hot Water Services	429 250	429 250
	<hr/>	<hr/>
	18 107 780	18 677 626
Contribution to National Debt Sinking Fund	15 771	18 888
Debenture Loan Sinking Fund	7 000	7 000
Administration		
General	5 146 476	5 887 651
House Sales	1 974 943	2 125 450
Land Sales-Residential	153 713	138 669
Cost of Rent Collection in Country Areas etc.	410 934	525 207
Rates-less amount capitalised	8 522 636	9 679 191
Insurable Risks	325 546	333 878
Loan Conversion Expenses	2 412	1 189
Maintenance	14 504 589	17 052 612
Provision for Irrecoverable Rents	161 344	392 923
Cost of Communal Services-Flats and Garden Maintenance	4 080 214	4 527 566
Operating Costs		
Laundries	363 827	290 545
Parking Bays	338 582	338 053
Appropriation to House Purchasers' Death Benefit Fund	431 851	475 709
Maintenance and Repairs on Houses Sold	637 781	685 617
Maintenance (Rental) Bad Debts written off	98 955	125 447
Central Heating and Hot Water Services	1 912 515	1 937 842
Preparation of "Green Paper" on Housing	..	160 823
Special Payments to Employees on Termination	53 907	..
Land Enquiry Costs	..	534 769
Miscellaneous	233 156	251 954
	<hr/>	<hr/>
	57 483 932	64 168 609
Less Transfer from Land (Residential)		
Unrealised Profit Suspense Account	273 117	342 527
Transfer from House Sales Unrealised Profit Suspense Account	2 969 050	2 758 337
	<hr/>	<hr/>
Total Expenditure	54 241 765	61 067 745
Operational Profit for the Year	19 565 689	10 910 549
Less Appropriation to House Purchasers' Interest Receivable Reserve	2 062 480	1 702 413
	<hr/>	<hr/>
Profit-transferred to Accumulated Surplus Account	17 503 209	9 208 136
	<hr/>	<hr/>

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

	1978-79		1979-80	
	\$	\$	\$	\$
Surplus-Miscellaneous Funds		*2 149 273		*2 694 643
Net Profit-Residential Lands				
Sales		551 084		343 797
Realised Profit-House Sales		14 143 800		10 337 569
Rental Operations		847 662		..
Urban Renewal Operations		57 028		..
		<u>17 748 847</u>		<u>13 376 009</u>
Less				
Loss-Rental operations	..		4 006 224	
Cost of Statutory Functions- non-revenue producing	245 638		161 648	
		<u>245 638</u>	<u>161 648</u>	<u>4 167 872</u>
Profits-transferred to				
Accumulated Surplus Account		17 503 209		9 208 137
		<u>17 503 209</u>		<u>9 208 137</u>

\* Includes notional interest on interest-free loans-1978-79 \$137 491, 1979-80 \$89 364

### *Rental Operations*

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:

	1978-79		1979-80	
	\$	\$	\$	\$
Gross rental charges		64 921 802		69 055 155
Deduct				
Rental rebates allowed	9 777 951		12 766 179	
Losses from vacancies	1 244 285		1 742 268	
		<u>11 022 236</u>	<u>14 508 447</u>	
Credit for Rentals-General Revenue Account		53 899 566		54 546 708
		<u>53 899 566</u>		<u>54 546 708</u>

Although rents charged increased by \$4 133 353 due to a general rise in rents in the metropolitan area, effective from July 1979, the gain from this was substantially offset by an increase in rebates of \$2 988 228.

The main factors contributing to the loss on rental operations of \$4 006 224 were increased maintenance costs of \$2 548 024, increases in rates \$1 156 555, and increased losses due to vacancies and defaults of \$729 562.

## Sales of Houses

For the year, 1292 units costing \$30 923 014 were sold for a total sum of \$39 150 146, giving a gross surplus of \$8 227 131.

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	8 227 131	
Add Transfer from House Sales Unrealised Profit Suspense Account	2 758 337	
	<hr/>	10 985 468
Interest receivable on Terms Sales	19 329 186	
Less Interest payable on houses sold	15 519 647	
	<hr/>	
Interest on House Sales (net)	3 809 539	
Less Appropriation to House Purchasers' Death Benefit Fund	475 709	
	<hr/>	3 333 830
Other House Sales revenue		566 263
		<hr/>
		14 885 561
Less Administration-House Sales	2 125 450	
Maintenance and repairs on houses sold	685 617	
Miscellaneous	34 513	
	<hr/>	2 845 580
		<hr/>
		12 039 981
Less Appropriation to Interest Receivable Reserve- House Purchasers		1 702 412
		<hr/>
Net Credit to General Revenue-Realised Profit on House Sales		10 337 569
		<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 Realised Profit Reserve Account.

Realised profit on sales of land for residential purposes for the year amounted to \$343 797 compared with \$551 084 for 1978-79.

## Balance Sheet

The financial position of the Commission at 30 June 1979 and 1980 is summarised hereunder:

30.6.79		30.6.80
\$		\$
	CURRENT ASSETS	
11 667 497	Sundry Debtors	8 806 013
3 262 609	Cash at Bank and in transit	3 729 207
		<hr/>
14 930 106		12 535 220
		<hr/>
31 463 644	INVESTMENTS	23 752 059
		<hr/>

30.6.79				30.6.80
\$				\$
		DEEFERRED ASSETS		
421 551 340		House Purchase Debtors		438 365 627
<hr/>				
		FIXED ASSETS		
156 031 988		Estates-Cost of land, developmental and incidental expenses	169 237 423	
463 746 103		Dwellings and Shops	489 194 072	
1 277 990		Holmesglen Constructions-Land and Buildings etc.	1 281 213	
388 553		Urban Renewal-Properties acquired	468 727	
23 908 838		Properties acquired for Slum Reclamation	23 342 807	
3 331 295		Store-rooms, Offices etc.	3 375 524	
2 543 801		Plant, Vehicles, Office Furniture and Equipment	2 213 755	
400		Shares-31 Melrose Street Pty. Ltd.	400	
<hr/>				
651 228 968				689 113 921
<hr/>				
21 489 901		URBAN LAND COUNCIL LAND PURCHASED FOR RESALE (at cost) *		..
178 972		HOME PURCHASE ASSISTANCE SUSPENSE ACCOUNT		511 042
		DEPOSIT AND TRUST ACCOUNT		
1 418 561		Cash at Bank and Securities		1 352 720
		INTANGIBLES		
654 505		Plans and Designs etc.		784 252
<hr/>				
1 142 915 997				1 166 414 841
<hr/>				
		CURRENT LIABILITIES		
3 613 726		Sundry Creditors		3 812 735
		LOANS		
880 527 571		Government advances	864 747 542	
1 400 000		Debenture issues	2 570 160	
7 387 913		Death Benefit Fund advances	8 696 902	
<hr/>				
889 315 484				876 014 604
<hr/>				
		ADVANCES AND SUBSIDIES		
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	
20 008 000		Commonwealth Grant-Rental Assistance to Pensioners and other Persons in Need	42 239 000	
535 466		Advance for Urban Renewal	656 235	
6 050 794		Advance for Aboriginal Housing	6 352 975	
..		Advance for Apprenticeship Scheme	75 883	
<hr/>				
30 869 788				53 599 621
<hr/>				

\* Refer page 64 of this report



30.6.79		\$	30.6.80
		\$	\$
	RESERVES AND SINKING FUND etc.		
1 446 426	Interest Equalisation Reserve	1 680 961	
100 000	Debenture Loans Redemption	100 000	
1 961 426	Cancelled Securities-National Debt Sinking Fund	2 164 842	
282 633	Debenture Loan Sinking Fund	321 510	
35 249 404	Loan Redemption-Commonwealth- State Agreements	37 864 290	
100 000	Irrecoverable Rents Provision	250 000	
65 746 689	Unrealised Profit Suspense Account- House Sales	62 033 146	
839 879	Unrealised Profit Suspense Accounts- Land and Shops	991 879	
14 835 564	House Purchasers' Death Benefit Fund	15 838 683	
9 306 776	Realised Profit Reserves	9 017 713	
29 802 842	Interest Receivable Reserve- House Purchasers	33 972 987	
2 700 000	Appropriation of House Sales Profits for Slum Reclamation Works	2 700 000	
..	Provision for Long Service Leave and Retiring Gratuities	149 527	
5 000	Provision for Loan Flotation Expenses	5 000	
<hr/>		<hr/>	
162 376 639			167 090 538
<hr/>			
55 321 799	ACCUMULATED SURPLUS		64 544 623
<hr/>			
	DEPOSIT AND TRUST ACCOUNT		
1 418 561	Contractors' deposits and other trust moneys		1 352 720
<hr/>			<hr/>
1 142 915 997			1 166 414 841
<hr/>			<hr/>

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

### *Sundry Debtors*

Details at 30 June 1980 were:

Rental Arrears	\$ 2 828 621
Tenants' Maintenance Arrears	373 957
Works and Materials etc. for other bodies and adjoining owners etc.	1 841 358
Debtors on account of Shop and Land Sales (net)	2 714 431
Revenue Accruals, Prepayments and Advances etc.	1 047 646
	<hr/>
	8 806 013
	<hr/>

Rental arrears increased from \$2 089 826 to \$2 828 621 during the year, an increase of 35 per cent. Of these, tenants in arrears 10 weeks and over increased from \$623 926 to \$963 068, an increase of 54 per cent.

An amount of \$246 985 was written off as uncollectable for the year 1979-80 compared to \$162 603 for the previous financial year, an increase of 52 per cent.

### *Investments*

The book value of investments decreased during the year from \$31 463 464 to \$23 752 059. Relevant details at 30 June 1980 are:

	\$
Interest-free advances to other Public Authorities	2 792 202
Loan to a Public Authority	* 321 511
Investments-Sinking Fund	+15 709 667
Investments-Death Benefit Fund	++4 000 000
Community Facilities	928 679
	<hr/>
	23 752 059
	<hr/>

\* Consisting of Inscribed Stock

+ Consisting of Investments in Public Authorities \$7 012 765 and invested in the Commission's undertaking \$8 696 902 (See reference to Death Benefit Fund on page 62 of this report.)

++Consisting of Short-term Bank Deposits

### *Holmesglen Constructions*

This organisation operates mainly as a concrete construction factory and a building arm of the Commission. Included in the amounts \$1 277 990 and \$1 281 213 at 30 June 1979 and 1980 are the sums \$325 039 and \$312 418 representing what are in effect, the notional liabilities, at the respective dates, of Holmesglen Constructions to the Commission. The decrease during the year is explained as follows:

	\$	\$
Liability of Holmesglen		
Constructions to Commission		
on account of advances for		
improvements and for working		
capital at 30 June 1979		325 039
Add		
Decrease in Current Liabilities		248 639
		<hr/>
		573 678
Less		
Decrease in Current Assets	17 794	
Decrease in Fixed Assets	105 979	
Increase in Reserves	137 487	
	<hr/>	
		261 260
		<hr/>
		312 418
		<hr/>

Holmesglen Constructions was charged interest at the rate of 4 per cent. per annum on the book value of its land, buildings and road services etc. In the summary of the Commission's Revenue Account for 1979-80 furnished in this report, the credit for the interest is included in the item "Interest - Sundry", and the charge is reflected in the cost of the prefabricated units constructed at Holmesglen.

On 27 November 1979 an announcement was made by the Minister of Housing that the land and buildings at Holmesglen owned by the Housing Commission would be transferred to the Country Roads Board by 31 December 1981.

### *Items Capitalised*

Expenditure on administration, rates and interest deemed to be applicable to or incurred during construction has been capitalised. The amounts capitalised and the proportions thereof to the totals of the respective items for 1978-79 and 1979-80 are:

	1978-79		1979-80	
	\$	%	\$	%
Interest	4 904 814	13.43	4 966 650	12.47
Rates	1 103 024	11.45	1 103 293	10.23
Administration	6 700 774	41.43	6 862 593	37.96
	<u>12 708 612</u>		<u>12 932 536</u>	

"Rates" are based on actual figures. "Administration" is determined primarily on the basis of an estimated allocation of salaries. Regard has also been had to administrative items which are clearly ascertainable as direct charges to either capital or revenue.

### *Loan Liability*

As mentioned earlier, \$25 046 000 was provided by the Commonwealth during the year by way of loan advances. At 30 June 1980, the liability in respect of loans was \$876 014 604. Details are:

	\$	\$
STATE HOUSING		
From the Government of Victoria		
Housing	54 154 662	
Slum Reclamation	26 009 274	
From Debenture issues of the Commission	3 240 000	
	<u>83 403 936</u>	
Government Loan transferred to the Commission	60 000	
		<u>83 463 936</u>
Less		
Securities purchased out of National Debt Sinking Fund and cancelled	4 408 304	
Debentures redeemed under Housing Act	669 840	
Repayments on Slum Reclamation	8 344 365	
	<u>13 422 509</u>	
		<u>70 041 427</u>

## COMMONWEALTH-STATE HOUSING AGREEMENT

	\$	\$
Loan Advances received from the Commonwealth of Australia	906 787 896	
Less Repayments	109 511 621	
	797 276 275	
HOUSE PURCHASERS' DEATH BENEFIT FUND		
Loan to Commission		8 696 902
		876 014 604

The Commission is required to meet the debt charges on the liability to the Government of Victoria for housing. Debt charges on the amount advanced for slum reclamation are being met from the general revenues of the State.

*House Sales Unrealised Profit Suspense Account*

The primary purpose of this account is to show the profit still to be realised on houses sold on terms. The transactions for 1979-80 are summarised below:

	\$	\$
Balance 1 July		65 746 689
Less Transfer to General Revenue Account	2 758 337	
Sundry adjustments arising from cancellation of sales reduction of sale prices, changes in capital costs etc.	955 205	
	3 713 542	
Balance 30 June		62 033 147

*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 at 30 June 1980 are summarised below:

	\$	\$
Balance 1 July		14 835 564
Add		
Appropriation for year (Section 109 Housing Act 1958)	475 709	
Income from Investments	1 128 659	
	1 604 368	
		16 439 932
Deduct		
Payments on Account of Deceased Purchasers	540 573	
Administration Expenses	60 676	
	601 249	
Balance 30 June		15 838 683

The sum of the investments of the fund, \$15 709 668, includes an amount of \$8 696 902 set aside in an account in the Commission's books styled "Loan Advance-Death Benefit Fund".

The amount of \$8 696 902 consists of a number of loans made from the fund to the Commission at various rates of interest during the period 30 June 1960 to 30 June 1980. The fund's investments are included in the Commission's balance sheet item-"Investments \$23 752 059".

In respect of the advance of \$8 696 902, 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.

*Interest Receivable Reserve - House Purchases*

The 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 the 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 1979-80 are as follows:

	\$	\$
Balance 1 July		29 802 842
Add		
Appropriation House Sales Trading Account	1 702 413	
Interest received-Rental Revenue Account	2 467 732	
	<u>          </u>	<u>4 170 145</u>
Balance 30 June		<u>33 972 987</u>

*Depreciation*

No provision has been made 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 amortisation over a period of 53 years.

## Accumulated Surplus

The variations in this account during 1979-80 are show below:

	\$	\$
Balance 1 July		55 321 799
Add		
Surplus-House Purchase Assistance	228 090	
Amount written back to Revenue from Loan Redemption Reserve	593 731	
Credit Balance, General Revenue Account	9 208 137	
	<hr/>	10 029 958
		<hr/>
		65 351 757
Less		
Net Adjustment of Realised Profit of former years due to capital cost variations and cancellation of sales contracts etc.	381 280	
Accumulated surplus - Urban Land Council transferred to Urban Land Authority	425 854	
	<hr/>	807 134
		<hr/>
Balance 30 June		64 544 623
		<hr/>

### *Emerald Hill*

Under a Commonwealth State Agreement made on 6 May 1974, pursuant to the provisions of the Commonwealth's Land Commissions (Financial Assistance) Act 1973, the Commonwealth advanced \$3 500 000 by way of loan to the Housing Commission for the purpose of purchasing the estate known as Emerald Hill, South Melbourne, in order to preserve or rehabilitate the existing buildings on the estate, or redevelop where appropriate.

Under the terms of the agreement, the repayment of the loan and capitalised charges began on 15 June 1979. The amount still due to the Commonwealth on 30 June 1980 was \$4 827 327.

At 30 June 1980, a deficit of \$894 719 had been accumulated in the running account mainly because rental charges have been insufficient to cover interest charges and other expenses.

### *Urban Land Council*

The Urban Land Council was a non-statutory body consisting of 5 members representing the Ministries for Planning, Housing and Conservation, the Department of the Premier and the Commonwealth.

The Council was abolished on the 12 March 1980, and its assets and liabilities which had previously been incorporated in the accounts of the Housing Commission were transferred to the Urban Land Authority, a new authority established under the Urban Land Authority Act 1979 which came into operation on that date. The Urban Land Authority is referred to on page 200 of this report.

## *Goonawarra (Sunbury) Project*

As mentioned in my previous supplementary report, the Commission continued to employ Development Management Services Pty. Ltd., for the purposes of developing the above estate. The company is deemed to be fully employed on the project and has entered into a long-term contractual arrangement with the Commission under a sealed agreement.

At 30 June 1980, the Commission had spent \$13 440 169 on the estate, of which \$5 602 229 was for land and \$7 837 940 for development.

An amount of \$2 958 091 was spent developing the estate in the financial year 1979-80.

The estate was officially opened on 24 April 1980, and to 30 June 1980, 24 lots have been sold for a sum of \$329 248.

## *Electronic Data Processing*

### (a) New Computer

The Commission updated its computer facilities in May 1978 by replacing its existing computer with one having a larger capacity at a cost of \$1 150 758.

During the year 1979-80 the Commission continued to operate the new computer mainly in an emulation mode, that is, an interim measure which allows programs written for the earlier computer to be converted to run on the current machine.

Until such time as the Commission rewrites programs using the current version of languages provided by the manufacturers of the equipment and discontinues emulation it will not be possible to achieve optimum use of the processing capabilities of the new equipment.

### (b) Housing Applications Information System

This on-line system was developed to supersede the manual system and to provide rapid retrieval of information in the form of statistics on housing applicants.

The cost of developing the system by outside consultants has now been completed at a cost of \$268 642. This amount does not include costs of time spent on the project by the Housing Commission staff.

## *Royal Commission*

A Royal Commission was appointed by Order in Council made on 20 June 1979 to inquire into and report upon certain matters relating to land purchased by the Housing Commission between 1 July 1973 and December 5 1978, where each purchase exceeded \$100 000.

The Royal Commission's time for completion of the inquiry and presentation of its report has been extended to 31 December 1980.

Expenditure authorised for the inquiry has been increased from \$285 000 on 10 November 1979 to \$1 082 000 on 20 May 1980, and to 30 June 1980 a sum of \$453 089 had been spent out of the Public Account under the Attorney-General's Vote item "Other Services - Commissions and Boards of Enquiry".

In addition, the Housing Commission has expended \$534 769 from its own funds mainly for legal expenses in connection with the inquiry. This amount does not include costs of time spent on the inquiry by the Housing Commission staff.



# LATROBE VALLEY WATER AND SEWERAGE BOARD

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

Total advances to the Board by the State to 30 June 1980 for expenditure on capital works amounted to \$19 962 556.

Further amounts have been raised from:

- (a) Private Loans \$5 150 000, including \$1 200 000 in 1979-80; and
- (b) State Electricity Commission \$10 744 697, including \$8 382 937 in 1979-80, towards the construction costs of the saline waste outfall pipeline and a higher quality water supply scheme.

The Board's revenue accounts for the past two years are compared. The figures for 1979-80 are subject to audit.

## DISPOSAL AREA REVENUE ACCOUNT

1978-79		1979-80
\$		\$
	<b>INCOME</b>	
6 162	Rental Board Properties	6 630
109 404	Profit-Cattle Trading Account	102 463
88 074	Profit-Sheep Trading Account	107 496
4 613	Sundry	3 669
208 253		220 258
	<b>EXPENDITURE</b>	
265 661	Farm Operation and Maintenance	297 376
137 223	Interest on Loans and Overdraft	148 768
15 816	Long Service Leave Provision*	..
5 982	Maintenance Farm Dwellings	20 583
20 391	Depreciation	21 377
445 073		488 104
236 820	Deficit transferred to General Revenue Account	267 846

\* Long Service Leave provision for 1979-80 was recovered through overhead charges

GENERAL REVENUE ACCOUNT

1978-79		1979-80
\$		\$
	<b>INCOME</b>	
1 420 943	Water Charges	1 495 559
825 202	Disposal Charges	932 844
552 406	Recoups from Environment Protection Authority	566 527
6 209	Licence Fees	3 461
259 174	Recoups on Capital Works	756 383
120 988	Works other Authorities	166 178
116 692	Interest Subsidy-Treasurer of Victoria	168 867
..	Recoups-Payroll overhead	111 107
168 867	Other	101 281
<hr/>		<hr/>
3 470 481		4 302 207
	<b>EXPENDITURE</b>	
657 590	Interest on Loans	1 283 126
101 152	Depreciation	109 534
780 791	Maintenance and operations of works	690 246
	Overhead Services	
145 439	Administration	121 593
86 148	Engineering	142 561
69 976	Hydrography	82 872
142 252	Depot and Workshops	138 972
185 785	Laboratory	249 703
101 833	Works other Authorities	168 332
2 407	Other	..
		<hr/>
552 406	Environment Protection	904 033
6 209	Licence Fees	566 527
		3 461
<hr/>		<hr/>
2 831 988		3 556 927
638 493	Surplus for Year	745 280
236 820	Deficit on Disposal Area Revenue Account	267 846
<hr/>		<hr/>
401 673	Net Surplus for Year	477 434
<hr/>		<hr/>
	<b>ACCUMULATED REVENUE ACCOUNT</b>	
209 363	Balance 1 July	363 250
401 673	Surplus for year	477 434
28 115	Expenditure previous years written back	..
..	Transfer from Water Re-use Study at Dutson Reserve	15 000
<hr/>		<hr/>
639 151		855 684
<hr/>		<hr/>

1978-79		1979-80
\$		\$
	<b>Appropriations</b>	
..	Depreciation Reserve	181 606
142 129	Government Loan Redemption Reserve	146 425
50 000	Farm Trading Equalisation Reserve	107 758
52 751	Private Loan Redemption Reserve	68 875
14 021	Sinking Fund Reserve	21 491
17 000	Plantation Reserve	17 500
363 250	Balance 30 June	312 029
<hr/>		<hr/>
639 151		855 684
<hr/>		<hr/>

The amount of \$181 606 appropriated to the Depreciation Reserve represents depreciation charges on main sewerage assets which, with the approval of the Minister, were not charged in the accounts during the financial years 1967-68 to 1971-72.

The Board's balances at 30 June 1979 and 1980, are summarised hereunder:

30.6.79		30.6.80
\$		\$
	<b>CURRENT ASSETS</b>	
89 528	Cash at Bank	205 780
..	Short Term Investment	900 000
11 317	Stores, Tools etc.	19 308
127 202	Livestock, Wool and Ensilage on Hand (at valuation)	128 739
1 977 972	Debtors and Prepayments etc.	1 990 511
		<hr/>
		3 244 338
3 595 463	<b>INVESTMENTS</b>	*4 289 680
	<b>FIXED ASSETS (at cost)</b>	
24 170 953	Works (including Works in Progress)	33 650 748
679 021	Plant and Equipment	732 096
591 991	Land, Buildings, Residences	573 649
158 729	Office and Laboratory Equipment	179 612
317 566	Environment Protection-Land, Buildings, Equipment etc.	329 326
		<hr/>
25 918 260		35 465 431
3 568 136	Less Provision for Depreciation	4 238 274
		<hr/>
22 350 124		31 227 157
<hr/>		<hr/>
	<b>INTANGIBLES</b>	
523 709	Capitalised Interest on Works during Construction	523 709
		<hr/>
28 675 315		39 284 884
<hr/>		<hr/>

\* Consisting of Inscribed Stock \$1 926 100, Mortgage Loans \$1 520 000, Debenture Stock \$420 000, Short Term Deposits \$198 300 and other \$225 280

30.6.79			30.6.80
\$			\$
	CURRENT LIABILITIES		
474 563	Bank Overdraft	1 060 034	
167 905	Sundry Creditors	417 701	
500 000	Advance-Saline Waste Project and High Quality Water Line	650 000	
109 780	Unexpended Flood Grant	91 240	
		<hr/>	2 218 975
	LOAN LIABILITY		
16 593 934	State of Victoria	16 431 168	
3 813 535	Private Mortgage Loans	4 944 660	
2 361 760	State Electricity Commission	10 744 697	
		<hr/>	32 120 525
	EXCESS OF ASSETS OVER LIABILITIES		
	Represented by:		
276 978	Long Service Leave Provision	312 723	
17 800	Staff Training Provision	7 500	
155 001	Capital Expenditure Borne by State	155 001	
655 000	Grants by Government of Victoria	655 000	
632 298	Appropriation for Plant Renewals etc.	588 223	
1 918 318	Loans Redeemed Reserve	2 133 618	
136 000	Capital Facility Reserve	136 000	
91 800	Plantation Reserve	109 300	
15 000	Water Re-use Study at Dutson Reserve	..	
24 827	Loan Sinking Fund Reserve	48 906	
50 000	Farm Trading Equalisation Reserve	157 758	
317 566	Grant and Contributions for Environment Protection Agency Assets	329 326	
363 250	Accumulated Surplus	312 029	
		<hr/>	4 945 384
<hr/>			<hr/>
28 675 315			39 284 884
<hr/>			<hr/>

# 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. Details of the schemes controlled by the Board have been outlined in previous reports.

Included in the Local Authorities Superannuation Act 1979 which came into operation on 18 December 1979, were the following main provisions:

- (a) wider power to grant disability benefits;
- (b) increased lump sum payments to limited benefits contributors who became disability beneficiaries;
- (c) deferred pensions entitlements to persons who are dismissed or resign and who have served for at least 15 years and have attained the age of 50 years; and
- (d) retention of pension rights and benefits despite short breaks in service.

Accounts for 1978-79 which were not available for inclusion in my 1979 report are included in this report together with 1979-80 accounts. The figures for 1979-80 are subject to audit.

## MANAGEMENT ACCOUNT

	1977-78	1978-79	1979-80
	\$	\$	\$
<b>INCOME</b>			
Interest on Investments	30 138	64 581	111 113
Contribution to Administration			
From Benefit Contracts Account and Disability Fund	1 677 628	1 150 000	900 000
From Local Authorities (Pensions) Authorities Fund	156 000	193 370	287 870
Rent	24 336	25 106	27 848
Computer Bureau Fees	1 487 383	2 095 793	2 288 510
Other Income	..	..	17 014
	3 375 485	3 528 850	3 632 355
<b>EXPENDITURE</b>			
Board Members' Fees, Salaries and associated expenses	1 228 303	1 535 640	1 919 239
Hire of Computer and other Office Machines	382 583	621 630	703 211
Medical Examination Fees	65 358	92 744	80 402
Printing and Stationery	51 870	116 079	82 611
Postage and Telephone	52 294	83 128	63 455
Superannuation	76 652	95 119	97 556

	1977-78	1978-79	1979-80
	\$	\$	\$
Other Administration Charges	272 904	328 588	285 025
Rates etc.	32 439	38 437	20 955
Depreciation	49 970	57 123	63 968
	<u>2 212 373</u>	<u>2 968 488</u>	<u>3 316 422</u>
Surplus	<u>1 163 112</u>	<u>560 362</u>	<u>315 933</u>

Accumulated funds of the Management Account at 28 February 1978 and 1979 and 29 February 1980 were:

	1978	1979	1980
	\$	\$	\$
Accumulated Funds	4 131 449	4 607 711	4 839 594
Asset Replacement Reserve	320 121	367 049	401 713
	<u>4 451 570</u>	<u>4 974 760</u>	<u>5 241 307</u>
Represented by:			
Investments	262 528	560 279	*2 021 999
Freehold Property (at cost less depreciation)	1 243 242	1 230 228	1 213 511
Furniture, Equipment and Office Machines (at cost less depreciation)	119 999	177 390	184 891
Motor Vehicles (at cost less depreciation)	25 303	33 771	37 302
	<u>1 651 072</u>	<u>2 001 668</u>	<u>3 457 703</u>
Net Current Assets	<u>2 800 498</u>	<u>2 973 092</u>	<u>1 783 604</u>
	<u>4 451 570</u>	<u>4 974 760</u>	<u>5 241 307</u>

\* Consisting of Local and Semi-government securities \$708 999 and Short-term deposits \$1 313 000

#### INSURANCE ACCOUNT

	1977-78	1978-79	1979-80
	\$	\$	\$
Balance 1 March	3 307	1 667	1 246
RECEIPTS			
Surrender Values	11 248	7 902	7 662
Death Claims	5 024	..	..
Matured Policies	20 864	14 184	15 508
Other	40	12	24
	<u>40 483</u>	<u>23 765</u>	<u>24 440</u>

	1977-78	1978-79	1979-80
	\$	\$	\$
<b>PAYMENTS</b>			
Death Claims	5 024	..	..
Matured Policies	20 328	15 793	12 651
Surrender Values	13 464	6 726	10 353
	<u>38 816</u>	<u>22 519</u>	<u>23 004</u>
Balance at end of year	<u>1 667</u>	<u>1 246</u>	<u>1 436</u>

**PROVIDENT FUND**

	1979-80*
	\$
<b>INCOME</b>	
Interest on Investments	119 749
	<u>119 749</u>
<b>EXPENDITURE</b>	
Death Claims	5 085
Withdrawal Benefits	122 640
Retirement Benefits	92 939
	<u>220 664</u>
Deficit	<u>100 915</u>

\* Due to the adoption of an accruals basis of accounting in 1979-80 comparative figures for 1977-78 and 1978-79 are not shown

The balance of the Provident Fund at 28 February 1978 and 1979 and 29 February 1980 comprised:

	1978	1979	1980
	\$	\$	\$
Contributors' Credits	1 832 054	1 606 079	1 488 155
Unallotted Interest	215 999	205 258	208 867
Sundry Creditors	108 712	150 613	38 856
	<u>2 156 765</u>	<u>1 961 950</u>	<u>1 735 878</u>
<b>Represented by:</b>			
Cash	175 370	6 948	29 182
Investments	1 933 412	1 911 073	*1 672 002
Accrued Interest	47 983	43 929	34 694
	<u>2 156 765</u>	<u>1 961 950</u>	<u>1 735 878</u>

\* Consisting of Local and Semi-government securities \$1 403 002 and Short-term deposits \$269 000

BENEFIT CONTRACTS ACCOUNT AND DISABILITY FUND ACCOUNT

	1977-78	1978-79	1979-80
	\$	\$	\$
INCOME			
Contract Premiums	19 721 556	21 822 624	24 111 677
Interest on Investments and Rents	8 377 936	10 660 232	13 002 682
Withdrawal Benefits-Disability Beneficiaries	30 918	40 742	35 895
	<hr/>	<hr/>	<hr/>
	28 130 410	32 523 598	37 150 254
	<hr/>	<hr/>	<hr/>
EXPENDITURE			
Death Benefits	1 034 974	1 165 303	1 229 811
Withdrawal Benefits	4 151 023	4 775 896	5 735 589
Retirement Benefits	1 791 061	2 014 190	1 996 126
Death Benefits credited to Disability Beneficiaries	2 313 312	2 853 253	3 610 570
Contribution to Administration	1 677 628	1 150 000	900 000
Other	174 774	298 699	427 257
Disability Benefits	172 979	187 713	..
	<hr/>	<hr/>	<hr/>
	11 315 751	12 445 054	13 899 353
	<hr/>	<hr/>	<hr/>
Surplus	16 814 659	20 078 544	23 250 901
	<hr/>	<hr/>	<hr/>

At 28 February 1978 and 1979 and 29 February 1980, the funds of the Benefit Contracts Account amounted to \$93 968 848, \$114 047 392 and \$144 658 720 respectively, and were represented by:

	1978	1979	1980
	\$	\$	\$
Investments	89 948 871	117 257 503	*139 638 462
Less Mortgage Reserve Account	83 127	110 786	130 328
	<hr/>	<hr/>	<hr/>
Net Current Assets (Liabilities)	89 865 744	117 146 717	139 508 134
	4 103 104	(3 099 325)	5 150 586
	<hr/>	<hr/>	<hr/>
	93 968 848	114 047 392	144 658 720
	<hr/>	<hr/>	<hr/>

\* Consisting of Local Government securities \$59 762 281, Semi-government securities \$18 228 852, Government Guaranteed Loans \$18 300 000, Real Estate Mortgages \$12 238 250, Property \$18 210 712, and Other Instrumentalities \$12 898 367

LOCAL AUTHORITIES (PENSIONS) AUTHORITIES FUND ACCOUNT

	1977-78	1978-79	1979-80
	\$	\$	\$
INCOME			
Contributions	1 664 247	1 850 310	4 259 887
Investment Income	162 376	231 252	312 433
	<hr/>	<hr/>	<hr/>
	1 826 623	2 081 562	4 572 320
	<hr/>	<hr/>	<hr/>



	1977-78	1978-79	1979-80
	\$	\$	\$
<b>EXPENDITURE</b>			
Withdrawals-Refund Contributions	82 307	87 662	209 033
Pensions Paid	1 100 037	2 248 109	3 347 393
Contribution to Administration	156 000	193 370	287 870
Contribution Refunds-Miscellaneous	1 134	2 266	2 349
	<u>1 339 478</u>	<u>2 531 407</u>	<u>3 846 645</u>
Surplus/(Deficit)	<u>487 145</u>	<u>(449 845)</u>	<u>725 675</u>

The balance of the fund at 28 February 1978 and 1979 and 29 February 1980 was represented by:

	1978	1979	1980
	\$	\$	\$
Cash	9 536	14 684	60 857
Debtors	112 607	113 221	47 559
Investments	1 860 000	1 620 000	* 2 356 033
	<u>1 982 143</u>	<u>1 747 905</u>	<u>2 464 449</u>
Less Creditors	317 384	532 991	523 860
Accumulated Funds	<u>1 664 759</u>	<u>1 214 914</u>	<u>1 940 589</u>

\* Consisting of Interest Bearing Term Deposits \$200 000 and Bills of Exchange \$2 156 033

LOCAL AUTHORITIES (PENSIONS) EMPLOYEES FUND ACCOUNT

	1977-78	1978-79	1979-80
	\$	\$	\$
<b>INCOME</b>			
Contributions	5 047 627	5 525 190	6 098 842
Investment Income	677 314	1 740 650	2 157 548
	<u>5 724 941</u>	<u>7 265 840</u>	<u>8 256 390</u>
<b>EXPENDITURE</b>			
Withdrawals-Refund of Contributions	713 707	920 729	1 275 741
Pensions Paid	238 450	478 535	686 054
Deferred pensions-Transfer of Contributions and Interest	..	2 171	..
Contribution Refunds-Miscellaneous	6 362	6 920	5 601
Expenditure on Investment properties	..	..	1 789
	<u>958 519</u>	<u>1 408 355</u>	<u>1 969 185</u>
Surplus	<u>4 766 422</u>	<u>5 857 485</u>	<u>6 287 205</u>

The balance of the fund at 28 February 1978 and 1979 and 29 February 1980 was represented by:

	1978	1979	1980
	\$	\$	\$
Cash	245 491	48 436	69 299
Investments	9 464 869	15 480 591	*22 282 296
Debtors' Contributions	61 704	79 788	15 293
Sundry Debtors	195 456	630 247	772 122
	<hr/>	<hr/>	<hr/>
Less Creditors	9 967 520	16 239 062	23 139 010
	345 008	759 066	1 371 809
	<hr/>	<hr/>	<hr/>
Accumulated Funds	9 622 512	15 479 996	21 767 201
	<hr/>	<hr/>	<hr/>

\* Consisting of Local Government securities \$16 070 905, Semi-government securities \$3 183 242, Government Guaranteed loans \$1 200 000, Real Estate Mortgages \$855 000, Property \$447 150 and Short-term Deposits \$526 000

The Local Authorities Superannuation Board provides, at the State Superannuation Board's Office, service bureau facilities to the State Superannuation Board, the Motor Accidents Board, the Melbourne and Metropolitan Fire Brigades Superannuation Board and the Government Actuary.

Mention was made in my last report of the unsatisfactory contractual arrangements relative to these services. At the date of preparation of this report no formal agreements have been entered into and negotiations are continuing.

## 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 5 Boards, namely, the Chicory, Citrus Fruit, Egg, Onion, and Tobacco Leaf Marketing Boards follow.

### Chicory Marketing Board

Pursuant to the provisions of the Marketing of Primary Products Act 1958, the Manager of the Board was appointed liquidator by the Governor in Council on 20 June 1978 for the purpose of winding up the affairs of the Board. He advised that the liquidation was completed on 31 July 1980.

### 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.

During 1978, the balance date of the accounts of the Board was altered from 31 March to 31 December so as to effect a common balance date for the Board and associated organisations.

A summarised statement of the operations of the Board for the year ended 31 December 1979, together with the figures for the 9 month period ended 31 December 1978, is set out on the following page:

9 months ended 31.12.78 \$		Year Ended 31.12.79 \$
	INCOME	
46 473	Service Fees	65 478
<hr/>		
	EXPENDITURE	
12 176	Board Members' Fees and Allowances	16 364
..	Administration Charge paid to Citrus Management Co. Ltd.	17 040
7 500	Salaries	..
2 833	Amortisation of Establishment Expenses	2 830
3 658	Postage, Telephone and Telex	260
1 500	Motor Vehicle Expenses	..
1 187	Bank Interest and Charges	1 973
1 540	Rent	..
2 866	General Expenses	5 464
		<hr/>
33 260		43 931
<hr/>		
13 213	Surplus for the period	21 547
<hr/>		

In my previous report, comment was made that many payments made by way of reimbursements to the management company could not be substantiated by audit. The Board has now adopted a policy whereby fixed monthly charges are levied on the Board by the company for various services performed by the company on behalf of the Board. This change in accounting procedure is reflected in the expenses shown in the above statement.

The accumulated deficit of the Board at 31 December 1978, \$17 408, was reduced by the operating surplus for the period ended 31 December 1979, \$21 547, resulting in an accumulated surplus of \$4 139 at 31 December 1979. The accumulated balance was represented as follows:

31.12.1978 \$		31.12.1979 \$
	ASSETS	
1 696	Debtor-Citrus Management Co. Ltd.	21 848
2 830	Establishment Costs	..
		<hr/>
4 526		21 848
<hr/>		
	Less	
	LIABILITIES	
20 109	Bank Overdraft	17 324
1 825	Creditors	385
		<hr/>
21 934		17 709
<hr/>		
(17 408)	Accumulated (Deficit) Surplus	4 139
<hr/>		

The agreements whereby the Board, together with the Murray Valley (N.S.W.) Citrus Marketing Board, jointly and severally agreed to guarantee the advances made by a bank to both the Citrus Management Co. Ltd. and the Citrus Marketing Co. Pty. Ltd., are still current. The terms of the agreements were amended by each Board during the year by reducing the guarantee from \$200 000 to \$60 000.

### 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 from 19 November 1975 for the purpose of wholly winding up its affairs.

The liquidator so appointed is still acting, however, finalisation of the winding up has been delayed because of legal proceedings in respect of a large shipment of onions exported to London, for which the Board is owed an amount of \$67 928.

### Tobacco Leaf Marketing Board

The Tobacco Leaf Marketing Board operates as the sole marketing authority for tobacco leaf produced in Victoria. The proceeds of the Board's tobacco sales are distributed through its agent, the Tobacco Industry Leaf Finance Agency.

A summary of the distribution of Board tobacco sales financed by the Agency for the years ended 31 March 1979 and 1980 is shown hereunder:

1978-79		1979-80
\$		\$
21 085 743	Gross proceeds from sales of tobacco leaf	22 031 197
	Applied to:	
395 357	Broker's Commission	413 085
113 125	Freight	112 408
21 407	Rehandling Charges	28 478
65 158	Commonwealth Tax Levy	65 616
359 553	Insurance	365 354
315 163	Marketing Board Charge	329 985
2 592 273	Growers' Liens, Orders etc.	2 354 812
17 223 707	Net Proceeds to Growers	18 361 459
<u>21 085 743</u>		<u>22 031 197</u>

The Board's income and expenditure account for the past two years is summarised hereunder:

1978-79		1979-80
\$		\$
	<b>INCOME</b>	
	Board Charges	
315 163	Quota Sales and Burley	329 985
453	Non-quota	682
8 050	Deferred	..
..	Superannuation Refund	7 579
52 880	Interest on investments	47 598
5 212	Rent	4 892
7 683	Miscellaneous recoveries etc.	2 938
<hr/> 389 441		<hr/> 393 674
	<b>EXPENDITURE</b>	
116 162	Board staff-salaries, superannuation, long service leave, cash in lieu of annual leave	101 364
16 783	Accounting and secretarial services	21 139
28 265	Travelling expenses-other than Board members	14 906
40 005	Board members-allowances, travel and air fares	40 135
17 163	Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal	17 549
23 865	Appraisers' fees and allowances	28 570
39 419	Depreciation	16 693
38 102	Industry surveys	17 164
..	Packaging trials	2 942
40 471	General and Administrative expenses	55 598
<hr/> 360 235		<hr/> 316 060
<hr/> 29 206	Surplus	<hr/> 77 614
	<b>ACCUMULATED FUNDS ACCOUNT</b>	
1978-79		1979-80
\$		\$
737 977	Balance 1 April	767 183
..	Profit on Sale of Land and Buildings	109 590
29 206	Surplus for year	77 614
<hr/> 767 183		<hr/> 954 387
	<b>Less</b>	
..	Retirement Allowance - Board Secretary	108 561
..	Distribution to Growers	300 000
		<hr/> 408 561
<hr/> 767 183	Balance 31 March	<hr/> 545 826

The Board's balances are summarised hereunder:

31.3.1979		31.3.1980
\$		\$
	<b>CURRENT ASSETS</b>	
36 604	Cash at Bank and on Hand (net)	65 947
1 050 000	Deposit - Tobacco Industry Leaf Finance Agency	1 220 000
250 000	Loan to Quota Advance Payment Agency	..
14 918	Advances	10 796
35 028	Sundry Debtors and other	11 457
27 921	Long Service Leave Fund	20 197
(16 885)	Insurance Equalisation Account	7 289
		<hr/>
		1 335 686
	<b>FIXED ASSETS</b>	
29 327	Motor Vehicles, Furniture, Plant and Equipment (at cost less depreciation)	26 627
104 767	Land and Buildings	..
		<hr/>
		26 627
<hr/>		
1 531 680		<hr/>
		1 362 313
	<b>CURRENT LIABILITIES</b>	
1 800	Sundry Creditors	40
734 776	Funds accumulated in respect of Jervis leaf sold	796 250
		<hr/>
		796 290
	<b>RESERVES</b>	
27 921	Long Service Leave	20 197
767 183	Growers' Fund	545 826
		<hr/>
		566 023
<hr/>		
1 531 680		<hr/>
		1 362 313

### *Contingent Liability*

At 31 March 1980 the Board has a contingent liability of \$124 000 under an executive superannuation scheme entered into in respect of its General Manager.

### *Qualification of Board's Financial Accounts*

In respect of the year 1979-80, I found it necessary to record the following qualification on the balance sheet of the Tobacco Leaf Marketing Board:

"conflicting legal advice has been received by the Board as to whether the "Jervis" scheme complies with the provisions of the Marketing of Primary Products Act 1958 and the Tobacco Leaf Industry Stabilization Act 1966."

### *Sale of Land and Buildings*

Land and buildings at Moorabbin which were surplus to the Board's requirements were sold during 1979-80, realising a profit of \$109 590.

### *Distribution to Growers*

During 1979-80 a further special distribution of \$300 000 of surplus funds was made to all 1978-79 quota holder's on the basis of each quota holder's aggregate gross sales since the last distribution in 1976.



# MELBOURNE AND METROPOLITAN BOARD OF WORKS

The Melbourne and Metropolitan Board of Works is constituted under the provisions of the Melbourne and Metropolitan Board of Works Act 1958. The principal functions of the Board are to supply water, provide sewerage facilities and carry out drainage and river improvement works within the metropolis of Melbourne, as defined by the Act. In addition, the Board, under the provisions of the Town and Country Planning Act 1961, is a responsible authority for the preparation of planning schemes in the metropolitan area.

The costs of carrying out the above functions are primarily financed by public loan borrowings, advances and grants from the State and Commonwealth Governments by way of the Works and Services Account, and the levying of separate rates to meet the costs of supplying water, sewerage and drainage facilities, and to meet the costs of carrying out the Board's planning functions.

The figures for 1979-80 are subject to audit.

## Metropolitan General Fund

Details of the revenue account for the past two years are given below:

1978-79		1979-80
\$	\$	\$
	Rates and Charges	
83 470 244	Water Supply	111 451 566
115 458 073	Sewerage	135 816 617
15 658 611	Drainage and Rivers	18 620 889
<hr/>		<hr/>
214 586 928		265 889 072
	Farm	
1 279 391	Profit on cattle and sheep	2 373 912
5 256	Sundry receipts	2 993
<hr/>		<hr/>
1 284 647		2 376 905
<hr/>		<hr/>
215 871 575	Gross Revenue	268 265 977
	Working Expenses	
29 944 823	Management	34 177 904
53 987 032	Maintenance	60 706 777
106 303 809	Interest (net)	118 817 953
<hr/>		<hr/>
190 235 664		213 702 634
<hr/>		<hr/>
25 635 911	Gross Surplus	54 563 343
	General Expenditure	
5 653 312	Contributions to	
	Superannuation Account	5 449 950
1 593 283	Loan Flotation Expenses	2 429 970
950 000	Contributions to	
	Insurance Fund	2 000 000

1978-79		\$	\$	1979-80
\$		\$	\$	\$
1 074 217	Depreciation-Furniture and Fittings, Works Temporarily Capitalised etc.	1 351 203	11 231 123	
9 270 812	Statutory Expenditure			
442 298	Fees for Municipal Valuations		441 010	
3 167 852	Renewals Fund		5 631 773	
12 880 962	Expenditure etc. from Gross Surplus			17 303 906
12 754 949	Operating Surplus-Available for Appropriation			37 259 437
	Appropriations			
	General Reserve			
6 900 000	Capital Works financed from Revenue	9 400 000		
380 000	Repayments of Funds invested in Board's Buildings	859 498		
..	Reserve Fund for future capital works	9 000 000		
..	Additional contribution to Insurance Fund	2 500 000		
		21 759 498		
7 280 000				
3 692 703	Sinking Fund		4 074 041	
7 849 973	Loans Redeemed from Revenue Reserve		8 378 113	
300 000	Provision for Doubtful Debts		..	
100 000	Fund for Replacement of Interior Fittings-Head Office Building		96 000	
19 222 676				34 307 652
(6 467 727)	Net (Deficit) Surplus			2 951 785
6 467 727	Transferred from Rates Equalisation Fund Metropolitan General Fund			..
..	Transferred to Rates Equalisation Fund Metropolitan General Fund			(2 951 785)
..				..

Net interest charges amounted to \$118 817 953, and continued to be a heavy burden on the Board's revenue, being \$12 514 144 higher than the previous year. The percentage of rates and charges absorbed by interest was 44.69 compared with 50.04 in 1978-79.

A statement detailing interest transactions during the year is set out hereunder:

	1978-79	1979-80
	\$	\$
Interest Paid		
Loans	115 200 394	126 811 262
Superannuation Account	1 707 457	4 518 960
Renewals Fund	785 267	920 767
Sinking Fund	2 668 438	2 946 272
Land Purchases	46 135	60 371
Insurance Fund	929 000	1 215 112
	<u>121 336 691</u>	<u>136 472 744</u>
Less Interest Received		
Investments	14 682 839	17 245 056
Property Sales	27 242	20 292
Sewerage		
House Connection Advances	322 738	389 326
Section 142A Repayments	63	117
	<u>15 032 882</u>	<u>17 654 791</u>
Net Interest Paid	<u>106 303 809</u>	<u>118 817 953</u>

Due to increased costs of underwriting commissions, together with an increase in the amount of loan funds obtained through underwriters, Loan Flotation Expenses increased from \$1 593 283 in 1978-79 to \$2 429 970 in 1979-80.

#### Metropolitan Improvement Fund

Details of the revenue account for the past two years are given below:

1978-79		1979-80
\$		\$
	Revenue	
14 784 669	Metropolitan Improvement Rate	15 071 769
1 017 750	Profit on Land Sales	1 351 674
1 616 611	Property and Sundry Income	1 058 587
1 024 376	Interest on Investments	1 964 983
		<u>18 443 406</u>
		<u>18 443 406</u>
		19 447 013

1978-79		1979-80
\$		\$
	Less General Expenditure	
6 078 217	Management	6 452 821
757 075	Maintenance	1 027 107
51 200	Interest	51 200
424 218	Contribution to Superannuation Account	394 375
36 810	Fees for Valuation	35 567
3 036 000	Contribution to Melbourne Underground Rail Loop Authority	3 900 000
20 000	Repayment of Funds Invested in Board Buildings	40 502
<hr/>		<hr/>
10 403 520		11 901 572
<hr/>		<hr/>
8 039 886		7 545 441
	Less Capital Expenditure	
	Planning	
7 003 064	Reserved Land and Acquisitions	2 415 085
	Metropolitan Parks	
2 775 633	Land Acquisitions	6 676 396
1 284 421	Construction Works	1 847 011
<hr/>		<hr/>
11 063 118		10 938 492
	Less Amount reimbursed to the Board for	
		\$
2 682 577	Sales of Land	2 565 174
3 162	Miscellaneous Receipts	..
<hr/>		<hr/>
2 685 739		2 565 174
<hr/>		<hr/>
8 377 379		8 373 318
<hr/>		<hr/>
	Net Deficit transferred from Rates	
337 493	Equalisation Fund-Metropolitan Improvement Fund	827 877
<hr/>		<hr/>

Details of the credit balances in the accounts of the Board relating to its planning functions for the past two years are given below:

	1978-79	1979-80
	\$	\$
Loan Liability-Loan 1477	800 000	800 000
Sinking Fund-Metropolitan Improvement Fund	800 000	800 000
Contributions to Works-Metropolitan Improvement Fund	2 541 675	2 498 376
General Reserve-Metropolitan Improvement Fund	75 241 884	83 116 139
Rates Equalisation Fund-Metropolitan Improvement Fund	11 155 742	10 327 866
	<hr/>	<hr/>
	90 539 301	97 542 381
	<hr/>	<hr/>

These balances were represented by the following assets and capitalised expenditure:

1978-79		1979-80
\$		\$
20 762	Cash at Bank	..
16 753 227	Securities-Short Term	14 611 439
278 196	Advances to Municipalities	217 242
308 026	Arrears-Rates and Charges (estimate)	250 368
		<u>15 079 049</u>
<u>17 360 211</u>	Sundry Debtors	
5 786 400	Land Sales	7 426 929
158 630	Accrued Interest	348 220
20 312	Rent	13 499
17 408	Cycle Path	..
		<u>7 788 648</u>
5 982 750		7 788 648
20 829	Less Sundry Creditors	55 073
		<u>7 733 575</u>
5 961 921		
39 556 504	Reserved Land (at cost)	37 353 061
	Metropolitan Parks -	
29 941 179	Capitalised Expenditure	38 362 336
		<u>75 715 397</u>
<u>92 819 815</u>		<u>98 528 021</u>
	Less	
..	Cash at Bank-overdrawn	90 920
2 280 514	Amount due to Metropolitan General Fund	894 720
		<u>985 640</u>
2 280 514		
<u>90 539 301</u>		<u>97 542 381</u>

### Assets, Liabilities and Funds

The statement hereunder shows the assets, liabilities and funds of the Board at 30 June, in each of the past two years:

30.6.79		30.6.80
\$		\$
	<b>LOAN LIABILITY</b>	
194 776 739	From State Funds	193 879 633
64 566 819	From Commonwealth Funds	64 346 898
1 127 713 207	Other	1 262 621 559
		<u>1 520 848 090</u>
<u>1 387 056 765</u>		
	<b>DEFERRED LIABILITIES</b>	
38 729 030	Superannuation Account	47 941 642
8 630 499	Provision for Long Service Leave	11 571 596
		<u>59 513 238</u>
<u>47 359 529</u>		

30.6.79		30.6.80
\$		\$
	Metropolitan General Fund	
142 685 375	Contribution to Works	164 529 816
68 002 941	General Reserve	83 913 695
83 974 416	Sinking Fund	72 931 458
4 989 190	Rates Equalisation Fund	7 940 975
	Metropolitan Improvement Fund	
75 241 884	General Reserve	83 116 139
11 155 742	Rates Equalisation Fund	10 327 866
2 541 675	Contribution to Works	2 498 376
800 000	Sinking Fund	800 000
56 498 409	Loans Redeemed from Revenue Reserve	64 876 522
510 159	Replacement Fund-Interior Fittings, Head Office Building	671 370
5 607 904	Special Reserve-Head Office Building	5 607 904
11 639 004	Insurance Fund	18 230 409
16 527 812	Sewerage Disposal Contributions Reserve	19 297 419
10 825 023	Water Supply Contributions Reserve	12 334 631
4 661 639	Main Drainage Contributions Reserve	5 388 905
..	Loans Redeemed from Sinking Fund Reserve	18 140 058
..	Reserve Fund for future Capital Works	9 000 000
..	Reserve-Water Supply Schemes payable by State	111 461 000
<hr/>		<hr/>
495 661 173		
<hr/>		<hr/>
1 930 077 467		2 271 427 871
<hr/>		<hr/>

		\$
	FIXED ASSETS (at cost)	
724 090 640	Water Supply Works	818 798 387
835 348 169	Sewerage Works	903 000 764
91 981 201	Main Drainage and River Improvement Works	101 339 308
29 941 179	Metropolitan Parks	38 362 336
77 615 676	Buildings, Water Meters and Other Items	83 990 929
<hr/>		<hr/>
1 758 976 865*		*1 945 491 724
34 188 943	Less Renewals Fund	39 444 133
<hr/>		<hr/>
1 724 787 922		1 906 047 591

\* Includes Works in Progress \$565 178 621 (\$529 707 441 at 30 June 1979)

30.6.79		30.6.80
\$		\$
14 000 947	Plant and Tools (at cost less depreciation)	14 465 509
9 688 894	Motor Vehicles (at cost less depreciation)	10 890 382
1 425 103	Furniture and Fittings (at cost less depreciation)	1 705 837
<hr/> 1 749 902 866		<hr/> 1 933 109 319
	<b>RESERVED LAND-METROPOLITAN IMPROVEMENT FUND</b>	
37 100 014	Acquired Land (at cost)	34 839 860
2 456 490	Compensation for Loss	2 513 201
<hr/> 39 556 504		<hr/> 37 353 061
	<b>LONG TERM DEBTOR</b>	
..	Contribution due by State for works not for the benefit of the Metropolitan Area	111 461 000
	<b>INVESTMENTS (at cost)</b> (face value \$188 407 900)	
5 613 620	Australian Government Inscribed Stock	2 491 000
17 635 988	Securities Public Authorities	42 015 970
124 091 610	Short Term Securities	140 614 845
<hr/> 147 341 218		<hr/> 185 121 815
	\$	
	<b>CURRENT ASSETS</b>	
	Cash at Bank	
20 762	Metropolitan Improvement Fund	..
276 682	Special Accounts	301 236
491 040	Cash on Hand	693 986
		<hr/> 995 222
569 516	Advances to Contractors etc.	1 177 919
9 914 991	Arrears of Rates and Charges	11 430 886
6 039 577	Land Sales	7 699 145
3 050 175	Accrued Interest	4 684 235
4 847 572	Advances House Connections	5 500 638
1 639 790	Sundry	2 452 201
<hr/> 25 492 105		<hr/> 31 767 105

30.6.79		\$	\$	30.6.80
900 000				\$
	Less Provision for Doubtful Debts	61 903		
<hr/>				
24 592 105			31 705 202	
11 538 677	Stores and Materials on Hand (at cost)		11 602 187	
1 288 810	Livestock on Hand (at cost)		2 045 828	
<hr/>			<hr/>	
38 777 592				47 526 358
<hr/>				<hr/>
1 975 578 180	Less			2 314 571 553
	CURRENT LIABILITIES			
383 333	Metropolitan General Fund-Bank Overdraft		2 673 870	
..	Metropolitan Improvement Fund-Bank Overdraft		90 920	
40 859 590	Sundry Creditors, Advances to the Board		32 984 898	
13 751 515	Loan Interest, Matured Debentures, Inscribed Stock		14 865 804	
<hr/>			<hr/>	
54 995 438				50 615 492
<hr/>				<hr/>
1 920 582 742	DEFERRED CHARGES			2 263 956 061
4 708 151	Expenditure on Remedial Works-Head Office Building		5 886 097	
4 786 574	Distributable Expense Variance Account		1 585 713	
<hr/>			<hr/>	7 471 810
<hr/>				<hr/>
1 930 077 467				2 271 427 871
<hr/>				<hr/>

### *Changes in Accounting Treatment*

During the year under review the following changes in accounting treatment were noted:

(a) Trade Waste:

the Sewerage Revenue Account includes an amount of \$652 435, representing the trade waste accounts raised in June - in previous years these amounts were not brought to account until the following financial year;



(b) Superannuation Account:

the method of crediting interest in the Superannuation Account was altered to bring it into line with current interest rates, resulting in an adjustment to the Board's Contributions to the Superannuation Account (see page 94 );

(c) Sundry Income:

in the revenue accounts, various sundry income items which were previously offset against the relevant expenditure items, are now shown separately as Other Revenue;

(d) Sundry Debtors and Creditors:

amounts lodged for chargeable works which were previously credited to Sundry Debtors are now included in Sundry Creditors; and

(e) Investments:

Short-Term Securities, previously included in current assets are now included in Investments as they represent the investment of the various funds shown in the following statement.

*Investments*

The Board's investments amounting to \$185 121 815 are held for the following purposes:

		Long-Term	Short-Term
1978-79			1979-80
\$		\$	\$
84 774 416	Sinking Funds	30 156 970	43 574 488
15 859 513	Superannuation Account	14 350 000	7 620 797
11 639 004	Insurance Fund		18 230 409
16 144 932	Rates Equalisation Funds		18 268 841
8 630 499	Provision for long service leave		11 571 596
..	Reserve Fund for Future Capital Works		9 000 000
510 159	Fund for Replacement of Interior Fittings - Head Office Building		671 370
4 136 560	Loan moneys received as part of 1980-81 Loan Allocation		20 489 790
5 646 135	Balance representing Working Capital		11 187 554
<hr/>		<hr/>	<hr/>
147 341 218		44 506 970	140 614 845
		<hr/>	<hr/>

These funds were invested in the following securities:

1978-79		1979-80
\$		\$
5 613 620	Commonwealth Government	2 491 000
12 804 430	Victorian Local and Semi-Government Authorities	41 995 970
24 286 672	Bank Term Deposits	1 160 338
84 739 938	Bank Accepted Bills, Promissory Notes and Convertible Certificates of Deposit	129 746 507

1978-79		1979-80
\$		\$
15 065 000	Official Short-Term Money Market	9 728 000
4 831 558	Melbourne and Metropolitan Board of Works Inscribed Stock	..
<hr/>		<hr/>
147 341 218		185 121 815
<hr/>		<hr/>

*Long Service Leave*

The Board has fully provided for its liability in respect of Long Service Leave at 30 June 1980. The amount provided for 1979-80 was \$2 941 097 compared with \$1 000 000 for 1978-79.

*Insurance Fund*

The Board self-insures the majority of the insurance risks associated with its operations through an Insurance Fund. In addition to the annual contribution from revenue, the Insurance Fund is also credited with the equivalent of premium in respect of certain motor vehicle, fire, public liability and contractors' all risk insurances such amounts being either charged to revenue or capital works.

The annual contribution and the equivalent premium increased from \$1 000 000 and \$988 488 in 1978-79 to \$2 000 000 and \$1 651 210 respectively in 1979-80. In addition the Board appropriated a further \$2 500 000 to the fund in 1979-80. This latter amount was not provided for in the estimates for the year.

The Board has reduced its reliance upon the insurance cover provided by Insurance Companies in certain areas and considers that additional cover is necessary in respect of professional indemnity taken out by the Board's contractors. This action necessitated the provision of additional funds to provide an adequate cover.

Claims for amounts in excess of those to be met from the fund are covered by policies taken out with outside insurers.

Transactions of the Insurance Fund for the past two years were:

	1978-79	1979-80
	\$	\$
Balance 1 July	9 862 357	11 639 004
RECEIPTS		
Annual Contribution	1 000 000	2 000 000
Equivalent of Premium	988 488	1 651 210
Additional Contribution	..	2 500 000
Adjustment re recoveries from outside insurers in previous years	82 460	..
Excess of legal liability-Workers compensation	25 000	25 000
Interest on Investment	929 000	1 215 112
	<hr/>	<hr/>
	12 887 305	19 030 326

	1978-79	1979-80
	\$	\$
<b>PAYMENTS</b>		
Premiums	209 597	62 671
Claims (net)	1 038 704	737 246
	<hr/>	<hr/>
	1 248 301	799 917
	<hr/>	<hr/>
Balance 30 June	11 639 004	18 230 409
	<hr/>	<hr/>

### *Superannuation*

The Board conducts its own superannuation schemes. Contributors to the schemes, namely, the Regulation, Agreement, and Special Agreement Schemes, are employees appointed to the Administrative or Technical and Professional Divisions, together with full time Board members. In addition employees appointed to a staff position in the General Division may elect to become contributors. The financial transactions in relation to the abovementioned schemes are processed through an account entitled Superannuation Account.

In respect of the Regulation Scheme, the Superannuation Regulations made pursuant to Section 42 of the Melbourne and Metropolitan Board of Works Act 1958 require the Board to contribute twice the contribution of each contributor together with such other amounts as may be determined by the actuary. In the year under review, the rate of contribution by the Board was 2.9:1. This was also the rate of contribution made by the Board to the Agreement Scheme. No contributions were made by the Board in respect of the Special Agreement Scheme, as the balances were deemed sufficient to meet the benefits.

An actuarial investigation as to the state and sufficiency of the Superannuation Account is made at least once every 3 years. The actuarial investigation of the schemes at 30 June 1978 disclosed that, at that date, the balance in the account, together with future contributions and interest, was sufficient to meet expected future benefits.

A summary of transactions of the Superannuation Account for the past two years is set out hereunder:

	1978-79	1979-80
	\$	\$
Balance 1 July	31 431 949	38 729 030
<b>RECEIPTS</b>		
Contributions - Board	6 077 530	5 844 325
Employees	1 996 878	2 158 318
Interest	1 707 457	4 518 960
	<hr/>	<hr/>
	41 213 814	51 250 633
<b>PAYMENTS</b>		
Pensions	113 523	229 804
Lump Sum Payments	1 727 256	2 407 003
Death-Invalidity Benefits	397 272	385 522
Refunds-Resigned Contributors	246 733	286 662
	<hr/>	<hr/>
	2 484 784	3 308 991
	<hr/>	<hr/>
Balance 30 June	38 729 030	47 941 642
	<hr/>	<hr/>

The balance at 30 June 1980 is represented by:

	\$
Investments-Employee Contribution	14 350 000
Head Office Building	7 911 000
Utilised in Board's Undertakings	18 059 845
Short-Term Investments	7 620 797
	<hr/>
	47 941 642
	<hr/>

The increase in the interest credited to the account during 1979-80 resulted from a decision of the Board to credit the account with interest, on the balance of the account at the end of each quarter, at "current rates" rather than the 5 per cent. previously allowed. This decision also effectively reduced the amount required to be contributed by the Board from 3.3:1 in 1978-79 to 2.9:1 in 1979-80.

### *Special and Other Funds*

The main credits during the year to Special Funds and the balances of those funds at 30 June 1980 are shown hereunder:

	Contributions from Revenue	Interest Credited	Total Revenue Additions	Credit Balance at 30 June 1980
	\$	\$	\$	\$
Sinking Fund*	4 074 041	2 946 272	7 097 100	72 931 458
Loans Redeemed from Revenue Reserve	8 378 113	..	8 378 113	64 876 522
Renewals Fund	5 631 773	920 767	6 552 540	39 444 133
Superannuation Account	5 844 325	4 518 960	10 363 285	47 491 642

\* Inscribed Stock to the value of \$18 140 058 was re-purchased from the Sinking Fund during 1979-80

In addition to the funds listed above, there are other provisions and reserves with credit balances to the sum of \$565 280 159 at 30 June 1980. Included in this figure is an amount of \$5 020 176 provided by the State from the Works and Services Account for fluoridation of the water supply under the control of the Board.

The sum of the Board's funds and reserves at 30 June 1980 was \$790 023 914. Of this sum, \$185 121 815 was invested, \$493 441 099 was utilised in the Board's undertakings and the balance \$111 461 000 is represented by an amount due from the State.

### *Deferred Charges*

Deferred charges at 30 June 1980 amounted to \$7 471 810 and were represented by:

- (a) the temporarily capitalised amount of \$5 886 097, which the Board has paid for repairs to and restoration of the facade of its Head Office building, and in respect of which legal action is being taken for recovery; and
- (b) the balances of unrecovered overhead accounts amounting to \$1 585 713.

### *General Reserve - Metropolitan General Fund*

The increase of \$15 910 754 in the General Reserve-Metropolitan General Fund was accounted for as follows:

	\$
Capital Works financed from Revenue (Appropriation)	9 400 000
Repayment of Superannuation Funds invested in Board's building (Appropriation)	900 000
Profit on sale of Properties	5 082 693
Profit on sale of miscellaneous assets	258 235
National Debt Sinking Fund-Commonwealth Contribution	14 125
Profit on M.U.R.L.A. Contract	211 579
Miscellaneous	44 122
	<hr/>
	15 910 754
	<hr/>

### *Loan Liability*

Loans raised under Section 187 of the Melbourne and Metropolitan Board of Works Act 1958 may not exceed a maximum of \$2 000 000 000 and at 30 June 1980 the Board's total liability in respect of such loans stood at \$1 261 821 559. 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 such advances totalled \$258 226 531 at the close of the year. These advances are not subject to a statutory maximum.

Included in the Board's liability under Section 200 is the amount of \$64 346 898, in respect of loans made by the Commonwealth under its Urban and Regional Development (Financial Assistance) Acts 1974 and 1975, to assist the State to overcome a backlog of sewerage works.

### *Fixed Assets*

Fixed Assets of the Board increased by \$189 084 777 during the year. The major items were as follows:

	\$
<b>WATER</b>	
Lower Yarra Development - Sugar Loaf	50 010 000
Thompson River Development	22 653 500
Water Reticulation	4 598 000
Cement Lining	3 496 600
Distribution Works	2 994 300

## SEWERAGE

Sewerage Reticulation	34 133 200
Main Sewers	10 243 900
Dandenong Valley Trunk Sewer	4 402 800
South Eastern Purification Plant Amplification	2 035 500
Werribee Farm Works	1 672 700

## DRAINAGE

Drainage Works	8 272 500
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## OTHER

Plant Purchases	3 203 300
Depots and Complexes	4 023 700
Motor Vehicle Purchases	2 416 900

*Farm Operations*

The increased profit on farm operations of \$2 376 905 (\$1 279 391 in 1978-79) resulted mainly from an increase in the valuation placed on livestock.

*Land Demised to Crown*

During 1979-80 the Board demised land originally purchased under its powers as a Planning Authority under the Town and Country Planning Act 1961 to the Crown. In return the management of land known as Westerfolds was transferred to the Board to enable a third metropolitan park to be developed similar to Jells Park and Brimbank Park.

The Board received no consideration for the transfer and the original cost, \$496 937 was written off to the General Reserve-Metropolitan Improvement Fund.

There is no express provision in the Town and Country Planning Act 1961 to authorise the Board to demise land to the Crown and, in my opinion, this action is ultra vires the Town and Country Planning Act 1961.

This matter was brought to the attention of the Treasurer in a report dated 14 July 1980.

*Long Term Debtor - State of Victoria*

The State Government has agreed to reimburse the Board for interest and redemption in respect of capital works carried out by the Board which are attributable to non-metropolitan water consumers.

The basis of the reimbursement is:

Capital Expenditure to 30 June 1980	73 817 000
Assumed interest to 30 June 1980 on borrowing to finance Capital Expenditure	36 993 000
Loan raising costs	472 000
Interest on Loan Raising Costs	179 000
	<hr/>
	111 461 000
	<hr/>

The amount of \$111 461 000 is to be reimbursed to the Board by half yearly instalments covering interest and principal with the first instalment due 31 December 1980. This arrangement is subject to review every 3 years.

The Board has brought to account the amount due as a debtor in its financial statements for the year ended 30 June 1980. The interest portion of each instalment is to be treated as income in the year in which it is due.

#### *Provision for Doubtful Debts*

During 1979-80, an amount of \$838 097, was written off by the Board against the Provision for Doubtful Debts.

Details of larger amounts follow:

#### (a) Victorian Football League - Waverley Park

For a number of years, the Board has fully rated V.F.L. Park at Waverley, and the Victorian Football League have contended that the land comprising the park qualified for rating concessions under the provisions of the Cultural and Recreational Lands Act 1963.

Arising out of a Supreme Court action the Board agreed subject to certain conditions, that V.F.L. Park be treated as cultural and recreational lands from 1 July 1977 and an amount of \$225 890 in respect of the years 1977-78 and 1978-79 was written off.

#### (b) Trade Waste Charges

Pursuant to the by-laws of the Board, disposers of trade waste who fulfill certain requirements of the Board are allowed discounts not exceeding 30 per cent.

Since 1970 S.C.I. Meat and Paper Pty. Ltd. has deducted the maximum discount from all payments to the Board despite the Board's decision not to allow the full discount provided for in the by-laws.

In June 1980, after the issue of legal proceedings, the Board accepted an offer to pay \$850 000 of the \$1 448 422 owed by the Company in full settlement of all trade waste charges due to the Board up to 30 September 1979. The balance of \$598 422 was charged against the amount provided in previous financial years.

In terms of the agreement between the Board and the Company, \$450 000 was paid in July 1980 and the balance of \$400 000 is due and payable on or before 14 July 1981. No interest is chargeable on the outstanding amounts.

A new by-law operative from 1 October 1979 eliminated discounts in respect of trade waste disposals. A firm agreement has been drawn up between the Board and the Company from 1 July 1980.

### *Reserve for Future Capital Works*

An amount of \$9 000 000 which had not been provided for in the 1979-80 estimates of the Board, was appropriated to a Reserve for Future Capital Works.

Funds for the establishment of this reserve were provided from increased interest on short-term investments and from savings in operating costs.

### *Loans Redeemed from Sinking Fund Reserve*

With the approval of the Director of Finance, the Board repurchased its holdings in its own stock to the value of \$18 140 058 from moneys provided through the Sinking Fund.



# MELBOURNE AND METROPOLITAN TRAMWAYS BOARD

The Melbourne and Metropolitan Tramways Board is a corporate body and its powers and are set out in the Melbourne and Metropolitan Tramways Act 1958.

The Melbourne and Metropolitan Tramways (Borrowing Powers) Act 1979, increased the borrowing powers of the Board to a limit at any one time of \$100 million. At 30 June 1980, liability amounted to \$73 114 407 in respect of authorised borrowings secured by inscribed stock guaranteed by the State.

The above legislation also provides that the Board may obtain temporary accommodation by bank overdraft but the moneys borrowed may not at any time exceed such amount as is fixed by the Treasurer of Victoria.

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

## *Changes in Presentation of Board's Accounts*

In previous years, the cumulative figures of financial assistance received from the State have been included in the balance sheet to explain the accumulated deficit carried forward each year. For 1979-80 the amount received for the current year only has been included in the balance sheet and, for comparative purposes the previously published figures for 1978-79 are adjusted on a similar basis.

The Board's income and expenditure accounts for the past two years are compared:

	1978-79	1979-80
	\$	\$
INCOME		
Traffic Receipts - Tram	29 458 016	*32 840 440
Bus	6 196 296	*7 053 408
Drivers' Licence Suspense Account	1 900 000	1 900 000
Miscellaneous - Operating Receipts	445 215	650 704
Non-operating Receipts	569 014	591 302
	<hr/>	<hr/>
	38 568 541	43 035 854
	<hr/>	<hr/>

\* Passenger fares increased from 15 September 1979

	1978-79	1979-80
	\$	\$
<b>EXPENDITURE**</b>		
Traffic Operation Costs		
Tram	26 416 880	28 684 045
Bus	7 627 576	8 169 459
Maintenance		
Tramcars	7 970 565	8 181 409
Buses	3 403 473	3 477 329
Permanent Way	2 159 699	2 082 593
Electrical Equipment	1 728 494	1 835 014
Buildings and Grounds	945 771	1 094 210
Interest on Capital Debt	4 888 369	5 985 603
General Administration and Supply		
Department Costs	4 493 823	5 083 810
Payroll Tax	2 427 188	2 493 830
Workers Compensation	2 427 907	559 828
Depreciation and Amortisation Provisions	2 079 772	2 473 858
Charges for		
Public Liability Claims	1 422 847	2 020 611
Retiring Gratuities	1 759 447	1 976 094
Long Service Leave and Accrued Sick Leave	1 212 479	1 206 753
Traction Energy	1 571 224	1 708 249
Fuel Oil (Buses)	839 953	1 243 226
Leasing of Rolling Stock	479 254	723 998
Non-operating Expenses	267 532	285 321
	<hr/>	<hr/>
Total Expenditure	74 122 253	79 285 240
	<hr/>	<hr/>
Deficit for year	35 553 712	36 249 386
	<hr/>	<hr/>

\*\*Several of the 1978-79 expenditure figures differ from those shown in my 1978-79 report. They are shown above on the altered basis of cost distribution which has been adopted by the Board.

### Balance Sheet

The following is a summary of the balance sheet at 30 June 1980 together with comparative figures at 30 June 1979.

	30.6.79	30.6.80
	\$	\$
<b>CURRENT ASSETS</b>		
Cash at Bank and on hand	322 688	..
Sundry Debtors	536 022	848 134
Stores on hand and work in Progress	7 637 339	8 536 638
	<hr/>	<hr/>
	8 496 049	9 384 772
<b>INVESTMENTS (at cost)</b>		
Inscribed Stock-Sinking Fund	2 629 912	2 605 734
Deposits on Call	1 000 000	2 000 000
General Investments	16 088	40 266
	<hr/>	<hr/>
	3 646 000	4 646 000

	\$	30.6.79 \$	\$	30.6.80 \$
FIXED ASSETS (at cost)				
Permanent Way, Overhead				
Construction, Transmission				
Lines	28 249 591		29 698 593	
Rolling Stock	42 184 377		52 551 620	
Land and Buildings	6 591 118		7 294 280	
Plant Furniture and Fittings				
etc.	5 730 336		6 386 553	
	<u>82 755 422</u>		<u>95 931 046</u>	
Less Provision for				
Depreciation	26 374 424		28 175 795	
	<u>56 380 998</u>		<u>67 755 251</u>	
INTANGIBLE ASSETS				
Sundry Construction Charges	1 006 967		1 006 967	
Contributions to Roads and				
Bridges	776 612		825 463	
Alterations to Mains and				
Sewers	338 222		338 222	
Expenditure on Proposed				
Tramways	63 800		63 800	
	<u>2 185 601</u>		<u>2 234 452</u>	
Less Provision for				
Amortisation	1 781 314		1 823 750	
	<u>404 287</u>		<u>410 702</u>	
Total Assets	<u>68 927 334</u>		<u>82 196 725</u>	
CAPITAL DEBT				
Loans				
Inscribed Stock		63 160 649		73 114 407
GRANTS AND CONTRIBUTIONS				
Commonwealth of Australia:				
Tram lines	157 573		157 573	
Trams	9 373 597		12 840 264	
Buses	750 026		750 026	
Net Contributions towards				
major Tramways Works				
constructed at the request				
of other organisations	4 495 435		5 167 732	
	<u>14 776 631</u>		<u>18 915 595</u>	
	77 937 280		92 030 002	
Less				
ACCUMULATED DEFICIT				
1 July	15 778 771		18 665 483	
Deficit for year	35 553 712		36 249 386	
	<u>51 332 483</u>		<u>54 914 869</u>	
Less payment received				
from State Treasury	32 667 000		33 000 000	
	<u>18 665 483</u>		<u>21 914 869</u>	
	59 271 797		70 115 133	

	30.6.79	30.6.80
	\$	\$
<b>CURRENT LIABILITIES</b>		
Bank Overdraft (net)	..	1 298 209
Accounts Payable	1 612 115	908 603
Contractors Deposits	529 681	1 022 441
Payroll Accrued	586 362	1 013 422
Payroll Tax	382 453	437 030
Miscellaneous Creditors	995 594	388 505
	<u>4 106 205</u>	<u>5 068 210</u>
<b>ACCRUED LIABILITIES</b>		
Public Liability Claims		
Trams	1 336 260	2 101 205
Bus	405 695	485 958
Workers Compensation Insurance	1 569 831	1 650 000
Interest on loans	1 136 418	1 325 055
Annual Leave	756 994	976 790
Other	344 134	474 374
	<u>5 549 332</u>	<u>7 013 382</u>
<b>Total Liabilities</b>	<u>68 927 334</u>	<u>82 196 725</u>

The following comments are relative to the Board's accounts:

*Drivers' Licence Suspense Account*

The revenue credit of \$1 900 000 from the Drivers' Licence Suspense Account is the amount which was determined by the Treasurer as being payable in 1979-80 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.

*Provisions*

- (a) No specific provision has been made in the Board's accounts for accrued sick leave, long service leave and retiring gratuities.
- (b) The Board regards the provision for depreciation and amortisation 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 provisions. Details are:

	30.6.79	30.6.80
	\$	\$
Provision for depreciation and amortisation	25 525 826	27 393 811
Sinking Fund	2 629 912	*2 605 734
	<u>28 155 738</u>	<u>29 999 545</u>

\* Invested in inscribed stock

### *Accrued Liabilities*

There is a dispute between the Board and the Insurer in respect of the premium for Workers Compensation Insurance for 1979-80. The Board is of the opinion that, the amount of \$1 650 000 included in the Accrued Liabilities will be adequate to meet the premium and has made no further provision in respect of the amount in dispute.

### *Contingent Liabilities*

The Board has entered into arrangements for the leasing of 180 passenger buses for a period of ten years. Lease payments for the current year are shown in the statement of operations in respect of the 99 buses delivered up to 30 June 1980.

A letter of credit with a limit of approximately \$280 000 has been arranged through the Commonwealth Trading Bank in respect of an overseas contract for the supply of certain equipment for new trams and buses.

# MELBOURNE UNDERGROUND RAIL LOOP AUTHORITY

The Melbourne Underground Rail Loop 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.

Provision is made in the legislation for loop construction 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 \$400 million.

The Melbourne Underground Rail Loop (Land Development) Act 1980 which came into operation on 6 May 1980 empowers the Authority to develop certain land owned by it which is no longer required for loop construction purposes. It may also lease such land. The amending legislation also authorises the Authority to borrow, with the approval of the Treasurer, sums not exceeding \$100 million and also to promote a property trust for the development of its land. To 30 June 1980 no such borrowings had been made or property trust promoted.

The Authority may also arrange temporary financial accommodation secured or arranged in such manner as is approved by the Treasurer. Repayment of any such temporary borrowings is guaranteed by the State.

For the year 1979-80 the Authority was authorised as part of the State's loan program to borrow \$63 million from the following sources:

	\$
Public Loan No. 402	8 500 000
Public Loan No. 403	13 000 000
Public Loan No. 404	24 250 000
Private borrowings	17 250 000
	<hr/>
	63 000 000
	<hr/>

Apart from amounts totalling \$617 100, all loan subscriptions had been received in full during the year.

At 30 June 1980, liability amounted to \$297 138 136 in respect of authorised borrowings secured by inscribed stock guaranteed by the State and advances from Works and Services Account.

## *Treasurer's Determination*

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 including interest and other charges on general borrowings and the loan redemption payments relating to loans raised to finance additional land purchased for redevelopment (Section 30A of the Act).

The Treasurer made no determination with respect to administrative expenses which are being capitalised in the accounts of the authority and financed from general borrowings.

In accordance with the Act, the Treasurer determined, for 1979-80, that contributions to the net loan redemption payments totalling \$27 102 180 were payable to the Authority. Pursuant to the determination, the following amounts were received by the Authority during the year.

	\$
From Victorian Railways Board-as determined by Treasurer	2 054 188
City of Melbourne-10 per cent. of \$26 million	2 600 000
Melbourne and Metropolitan Board of Works- 15 per cent. of \$26 million	3 900 000
Consolidated Fund-the balance re General Borrowings	17 445 812
	<hr/>
	26 000 000
From Consolidated Fund-Land Acquisitions under Section 30A	1 102 180
	<hr/>
Treasurer's Determination	27 102 180
	<hr/>

### *Capital Expenditure*

A summary of capital expenditure for the past two years is set out hereunder:

1978-79		1979-80
\$		\$
	Works	
13 387 751	Signalling, Box Tunnels, Ramps, Trackwork, Substation, Sleepers, Rails etc.	19 993 578
11 383 592	Station Tunnels-Museum to Parliament and to Jolimont	399 871
2 211 410	Booking Hall Flagstaff and Parliament Stations	3 848 954
5 050 070	Museum Station	8 040 901
6 288 853	Tunnels Museum to Flagstaff	1 959 173
1 683 247	Tunnels Flagstaff to West Melbourne	536 874
2 128 774	Flagstaff Station	1 119 491
2 143 471	Overpass Flinders/Spencer Street	146 558
1 167 063	Escalators Museum Station	2 068 320
..	Parliament Station	761 797
1 590 633	Tunnels-Electrical, Ventilation, Accoustics etc.	9 616 639
	Consultancy	
5 808 517	Principal Consultants	5 986 000
1 631 966	Victorian Railways Board	1 835 559
284 936	Railway Construction and Property Board	207 633
280 156	Other Associated Expenses	118 586
		<hr/>
		8 147 778
2 289 643	Insurance	1 805 980
345 627	Land Acquisition and Expenses	..
97 019	Sundry	32 935
		<hr/>
57 772 728		58 478 849
		<hr/>

## Change in Accounting Policy

The Authority has approved in principle a number of changes in accounting policy. The effect of these changes has been to eliminate the item "Intangibles - Capitalised Costs" from the previously published statement of financial position. The items shown as Intangibles - Capitalised Costs in 1978-79 have been included in the 1979-80 statement as follows:

- (a) Administrative expenses of \$4 237 342 and public loan expenses of \$654 261 together with expenditure for 1979-80 of \$1 810 042 are now in the loop development account.
- (b) Interest payable for loan redemption payments of \$56 938 285 to 1978-79 together with \$26 724 682 in 1979-80 amounts to \$83 662 967. Net interest recouped amounts to \$77 684 761 leaving a balance of \$5 978 206 outstanding, which is under the heading Other Assets in the statement.
- (c) Contributions to sinking fund of \$1 327 144 to 1978-79 together with \$821 600 for 1979-80 have been deducted from the sinking fund reserve to show the net earnings on the sinking fund investments.

Comparative figures for 1978-79 have been adjusted accordingly.

The financial position of the Authority at 30 June 1979 and 1980 is set out hereunder:

30.6.79		\$	\$	\$	30.6.80
\$					\$
	<b>FIXED ASSETS</b>				
235 156 954	Loop Development Account		*295 062 564		
130 573	Plant		138 108		
89 613	Office Furniture, Fittings and Equipment		90 871		
6 969	Motor Vehicle		6 969		
	Land Acquisitions and Expenses				
6 357 860	Section 30A	6 556 564			
14 610 061	Other	14 411 438	20 968 002		
<u>256 352 030</u>					<u>**316 266 514</u>
	<b>INVESTMENTS</b>				
	Inscribed Stock, Fixed Deposits and Bonds				
1 565 539	Sinking Fund		2 553 157		
13 250	Staff Retirement Fund		14 531		
<u>1 578 789</u>					<u>2 567 688</u>

\* Includes \$2.98 million advance payments to contractors

\*\*Fixed assets are shown at cost. No provision is made for depreciation



30.6.79			30.6.80
\$		\$	\$
	<b>CURRENT ASSETS</b>		
5 755 000	Investments-Short-term	5 172 500	
60 502	Accrued Interest		
	Receivable	131 847	
340 320	Prepayments	198 992	
<hr/>		<hr/>	
6 155 822			5 503 339
	<b>OTHER ASSETS</b>		
4 568 428	Recoverable Charges - Net		
	Interest Payable		5 978 206
<hr/>			<hr/>
268 655 069			330 315 747
	<b>Less</b>		
	<b>CURRENT LIABILITIES</b>		
124 495	Bank Overdraft less Cash		
	at Bank and on hand	1 225 388	
12 850 000	Short-term Advances	13 000 000	
250 000	Inscribed Stock		
	Applications	572 600	
2 551 558	Sundry Creditors	4 156 077	
5 055 501	Accrued Interest Payable	6 026 098	
32 000	Contractors' Deposits	25 000	
3 000 000	Bills Payable	..	
<hr/>		<hr/>	
23 863 554		25 005 163	
	<b>RESERVE</b>		
13 250	Staff Retirement Fund	14 531	
<hr/>		<hr/>	
23 876 804			25 019 694
<hr/>			<hr/>
244 778 265			305 296 053
<hr/>			<hr/>

The assets and expenses of the Authority for the past two years have been financed as shown hereunder:

1978-79			1979-80
\$		\$	\$
	<b>Contributions</b>		
	To Loan Redemption Payments		
11 267 130	Victorian Railways Board	13 321 318	
6 920 123	City of Melbourne	9 520 123	
9 139 624	Melbourne and Metropolitan Board		
	of Works	13 039 624	
31 009 208	Consolidated Fund	49 557 200	
<hr/>		<hr/>	
58 336 085			85 438 265
52 369 857	Less Applied to Net Interest Paid		77 684 761
<hr/>			<hr/>
5 966 228	Contributions applied for Capital,		
	Sinking Fund and loan reduction		
	purposes		7 753 504
238 395	Earnings on Sinking Fund Investments		404 413
<hr/>			<hr/>

1978-79		1979-80
\$		\$
	Loans	
236 608 215	Secured by Inscribed Stock	295 181 620
1 965 427	Works and Services Account	1 956 516
<hr/>		<hr/>
238 573 642		297 138 136
<hr/>		<hr/>
244 778 265		305 296 053
<hr/>		<hr/>

A statement of the financial transactions of the Authority for the two years ended 30 June 1979 and 1980 is given:

#### FUNDS AVAILABLE TO THE AUTHORITY

1978-79		1979-80
\$		\$
	CONTRIBUTIONS	
2 127 081	Victorian Railways Board	2 054 188
2 024 000	City of Melbourne	2 600 000
3 036 000	Melbourne and Metropolitan Board of Works	3 900 000
13 920 835	Consolidated Fund	18 547 992
<hr/>		<hr/>
21 107 916		27 102 180
59 998 630	Borrowings-Inscribed Stock	62 530 170
5 077 656	Increase in Current Liabilities	1 141 609
110 799	Earnings on Sinking Fund and Staff Retirement Investments	167 299
491 259	Reduction in Advances to Contractors	374 407
..	Decrease in Current Assets	652 483
<hr/>		<hr/>
86 786 260		91 968 148
<hr/>		<hr/>

#### FUNDS APPLIED BY THE AUTHORITY

	CAPITAL EXPENDITURE	
47 034 864	Works	48 492 156
8 005 575	Consultancy	8 147 778
2 289 643	Insurance	1 805 980
345 627	Land Acquisitions and Expenses	..
97 019	Sundry	32 935
<hr/>		<hr/>
57 772 728		58 478 849
783 462	ADMINISTRATIVE EXPENSES	848 698
654 261	PUBLIC LOAN EXPENSES	961 344
5 478 422	INCREASE IN CURRENT ASSETS	..
	LOANS	
20 608 164	Interest (net)	26 724 682
854 715	Reductions-Inscribed Stock and Works and Services Account	3 965 676
<hr/>		<hr/>
21 462 879		30 690 358
634 508	Increase in Investments and Interest (including contribution to Sinking Fund)	988 899
<hr/>		<hr/>
86 786 260		91 968 148
<hr/>		<hr/>

# MELBOURNE WHOLESALE FRUIT AND VEGETABLE MARKET TRUST

The Melbourne Wholesale Fruit and Vegetable Market Trust was established as a body corporate under the provisions of the Melbourne Wholesale Fruit and Vegetable Market Trust Act 1977.

The functions of the Trust are to control, maintain and manage the market and market lands.

Control of the market was transferred from the Melbourne City Council to the Trust on 1 April 1978. Certain financial aspects of the transfer were adjusted and/or determined by Order in Council of 29 August 1978. The Order provided for:

- (a) accumulated losses of the Council in relation to the market to be \$1 340 937 and for this amount, together with interest to be repaid by instalments over the period ending 30 September 1981; and
- (b) the net capital liability of the Council in respect of loans raised for market purposes and capitalised revenue expenditure to be \$8 527 677. This amount, together with interest, to be repaid by the Trust.

Details of income and expenditure for 1978-79 and 1979-80 are summarised hereunder.

1978-79		1979-80
\$		\$
	INCOME	
1 823 236	Rents	2 085 392
492 969	Government Grant	377 568
9 814	Interest on Investments	72 998
1 080	Other Income	5 136
<hr/>		<hr/>
2 327 099		2 541 094
	Less	
	EXPENDITURE	
711 609	Salaries and Associated Costs	808 249
	Interest	
	Melbourne City Council	
794 484	Loans	639 053
141 916	Accumulated Losses	94 783
49 538	Capitalised Costs	21 304
5 812	Other Loans	79 571
85 865	Depreciation	84 492
295 876	Operating and Maintenance	333 077
102 084	Administration Expenses	158 604
<hr/>		<hr/>
2 187 184		2 219 133
<hr/>		<hr/>
139 915	Operating Surplus	321 961
<hr/>		<hr/>

1978-79		1979-80
\$		\$
	Appropriated to:	
43 823	Accumulated Deficit	..
96 092	Loan Redemption Reserve	321 961
<u>139 915</u>		<u>321 961</u>

The following is an abridged statement of the Trust's balance sheets:

30.6.79			30.6.80
\$		\$	\$
	CAPITAL		
258 207	Government Grant	644 691	
98 940	Loan Redemption Reserve (Note 1)	420 901	
<u>357 147</u>			<u>1 065 592</u>
	REPRESENTED BY:		
	FIXED ASSETS (at cost)		
7 926 557	Buildings	8 072 452	
84 172	Less Accumulated Depreciation	164 518	
<u>7 842 385</u>		<u>7 907 934</u>	
1 995 229	Land	1 995 229	
<u>9 837 614</u>			<u>9 903 163</u>
..	Rail Transit Facility		10 250
23 965	Office Equipment	26 751	
21 277	Market Equipment	15 286	
1 750	Motor Vehicles	7 099	
<u>46 992</u>		<u>49 136</u>	
1 854	Less Accumulated Depreciation	4 851	
<u>45 138</u>			<u>44 285</u>
<u>9 882 752</u>			<u>9 957 698</u>
	CURRENT ASSETS		
105 225	Debtors	176 483	
34 125	Prepayments	17 620	
..	Stock of Publications	22 126	
<u>139 350</u>			<u>216 229</u>
200 000	INVESTMENTS		*1 141 361
	NON-CURRENT ASSETS		
47 052	Deferred-Long Service Leave and Retiring Allowances (Melbourne City Council) (Note 2)	45 164	
91 938	Sinking Fund (Note 3)	183 876	
<u>138 990</u>			<u>229 040</u>
<u>10 361 092</u>	TOTAL ASSETS		<u>11 544 328</u>

\* Consisting of Bank Term Deposit \$71 170 and Bank Accepted Bills (at cost) \$1 070 191

30.6.79		30.6.80
\$		\$
	Less	
	CURRENT LIABILITIES	
277 093	Creditors and Accrued Expenses	236 652
27 170	Bank Overdraft	21 954
	Due to Melbourne City Council	
96 016	Loans	104 249
500 000	Accumulated Losses	500 000
85 015	Capitalised Costs	90 456
6 659	Other Loans	19 162
		<hr/>
991 953		972 473
	PROVISIONS	
158 647	Long Service, Annual Leave and Retiring Allowance	172 263
	NON-CURRENT LIABILITIES	
	Due to Melbourne City Council	
7 860 548	Loans	7 756 298
590 937	Accumulated Losses	90 937
311 624	Capitalised Costs	221 168
		<hr/>
8 763 109		8 068 403
90 236	Other Loans	1 265 597
		<hr/>
		9 334 000
		<hr/>
10 003 945	TOTAL LIABILITIES	10 478 736
		<hr/>
357 147		1 065 592
		<hr/>

Included in the explanatory notes appended to the accounts of the Trust at 30 June 1980 were the following:

1. The Trust is required to meet one half of the payments made to the Melbourne City Council in respect of the loan liability incurred by the Council in the construction and operation of the Wholesale Market up to the 1 April 1978. Appropriations by the Trust in respect of its contribution towards the principal portion of the loan are credited to a Loan Redemption Reserve.

2. DEFERRED ASSET

Is the amount which the Melbourne City Council is liable to pay the Trust in respect of former Officers and Employees of the Council, who elected to transfer to the Trust on the 1 April 1978 in accordance with Section 46 of the Wholesale Fruit and Vegetable Market Trust Act 1977. The Council is not required to pay the amount until the date when the actual legal entitlement thereto arises.

3. SINKING FUND

Is the amount which the Trust contributes towards the Sinking Fund of the Melbourne City Council in respect of the Redemption Loans due to the Council. The Sinking Fund is operated and controlled by the Council.

# METROPOLITAN FIRE BRIGADES SUPERANNUATION BOARD

The Metropolitan Fire Brigades Superannuation Board was constituted under the Metropolitan Fire Brigades Superannuation Act 1976, for the purpose of establishing and administering the Metropolitan Fire Brigades Superannuation Fund.

In accordance with the terms of the legislation, the schemes operated by the Metropolitan Fire Brigades Board including policies of insurance and assets forming part of the scheme fund (No. 1 and No. 2 schemes) were assigned to the Metropolitan Fire Brigades Superannuation Board, together with all powers, authorities, immunities, rights obligations and duties previously exercisable by the Fire Board.

Subject to Section 20 of the Act, which prescribes age limitations, all persons becoming Fire Board officers are required to be contributors of the Superannuation Fund. The benefits payable to members are set out in the Act and the Regulations thereunder.

Section 14 of the Act provides for an investigation of the financial position of the fund by an actuary at 3-yearly intervals. The first investigation which was due at 30 June 1979, is currently being carried out and is expected to be completed by December 1980.

The following statement, in which the figures relating to the financial year 1979-80 are subject to audit, shows income and expenditure of the fund for the past two years:

		1978-79		1979-80
	\$	\$	\$	\$
<b>INCOME</b>				
Board Scheme Contributions				
Contributors	1 730 579		2 016 844	
Fire Board	2 957 601		3 420 236	
Superannuation Board	4 823		5 142	
	4 693 003		5 442 222	
Insurance Scheme Contributions				
Members	23 080		23 674	
Fire Board	34 620		35 511	
	57 700		59 185	
Interest		3 706 184		4 550 074
Commission		1 578		2 165
Profit on Sale of Investments		148 308		..
Profit on Realisation of				
Insurance Scheme Policies		3 805		4 418
Other		..		1 219
		8 610 578		10 059 283

	1978-79	1979-80
	\$	\$
<b>EXPENDITURE</b>		
<b>Benefits</b>		
Board Scheme	1 522 360	2 155 506
No. 1 Scheme	119 760	111 008
No. 2 Scheme	302 933	306 277
Insurance Scheme	16 795	2 943
	<u>1 961 848</u>	<u>2 575 734</u>
<b>Administrative Costs</b>		
Salaries (including temporary staff)	68 472	61 905
Printing, Stationery and Advertising	4 094	6 311
Office Equipment	2 976	68
Computer Consultants' Fees	3 785	5 900
Superannuation	7 177	6 838
Rent	9 621	9 815
Fees (Audit, Actuary and Solicitors)	10 167	13 584
Medical Examination Charges	10 603	11 986
Other	7 178	18 661
	<u>124 073</u>	<u>135 068</u>
	2 085 921	2 710 802
Loss on Sale of Investments	..	11 135
	<u>2 085 921</u>	<u>2 721 937</u>
Excess of Income over Expenditure	6 524 657	7 337 346
	<u>8 610 578</u>	<u>10 059 283</u>

The balance sheet of the fund at 30 June 1979 and 1980 is summarised hereunder:

30.6.79		30.6.80
\$		\$
	<b>CURRENT ASSETS</b>	
	<b>Debtors</b>	
410 688	Interest on Investments and Mortgage Loans	575 411
17 627	Sundry	19 129
		<u>594 540</u>
188 518	Investment Interest Accrued	185 213
800 000	Investments Short-term (at cost)	950 000
		<u>1 135 213</u>
1 416 833		
35 133 554	<b>INVESTMENTS-LONG TERM (at cost)</b>	42 169 774
		<u>43 899 527</u>
36 550 387		
	<b>CURRENT LIABILITIES</b>	
66 586	Bank Account Overdrawn (net)	14 414
	<b>Creditors</b>	
10 457	Benefits Payable	5 246
13 170	Sundry	23 991
		<u>43 651</u>
90 213		

30.6.79		30.6.80
\$		\$
	RESERVES	
57 286	Mortgage Reserve	115 642
36 402 888	Superannuation Fund	43 740 234
<hr/>		<hr/>
36 460 174		43 855 876
<hr/>		<hr/>
36 550 387		43 899 527
<hr/>		<hr/>

A comparison of investments (at cost) held at 30 June 1979, and 1980, is given below:

	30.6.79	30.6.80
	\$	\$
Short term		
Deposit at Call	800 000	950 000
	<hr/>	<hr/>
Long Term		
Commonwealth Government Securities	1 006 177	..
Semi-Government and Local Government Securities	3 154 161	4 012 276
First Mortgage Loans	28 061 800	33 488 800
Housing Loans-Board Scheme Contributors	2 514 952	4 215 992
Insurance Scheme Policies	396 464	452 706
	<hr/>	<hr/>
	35 133 554	42 169 774
	<hr/>	<hr/>



## MOTOR ACCIDENTS BOARD

The Motor Accidents Act 1973 authorised the establishment of:

- (a) 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
- (b) a Motor Accidents Tribunal to decide appeals against decisions 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 conducted by auditors appointed by the Board. This audit and that conducted by my officers are complementary in character.

Expenses and compensation payments granted by the Board as the result of motor accidents are met from the General Account. This account is financed from funds provided by the authorised insurer (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 authorised insurer to pay to the Board certain sums determined by it. In 1978-79, calls made under Section 65 amounted to \$33 600 000, and in 1979-80, \$41 500 000. The increase was necessary to meet the increase in benefits paid during the year \$37 639 689 (\$29 043 702 in 1978-79).

The main reasons for the increase in benefits paid were:

- (a) the Motor Accidents (Amendment) Act 1979, amongst other things, increased the amount of benefits paid, made provision for lump sum compensation payments and allowed certain retrospective payments to be made, and
- (b) the full effect during the year under review of increased fees, operative from 1 December 1978, paid to public hospitals for bed and outpatient charges and certain hospital employed doctors.

The statutory period in relation to the Special Account, particulars of which have been given in previous Reports, ended on 11 February 1977. The surplus at 30 June 1980 was \$2 928 827. The legislation does not provide for disbursement of any surplus and, in my opinion the situation should be reviewed.

In my previous supplementary report it was noted that no deduction from benefits paid were made in respect of Income Tax.

In a judgment handed down on 14 December 1979, the Federal Court found in favour of the Taxation Commissioner in that benefits paid under sub-section (1) of Section 25 of the Motor Accidents Act 1973 are taxable income to the applicant.

The ultimate liability, if any, that may arise from the decision of the Federal Court cannot presently be determined and no provision for any liability that may result has been made in the financial statements of the Board.

The General Account showed surpluses of \$2 040 280 and \$949 631 in the two years, 1978-79 and 1979-80, respectively.

Details of income and expenditure of the General and Special Accounts together with the Board's balance sheets for the two years are shown hereunder. The figures for 1979-80 are subject to audit.

#### GENERAL ACCOUNT

	1978-79		1979-80	
	\$	\$	\$	\$
<b>RECEIPTS</b>				
Calls on Authorised Insurers		33 600 000		41 500 000
Drivers' Licence Surcharges		178 952		213 100
Interest earned on Short-term Deposits		412 091		427 854
Medibank Receipts		129 743		..
		<u>34 320 786</u>		<u>42 140 954</u>
<b>LESS PAYMENTS</b>				
Benefits Paid	29 043 702		37 639 689	
Administrative Expenses (Note 4)	3 236 804		3 551 634	
		<u>32 280 506</u>	<u>3 551 634</u>	<u>41 191 323</u>
Surplus for Period		2 040 280		949 631
Surplus 1 July		2 399 040		4 439 320
		<u>4 439 320</u>		<u>5 388 951</u>
Balance 30 June				

#### SPECIAL ACCOUNT

<b>RECEIPTS</b>				
Interest earned on Short-term Deposits		234 369		264 558
Medibank Receipts		3 601		..
		<u>237 970</u>		<u>264 558</u>
<b>LESS PAYMENTS</b>				
Benefits Paid	56 369		4 300	
Administrative Expenses (Note 4)	6 282		350	
		<u>62 651</u>	<u>4 650</u>	<u>4 650</u>
Surplus for Period		175 319		259 908
Balance 1 July		2 493 600		2 668 919
		<u>2 668 919</u>		<u>2 928 827</u>
Balance 30 June				

## BALANCE SHEET

30.6.79		30.6.80
\$		\$
	FUNDS HELD BY THE BOARD	
4 439 320	General Account	5 388 951
2 668 919	Special Account	2 928 827
<hr/>		<hr/>
7 108 239		8 317 778
<hr/>		<hr/>
	Represented by	
	CURRENT ASSETS	
300	Cash on Hand	300
21 700	Prepayments	23 375
202 137	Sundry Debtors	239 588
8 600 000	Short-term Deposits at Bank	10 600 000
<hr/>		<hr/>
8 824 137		10 863 263
<hr/>		<hr/>
	LESS CURRENT LIABILITIES AND PROVISIONS	
1 757 403	Sundry Creditors and Accruals (Note 1)	2 194 391
379 760	Bank	630 329
189 600	Provision for Long Service Leave	228 564
<hr/>		<hr/>
2 326 763		3 053 284
<hr/>		<hr/>
6 497 374		7 809 979
<hr/>		<hr/>
	FIXED ASSETS (at cost)	
135 990	Office Partitions	139 171
65 272	Furniture and Fittings	67 077
116 514	Office Equipment	119 642
43 761	Motor Vehicles	46 454
<hr/>		<hr/>
361 537		372 344
98 672	Less Provision for Depreciation (Note 2)	137 545
<hr/>		<hr/>
262 865		234 799
<hr/>		<hr/>
763 000	E.D.P. DEVELOPMENT EXPENSES (NOTE 3)	1 029 000
415 000	Less Provision for Depreciation	756 000
<hr/>		<hr/>
348 000		273 000
<hr/>		<hr/>
7 108 239		8 317 778
<hr/>		<hr/>

The Board has appended the following explanatory notes to its accounts for the year ended 30 June 1980:

1. Sundry Creditors and Accruals include an amount of \$2 081 443 being June benefits payable, paid in July.
2. Provision for Depreciation at \$137 545 (1979, \$98 672) has been made on the Assets as follows:

	1979	1980
	\$	\$
Office Partitions	29 206	42 804
Furniture and Fittings	22 098	28 623
Office Equipment	42 158	58 546
Motor Vehicles	5 210	7 572
	<u>98 672</u>	<u>137 545</u>

3. E.D.P. Development Expenses represents expenditure of a capital nature on development and implementation of computer systems. Depreciation of \$341 000 has been charged for the estimated usage of the systems.
4. Administrative Expenses totalling \$3 551 984 (1979, \$3 243 086) were comprised of the following main items:

	1979	1980
	\$	\$
Salaries and related costs	1 520 861	1 733 983
Computer Operations	1 248 140	1 315 091
Premises and Equipment	202 554	218 145
Other Overheads	271 531	284 765
	<u>3 243 086</u>	<u>3 551 984</u>

These expenses have been allocated between General and Special in the same proportions as Benefits paid in each account.

5. Outstanding Benefits Liability

The liability for future benefits payable for accidents occurring up to and including 30 June 1980, was determined from an examination of the payment run-off of benefits since inception and has been estimated to be:

	\$
General Account	48 717 000
Special Account	100 000

## 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 Portland Harbor Trust.

The Trust's authority to operate a grain terminal at Portland was revoked in 1977 under the provisions of the Grain Elevators (Amendment) Act 1977 and its operation was taken over by the Grain Elevators Board from 1 November 1977.

Whilst agreement had been reached to take over certain of the Trust's assets for an amount of \$2 007 634 no formal contract had been executed at 30 June 1980.

In addition, final agreement had not been reached with the Board regarding the following matters:

- (a) financial arrangements for the Board's use of the Trust's land and the wharf upon which the grain facilities are located;
- (b) valuation of the grain gantry and shiploaders.

The loan liability of the Trust, relating to the terminal, which was excluded from the Trust's accounts in the previous year has been reinstated and the debt due from the Board included as a non-current asset for an equivalent amount.

### *Changes in Accounting Methods*

From 1 July 1979 the Trust has adopted a full accruals basis of accounts preparation together with a policy of generally following accounting standards issued by the Australian Accounting Bodies. At the same time various account classifications and the format of the financial statements have been revised to more accurately reflect the activities of the Trust.

The major changes have been:

- (a) to bring to account, as revenue, interest on Redemption of Loans Sinking Fund investments previously credited direct to the fund;
- (b) to bring to account, as revenue, interest on Depreciation Fund investments previously offset against the year's depreciation expense;

- (c) the establishment of an Appropriation Account; and
- (d) the transfer to the Appropriation Account of
  - (i) various provisions in existence at 1 July 1979 which, in effect, recognised expenses and losses before they were incurred; and
  - (ii) the balance of Endowments and other specific reserves.

Details are shown below:

	\$
Provisions	
Plant Maintenance	56 783
Overburden Removal	51 137
Loss on Disposal of Stone Dust	22 290
Reserves	
Capital Profits	5 965
Insurance	5 014
Capital Redemption	1 222 436
Endowments	22 816

Particulars of the Trust's revenue and appropriation accounts for the past two years are shown hereunder. For comparative purposes, the figures for 1978-79 have been amended to reflect the changes in accounting policies effected in 1979-80.

#### REVENUE ACCOUNT

1978-79		1979-80
\$		\$
	<b>REVENUE</b>	
528 729	Wharfage Rates	695 585
384 477	Shipping Services	830 089
194 502	Rent and Licence Fees	220 589
229 472	Other Services	318 895
41 713	Cool Store	54 458
275 298	Interest on Investments	352 261
1 450 000	Government Grant from Public Works	
	Department Vote	1 500 000
..	Profit on Sale of Assets	46 122
3 104 191		4 017 999
	<b>EXPENDITURE</b>	
489 322	Administration	583 070
407 236	Shipping Services	509 074
221 690	Maintenance	225 567
72 268	Depreciation	69 653
28 391	Cool Store	25 956
214 002	Other Expenses	207 199
1 481 555	Loan Interest	1 620 185
2,914 464		3 240 704
189 727	Surplus for year	777 295

APPROPRIATION ACCOUNT

1978-79	1979-80
\$	\$
189 727 Surplus for year	777 295
.. Add Transfer - Provision for Plant	
Maintenance	56 783
.. Provision for Overburden	
Removal	51 137
.. Provision for Loss on	
Disposal of Stone Dust	22 290
.. Capital Profits Reserve	5 965
.. Insurance Reserve	5 014
.. Endowments	22 816
.. Capital Redemption Reserve	1 222 436
	1 386 441
189 727	2 163 736
753 085 Less Balance 1 July	915 886
212 009 Appropriations - Redemption of Loans	
Sinking Fund	258 510
Capital Redemption Reserve	..
140 519	..
1 105 613	1 174 396
(915 886) Balance at 30 June (Deficit)/Surplus	989 340

*Amounts deferred by Treasurer*

The expenditure item, Loan Interest, relates only to the interest payable in respect of inscribed stock 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 30 June, the amounts so deferred were National Debt Sinking Fund contributions, \$522 891 and interest \$3 906 189. Interest has not been included in the balance sheet as a liability.

*Balance Sheet*

The following is an abridged statement of the Trust's balance sheets for 1978-79 and 1979-80:

30.6.79	30.6.80
\$	\$
FUNDS EMPLOYED	
LOAN FUNDS	
22 382 398 Inscribed Stock	23 189 595
3 822 900 Treasurer of Victoria	3 822 900
26 205 298	27 012 495

30.6.79		30.6.80
\$		\$
	FUNDS RETAINED	
2 135 778	Loans Sinking Fund	2 394 288
22 816	Endowments	..
1 233 415	Other Reserves	..
(915 886)	Appropriation Account	989 340
<hr/>		<hr/>
2 476 123		3 383 628
<hr/>		<hr/>
28 681 421		30 396 123
<hr/>		<hr/>

EMPLOYMENT OF FUNDS

	FIXED ASSETS		
76 695	Land and Building Vested (less written off)	76 603	
441 974	Grain Gantry (less provision for depreciation)	441 974	
2 361 428	Permanent Equipment, Plant, Buildings and Improvements (less provision for depreciation)	2 793 558	
20 175 373	Breakwaters, Wharves and Port Improvements	21 241 722	
<hr/>		<hr/>	24 553 857
23 055 470			
	CURRENT ASSETS		
425	Cash on Hand	550	
143 392	Cash at Bank	..	
160 000	Investments - Short-term	340 000	
210 766	Stores and Stocks	252 701	
427 548	Sundry Debtors and Prepaid Expenses	611 369	
<hr/>		<hr/>	1 204 620
942 131			
	NON CURRENT ASSETS		
1 981 600	Grain Elevators Board		1 701 400
	INVESTMENTS		
2 135 778	Redemption of Loans Sinking Fund	2 394 288	
1 403 708	Depreciation Fund	1 535 660	
41 209	Building Fund	90 520	
<hr/>		<hr/>	4 020 468
3 580 695			
<hr/>		<hr/>	<hr/>
29 559 896			31 480 345
<hr/>		<hr/>	<hr/>
	Less		
	LIABILITIES		
..	Bank Overdraft	136 087	
411 246	Sundry Creditors, Accrued Expenses and Prepaid Revenue	562 201	
7 268	Contractors and Tenderers Deposits	17 795	
<hr/>		<hr/>	716 083
418 514			



30.6.79			30.6.80
\$			\$
	PROVISIONS		
153 109	Long Service Leave	170 444	
46 494	Retiring Gratuities	53 376	
152 438	Annual Leave	144 319	
56 783	Plant Maintenance	..	
51 137	Over burden Removal Cape Grant Quarry	..	
		<hr/>	
459 961			368 139
			<hr/>
878 475			1 084 222
			<hr/>
28 681 421			30 396 123
			<hr/>

### *Investments*

Investments held by the Trust at 30 June 1980 totalling \$4 360 468 consisted of:

	\$
Bank Accounts	121 545
Interest Bearing Term Deposits	745 000
Inscribed Stock, Debentures and Mortgage Loans	3 453 923
Trustee Approved Common Fund	40 000
	<hr/>
	4 360 468
	<hr/>

These investments are held on behalf of the Redemption of Loans Sinking Fund, Depreciation Fund, Building Fund and operating funds.

### *Depreciation*

It is the policy of the Trust not to provide depreciation in respect of breakwaters, wharves and port improvements. These assets total \$21 241 722 at 30 June 1980.

# PORT OF MELBOURNE AUTHORITY

The Port of Melbourne Authority is responsible for the operation of the Port of Melbourne, including the construction and maintenance of docks, wharves and buildings, the dredging of shipping channels and the provision of cranes and mobile equipment for handling various types of cargo. To enable the Authority to carry out its functions, the lands and waterways within the designated port area have been vested in the Authority.

Figures shown in respect of the Authority's accounts for 1979-80 are subject to audit.

## *Changes in Accounting Policy*

The Authority has approved in principle a number of changes in accounting policy. Details of the major changes are as follows:

- (a) Income received from Sinking Fund investments is now included as non-operating revenue in the revenue statement. In past years this income has been credited directly to the fund.

The effect of this change for the current year is to increase the surplus by \$318 181 (1979 - \$176 989).

- (b) For some years the Authority has revalued major assets by index, based on quarterly estimates of gross fixed capital expenditure provided by the Australian Bureau of Statistics, with physical revaluation at intervals, and provided additional depreciation accordingly. However, the valuations of assets obtained by this process had not been incorporated in the accounts.

All relevant assets are now shown at valuation and an Asset Revaluation Reserve created to reflect the difference between historical cost and replacement cost of these assets. This change does not affect the result for the year but the effect on the balance sheet is to increase both reserve and fixed assets by \$83 456 124.

- (c) Previously when loan liabilities were repaid from the Sinking Fund an equivalent amount was transferred to Capital Redemption Reserve. As the amount set aside to the Sinking Fund is treated as an appropriation of Accumulated Revenue a credit is now made to Accumulated Revenue when loans are repaid using the Sinking Fund.

The balance of \$19 275 449 in the Capital Redemption Reserve has been transferred to Accumulated Revenue.

(d) In previous years amounts received as subsidies, compensation etc. have been credited directly to Contributions by Lessees and Others to Capital Works Reserve. All revenue is now included in the revenue statement and these contributions are to be included as Non-operating Income.

The balance of this reserve, \$11 444 019, has been transferred to Accumulated Revenue.

The Authority's revenue accounts for the financial years 1978-79 and 1979-80 are shown in the following summary:

### Revenue Account

	1978-79	1979-80
	\$	\$
<b>OPERATING REVENUE</b>		
Charges		
Shipping	4 824 239	5 182 081
Wharfage etc.	20 617 640	23 983 700
Services-Cranes	2 476 941	2 675 130
Other	402 225	414 949
Rents and Licence Fees from Lands	5 076 192	5 502 771
Interest on General Investments	742 042	1 493 644
Other revenue	91 033	103 416
	34 230 312	39 355 691
<b>OPERATING EXPENDITURE</b>		
Payment to the Consolidated Fund	667 374	768 966
Operating Expenses	8 782 992	9 593 253
Maintenance	8 512 344	9 618 713
Interest on Loans	4 936 958	5 798 579
Administration	2 619 522	2 801 474
General Expenses	844 306	754 014
Depreciation	6 393 917	8 576 543
Insurance	427 980	440 024
	33 185 393	38 351 566
<b>OPERATING SURPLUS</b>	1 044 919	1 004 125
<b>NON-OPERATING REVENUE</b>		
Interest on Sinking Fund Investments	176 989	318 181
	1 221 908	1 322 306

In addition to the amounts provided as depreciation and insurance in the foregoing summary, the following provisions were made and absorbed in other expenditure and capital items:

	1978-79	1979-80
	\$	\$
Depreciation	1 201 763	1 388 479
Insurance	312 003	358 041
Superannuation Pensions	2 000 000	2 000 000
Service Grant Gratuities	50 000	50 000
Long Service Leave	500 000	500 000
	4 063 766	4 296 520

## Appropriation Account

	1978-79	1979-80
	\$	\$
Surplus for the year	1 221 908	1 322 306
Accumulated Revenue 1 July	11 003 771	11 248 690
Amounts written back from		
Capital Redemption Reserve	..	19 275 449
Contributions by Lessess and Others to Capital Works Reserve	..	11 444 020
	12 225 679	43 290 465
Less Appropriation to Sinking Fund	976 989	2 618 181
	11 248 690	40 672 284

## Balance Sheet

The following is a summary of the balance sheet for the year ended 30 June 1980, including comparative figures at 30 June 1979:

30.6.79		30.6.80
\$		\$
FUNDS EMPLOYED		
86 447 891	Long Term Borrowings	100 832 859
51 387 384	Reserves	107 770 087
2 852 022	Sinking Fund	4 868 078
11 248 691	Appropriation Account	40 672 284
151 935 988		254 143 308

Represented by:

146 780 181	FIXED ASSETS (at cost or valuation less depreciation)	255 236 634
482 793	ADVANCES FOR HOUSING	502 200
21 244 234	INVESTMENTS	18 012 053
CURRENT ASSETS		
325 495	Cash on Hand and at Bank (various funds)	355 476
1 250 214	Debtors	2 360 028
2 813 381	Stock	1 991 874
172 896 298		278 458 265
Less		
CURRENT LIABILITIES		
1 740 237	Bank Overdraft-Port of Melbourne Authority Fund	1 552 344
5 589 695	Sundry Creditors and Accrued Liabilities	7 071 794
3 172 866	SUPERANNUATION FUND	4 030 938

30.6.79		30.6.80
\$		\$
	PROVISIONS	
190 977	Service Grant Gratuities	215 229
1 134 247	Long Service Leave	1 317 424
5 608 705	Insurance	6 288 266
3 523 583	Superannuation	3 838 962
		<hr/>
		24 314 957
<hr/>		
20 960 310		
<hr/>		
151 935 988		254 143 308
<hr/>		<hr/>

### Reserves

The balance of reserves as shown in the balance sheet consists of:

30.6.79		30.6.80
\$		\$
18 642 669	Capital Redemption	..
12 537 000	General	12 537 000
8 817 920	Depreciation Adjustment	11 776 963
11 389 795	Contributions by Lessees and Others to Capital Works	..
..	Asset Revaluation	83 456 124
<hr/>		<hr/>
51 387 384		107 770 087
<hr/>		<hr/>

### Investments

The value of investments, \$18 012 053, shown in the balance sheet at cost comprises:

30.6.79		30.6.80
\$		\$
	Port of Melbourne Authority Fund	
2 500 000	Short Term Money Market	..
7 972 296	Bank Accepted Bills	12 325 178
6 735 000	Bank Deposits	1 425 775
<hr/>		<hr/>
17 207 296		13 750 953
<hr/>		<hr/>
	General Reserve Fund	
778 424	Bank Accepted Bills	1 504 142
1 260 000	Bank Deposits	550 000
<hr/>		<hr/>
2 038 424		2 054 142
<hr/>		<hr/>
	Sinking Fund	
720 538	Bank Accepted Bills	855 981
260 000	Bank Deposits	865 282
1 017 976	Inscribed Stock	485 695
<hr/>		<hr/>
1 998 514		2 206 958
<hr/>		<hr/>
21 244 234		18 012 053
<hr/>		<hr/>

Details of fixed assets at 30 June 1980 follows:

	At Cost	At Valuation	Provision for Depreciation	Net Value 30.6.80
	\$	\$	\$	\$
Floating Plant	526 118	40 018 916	3 520 901	37 024 133
Land and Property*	13 099 068	6 902 117	4 137 177	15 864 008
World Trade Centre Project	20 826 026	..	..	20 826 026
Reclamation	9 918 340	..	..	9 918 340
Wharves and Sheds	35 236 797	79 614 216	30 659 631	84 191 382
Cranes and Cargo Handling Plant	3 824 812	16 449 799	5 189 292	15 085 319
Railways	1 022 990	..	469 266	553 724
Approaches	8 983 104	2 629 442	5 278 829	6 333 717
Electric Installation	475 578	2 967 267	710 534	2 732 311
Workshops and Other Plant	10 163 961	..	3 203 370	6 960 591
Harbor Improvements	6 050 824	..	1 114 257	4 936 567
Dredging and Deepening Waterways	59 153 677	..	8 343 161	50 810 516
30 June 1980	<u>169 281 295</u>	<u>148 581 757</u>	<u>62 626 418</u>	<u>255 236 634</u>
30 June 1979	<u>140 346 341</u>	<u>132 354 118</u>	<u>56 656 685</u>	<u>216 043 774</u>

\* Land vested in the Authority by the Port of Melbourne Authority Act is not included in this item.

At 30 June 1980 depreciation of \$11 776 963 based on asset revaluations has been charged against the revenue of the Authority and credited to the Depreciation Adjustment Reserve.

### *World Trade Centre*

The Port of Melbourne (World Trade Centre) Act 1978 provided for the construction of the World Trade Centre within the port area and authorised the Authority to incur expenditure thereon.

During 1979-80 expenditure amounting to \$15 044 118 was incurred on the project. After deducting interest earned, \$342 289, on funds borrowed which were surplus to the immediate requirements of the Authority net expenditure consisted of:

Construction	\$ 12 658 424
Consultants	770 093
Finance Expenses	712 246
Administration and Insurance	316 192
Promotion and Public Relations	124 504
Other	120 270
	<u>14 701 729</u>

Total expenditure up to 30 June 1980 amounted to \$20 826 026.

An exchange gain of \$416 913 at 30 June 1980 on overseas borrowings has not been incorporated in the Authority's accounts.

At 30 June 1980 a contingent liability, being commitments for contracts let for the construction of the project, amounted to \$31 542 582.

### *Bank Overdraft*

The balance sheet figure of \$1 552 344 is the amount appearing in the Authority's books at 30 June 1980 after preparing cheques for substantial commitments by way of loan interest and redemptions due 1 July 1980. These cheques were banked on 1 July 1980 into a special bank account for servicing loans. Arrangements were made for short-term investments maturing on 1 July 1980 to meet the loan commitments, thus the bank account balance did not exceed the overdraft limit of \$1 000 000 as presently determined by the Treasurer of Victoria.

### *Superannuation*

The Authority operates a staff superannuation scheme, governed by the Port of Melbourne Authority (Superannuation) Regulations, under which the Authority contributes a proportion of each pension paid.

The following is a summary of transactions within the Port of Melbourne Authority's superannuation accounts for the year ended 30 June 1980 together with comparative figures for the previous year:

	1978-79	1979-80
	\$	\$
Balance 1 July	3 027 248	3 172 866
RECEIPTS		
Staff Contributions	637 088	604 760
Portion of Pensions paid by Authority	840 003	1 090 970
Interest	260 165	407 675
Credits by Authority re Lump Sum Payments	147 868	562 399
Other	182 055	24 605
	<hr/>	<hr/>
	5 094 427	5 863 275
PAYMENTS		
Pensions	1 071 601	1 220 940
Lump Sum Payments (Equivalent to Portion of Pensions Converted)	496 375	407 662
Refunds of Contributions	53 657	37 369
Pension Supplementation Payments	149 329	165 786
Other	150 599	579
	<hr/>	<hr/>
	1 921 561	1 832 336
	<hr/>	<hr/>
Balance 30 June	3 172 866	4 030 939

Interest is credited to the superannuation accounts at a rate equivalent to the average rate earned by the State Superannuation Board for the previous financial year, with a minimum of 3.75 per cent. as prescribed by the Regulations.

The actuary's report on the last triennial valuation in respect of the superannuation scheme, at 30 June 1978 stated that the present contribution rates were considered adequate and no reduction or increase was necessary in the parts of pensions to be credited to the Superannuation Account by the Authority.



# 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 cash received is paid into a Common Fund controlled by the Public Trustee as authorised by the Act. The statement below shows the composition of the Common Fund at 30 June 1979 and 1980.

	30.6.79	30.6.80
	\$	\$
Moneys held for		
Protected Persons	42 523 971	49 258 564
Deceased Estates	21 208 217	23 975 762
Minors	4 663 996	5 421 187
Trusts and Agencies	200 883	270 805
Estates Guarantee and Reserve Account	3 619 377	4 364 579
Unclaimed Moneys	2 287 087	2 372 812
Interest Reserve	950 000	1 350 000
Suspense—Amounts pending allocation or adjustment	13 456	* 279 728
Deposits by Trustees	112 000	112 000
Building Depreciation Account	39 367	47 074
	75 618 354	87 452 511

\* Includes \$275 112 received 30 June 1980

The Common Fund was invested as follows:

Mortgages	51 375 571	56 827 489
Inscribed Stock		
Victorian Semi-Government Authorities	5 660 600	8 062 100
Commonwealth Government Securities	3 129 000	2 996 980
Interstate Semi-Government Authorities	..	1 000 000
Interstate Local-Government Authorities	..	1 000 000
Commercial Bills—Bank Accepted	..	7 232 156
Loans to Municipal and Other Statutory Bodies	3 805 292	3 790 237
Land and Buildings	3 330 074	3 335 684
Cash at Bank and on Hand	1 099 895	2 494 260
Bank Term Deposit and Special Deposits	7 217 922	713 605
	75 618 354	87 452 511

In addition to the funds held as the Common Fund, the Public Trustee had under his control other assets of substantial value. These assets included real estate and other unrealised assets belonging to estates being administered by him.

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, \$529 083, were credited to the Buildings Operations Account for the year. After debiting operating expenses of \$125 655 in respect of the land and building at 168 Exhibition Street, Melbourne, and paying \$5 345 into the Building Depreciation Account, the balance of \$398 083 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:

- (a) 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
- (b) 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 the cost of the administration of the Act.

Operations through the Suspense and Reserve Accounts for the financial years 1978-79 and 1979-80 were:

#### Interest Suspense Account

	1978-79	1979-80
	\$	\$
Income from investments	7 922 758	9 863 341
Transfer from Building Operations Account	397 603	398 083
Assessment Fees	650	850
	8 321 011	10 262 274
<b>Appropriations</b>		
Interest allocated to estates	5 658 872	6 659 710
Provision for interest payable to estates	950 000	1 350 000
Estates Guarantee and Reserve Account	102 000	392 000
Consolidated Fund	1 610 139	1 860 564
	8 321 011	10 262 274

#### Estates Guarantee and Reserve Account

	1978-79	1979-80
	\$	\$
Balance 1 July	3 173 197	3 619 377
Interest earned	345 875	357 839
Transfer from Interest Suspense Account	102 000	392 000
	3 621 072	4 369 216
Less Legal costs and other expenses	1 695	4 637
	3 619 377	4 364 579

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

### 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 to the State Treasury for credit to the Consolidated Fund, from which operating expenses are met. On this basis, the net result of operations for the year was a surplus of \$1 015 794 compared with a surplus of \$661 848 in the preceding year. Particulars are:

	1978-79	1979-80
	\$	\$
RECEIPTS		
Fees and Commission	1 600 689	1 857 321
Surplus-Interest Suspense Account	1 610 139	1 860 564
Appropriations of former years	71 532	105 310
Miscellaneous	6 136	6 009
	<hr/>	<hr/>
	3 288 496	3 829 204
Less		
PAYMENTS		
Salaries and allowances	2 272 195	2 419 842
Payments in lieu of long service leave	44 990	61 516
Payroll tax	114 759	122 230
Overtime and penalty rates	22 985	19 821
Administration Expenses	144 893	147 820
Treasury-workers compensation	26 826	42 181
	<hr/>	<hr/>
	2 626 648	2 813 410
	<hr/>	<hr/>
Surplus for the year	661 848	1 015 794
	<hr/>	<hr/>

The Public Trustee also collects amounts from various sources on account of the Consolidated Fund, including probate duty on estates administered by him and amounts on account of maintenance of certain patients in public mental hospitals.

Amounts paid by the Public Trustee to the Consolidated Fund and to Treasury Trust Fund from all sources during the last 2 years were:

	1978-79	1979-80
	\$	\$
Consolidated Fund		
Fees and Commission	1 600 689	1 857 321
Probate Duty	1 815 170	1 973 392
Surplus from Interest Suspense Account	1 610 139	1 860 564
Maintenance-Patients in Mental Hospitals	80 403	88 434
Postages, Stationery recouped	71 532	105 310
Sundry Receipts	6 136	6 009
	<hr/>	<hr/>
	5 184 069	5 891 030
	<hr/>	<hr/>
Treasury Trust Fund		
Unclaimed Moneys	331 686	404 980

# RAILWAYS

The Victorian Railways Board is a corporate body and is empowered to hold property for the purpose of and subject to the Railways Act 1958. An amendment to the Act - the Railways (Board) Act 1979 - provided for an increase in the number of Board members from 8 to 9 persons.

## Receipts and Payments

Receipts and payments on railway operations for the year 1979-80, as recorded in the Treasurer's Accounts, are summarised hereunder. For comparative purposes, figures for the previous year are also shown:

	1978-79	1979-80
	\$	\$
<b>PAYMENTS</b>		
<b>SPECIAL APPROPRIATIONS</b>		
Pension Contributions	22 581 987	25 436 867
Debt charges	23 541 134	27 919 417
Contribution to Railway Renewals and Replacement Fund	400 000	400 000
Payment to Transport Fund	361 092	377 633
Board Salaries and Allowances	80 241	107 778
	<u>46 964 454</u>	<u>54 241 695</u>
<b>VOTE</b>		
Labour	239 071 217	257 803 930
Payroll tax	12 387 479	13 305 096
Materials and other expenditure	63 194 093	81 134 160
Accident Fund	4 180 431	5 043 702
Payments to the Melbourne Underground Rail Loop Authority	2 127 081	2 054 188
Payment to the Commonwealth Government-(Railways Standardization Agreement) Act 1958	257 062	252 164
Expenditure on agency works subject to recoup	4 000 000	4 199 987
	<u>325 217 363</u>	<u>363 793 227</u>
	<u>372 181 817</u>	<u>418 034 922</u>
<b>RECEIPTS</b>		
Ordinary Income	177 515 407	215 378 198
Appropriations of Former Years	458 126	109 996
Agency Works Recoups	3 207 106	4 007 495
Payments by Treasury		
For fare freight and transport concessions	7 630 982	9 208 792
For loss on Kerang-Koondrook line*	4 953	..
	<u>188 816 574</u>	<u>228 704 481</u>
Deficit for Year	<u>183 365 243</u>	<u>189 330 441</u>

\* Line now closed to passenger traffic

The deficit as shown in the Board's records in respect of 1979-80 was \$190 295 895 compared with \$180 634 466 for 1978-79.

The differing net financial results, as recorded in the two accounting systems in respect of each of those years, arose from the following factors:

- (a) certain parts of the Board's accounts and the Treasury accounts for railway expenditure are kept on an accrual basis, but the Treasury accounts for income are mainly on a cash basis;
- (b) to facilitate the closing of the Treasurer's accounts on 30 June, it was again arranged by the Treasury for the Board to furnish estimates of railways expenditure for the final accounting period up to 30 June, which were then charged to the relevant appropriations, Works and Services allocations and various railway Trust Funds. Subsequent to 30 June, when the final expenditure charges and adjustments for each year became available, these figures were included in the Board's accounts at 30 June, but not charged or incorporated into the Treasurer's accounts until the next year; and
- (c) collections by the Board on 30 June, on account of income and other accounts, were included in the Board's result at that date. Collections were remitted to the Treasury on 2 July 1980 and will, therefore, be included in the Treasurer's accounts for the year 1980-81. A similar procedure was adopted in respect of 1978-79.

### *Operating Expenses*

Operating expenses, \$418 034 922, exceeded the Budget estimate by \$11 405 772 and, on a comparable basis, were in excess of the previous year by \$45 853 105.

### *Depreciation*

The depreciation for 1979-80 was assessed at \$12 713 410 but an amount of \$400 000 only was charged to operating expenses and credited to the Railway Renewals and Replacements Fund established under Section 115 of the Board's Act 1958. The amount of \$12 313 410 depreciation assessed but not charged against operating expenses brought the accumulated sum under-provided in the Board's accounts to \$242 559 933 at 30 June 1980.

The total amount credited in the year to the Railway Renewals and Replacements Fund from depreciation charges and sales of materials etc., was \$1 218 552 which was expended in full during the year.

### *Accrued Annual Leave*

Accrued annual leave increased by 39 537 days in 1979-80 and the estimated liability increased from \$22 689 336 at 30 June 1979 to \$26 659 024 at 30 June 1980. There is no provision in the accounts to meet the liability. Vote expenses of the year in which the payments are made bear the cost of the annual leave accrued in previous years.

## Debt Charges

The Board is charged with interest, sinking fund payments and exchange only in respect of moneys borrowed by the State for railway purposes from and including 1 July 1960. The amount chargeable in the year was \$27 919 417.

## Special Funds for Maintenance Expenditure - Transport Projects

Expenditure of \$224 774 on transport planning and research projects has not been included in the receipts and payments statement. This expenditure has been charged to the Treasury trust accounts - Commonwealth Transport Planning and Research Account and Commonwealth Transport Planning and Research (Financial Assistance) 1977 Trust Account. This amount represents the estimated portion of expenditure by the Board which will be eligible for Commonwealth financial assistance by way of grants as provided by Commonwealth legislation, the Transport Planning and Research Act 1974 and the Transport Planning and Research (Financial Assistance) Act 1977.

The amount actually recoverable from the Commonwealth in respect of expenditure will not be fully determined until audited statements in respect of the approved projects have been submitted by the Board to the Commonwealth.

## Board Income

The following dissection of the Board's earnings, on an accrual basis, illustrates variations under the following heads in the past two years:

	1978-79	1979-80
	\$	\$
Goods and Livestock etc.	103 439 968	135 042 790
Passengers	59 347 891	64 695 919
Parcels etc.	7 650 067	9 026 108
Mails	569 471	407 092
Miscellaneous	155 764	145 415
Rents and general miscellaneous	5 914 902	5 996 415
Dining car and refreshment room services	7 840 002	8 209 245
Advertising	352 214	343 155
Bookstalls	1 671 238	1 721 150
Road motor services	79 097	75 888
Agency Works-Subject to Recoup	3 763 728	4 478 204
Interest on Mortgage Debenture	318 502	492 029
Treasury Recoup-Kerang and Koondrook Tramway Act 1951	4 953	..
	<hr/>	<hr/>
	191 107 797	230 633 410
	<hr/>	<hr/>

Collections for 1979-80 when compared with those of the previous year reflected the increase in passenger fares, freight and parcel rates and charges which applied generally from September 1979.

The following statement summarises payments under Transport Works and Services Acts:

	1978-79	1979-80
	\$	\$
Way and Works	13 652 709	*14 069 843
Rolling-stock, equipment etc.	8 270 000	8 158 966
Construction of New Lines etc.	1 432 000	+ 34 489
Urban Development Projects	26 053 000	22 169 858
	<hr/>	<hr/>
	49 407 709	44 433 156
	<hr/>	<hr/>

\* Excludes payments for Agency Works subject to recoup

+ Payments for Railway Construction and Property Board projects included in Railways Board financial statements

### *Rail Tracks, Rolling Stock etc.*

Expenditure for 1979-80 was principally in connection with projects to reconstruct bridges, and to provide additional rolling-stock.

### *Urban Development Projects*

Items provided in the Works and Services Acts for Urban Development Projects include construction of new suburban stations, provision of additional tracks and stainless steel suburban trains to replace wooden-bodied rolling-stock. In respect of portion of this expenditure, the State of Victoria received \$8 664 333 in 1979-80 as Commonwealth financial assistance by way of grants as provided under the Commonwealth's States Grants (Urban Public Transport) Act 1978.

The amounts actually recoverable from the Commonwealth in respect of expenditure will not be fully determined until audited statements in respect of the approved projects have been submitted by the Board to the Commonwealth.

### *National Railway Network (Financial Assistance) Act*

In accordance with the provisions of the National Railway Network (Financial Assistance) Act 1979 the Commonwealth Government is providing financial assistance by way of interest bearing loans to improve main railway lines.

As provided under the legislation an agreement has been entered into between the Commonwealth Government and the State of Victoria for financial assistance in connection with certain projects. To 30 June 1980 the sum of \$3 230 000 had been received from the Commonwealth and credited to the Consolidated Fund.

### *Vicrail Pipelines Pty. Ltd.*

Vicrail Pipelines Pty. Ltd. is incorporated under the Companies Act 1961 as a proprietary limited company and is a wholly owned subsidiary of the Board.

The Company, in a joint venture, owns a petroleum products pipeline from Altona to Somerton in conjunction with several oil companies. The Company has contributed one - quarter of the cost of the pipeline and has the right of access to 25 per cent. of the pipeline through - put capacity. It also has a right to 25 per cent. profit from the joint venture.

With the approval of the Treasurer, the Board has pursuant to the Railways Act 1958 made cash advances totalling \$3 185 255 from the Works and Services Account to the Company as follows:

	\$
1977-78	1 295 755
1978-79	1 704 000
1979-80	185 500
	<hr/>
Total Repayable Advances	3 185 255
	<hr/>

Advances are secured by a mortgage debenture creating a floating charge over the assets of the Company. The interest rate on cash advances is 14 per cent. No interest payments were received by the Board during 1979-80. Under the terms of the mortgage debenture, unpaid interest shall be compounded. Interest totalling \$810 531 due and payable at 30 June 1980, has been included in the Board's accounts.

The Annual Return of the Company, lodged with the Commissioner for Corporate Affairs on 20 December 1979, disclosed that the Company is an exempt proprietary company and, as permitted by sub-sections (1) and (2) of Section 165B of the Companies Act 1961, its accounts have not been audited for the period ended 30 June 1979.

I am unable to comment on the accounts of this wholly owned subsidiary company of the Victorian Railways Board, as, although the accounts of the Board are subject to my audit, no provision exists in the Railways Act for the accounts of the subsidiary company to be audited.

Under the provisions of the Railway Act 1958 the Board is empowered to grant a lease or licence to a pipeline company of any land vested in or under control of the Board.

In March 1978, the Board circulated a draft licence agreement to the interested parties. However, at the date of preparation of this report the agreement had not been formalised. The annual licence fee payable to the Board has now been determined by the Valuer-General and in accordance with the terms of the draft agreement the licence agreement should now be finalised.

#### **A.R.R.D.O.**

The Australian Railway Research and Development Organisation (A.R.R.D.O.) is a public company incorporated in Victoria and has been established to provide a research and development facility for the Australian railways systems.



In accordance with the provisions of the Railways Act 1958, the Treasurer has consented to the Victorian Railways Board becoming a member of A.R.R.D.O. and to the Board making the following payments to the Company during 1979-80:

\$48 404 towards establishment costs from the Works and Services Account, and  
 \$120 205 towards operating costs from the Transport Planning and Research (Financial Assistance) 1977 Trust Account.

### Statement of Balances

An abridged statement of the balances in the Board's accounts at 30 June 1979 and 1980 follows:

	30.6.1979	30.6.1980
	\$	\$
Rolling-stock, Plant etc., at cost less depreciation	535 983 064	* 577 063 823
Depreciation Account - not funded	230 246 523	242 559 933
Stores and Materials	10 550 347	11 510 896
Partly manufactured articles	3 046 256	2 127 061
Trading and Catering Services, Stock and Equipment less provision for losses	1 257 101	1 301 964
Discounts and expenses on Loans	7 872 059	7 908 763
Deferred Renewals, Replacements, and Maintenance Works	1 050 000	1 050 000
Investments-Shares and Mortgage Debenture	3 000 754	3 186 254
Funds at Treasury		
Railway Accident and Fire Insurance Fund	200 000	200 000
Railway Agency Works Account	570 559	**(522 067)
Railway Stores Suspense Account	6 064	**(158 427)
Railways Repayment Account	** 20 632	** 62 581
Railway Manufacturing and Trading and Catering Account	(872 849)	** 189 127
Treasury Trust Fund (Salaries and Wages accrued) **	12 434 713	** 12 820 723
Advances held by Agent-General	101 347	88 438
Trust Securities	4 818 933	5 728 553
Cash at Stations and in Transit	222 712	417 273
Cash Advances	1 963 754	3 132 380
Debtors - Revenue	14 505 631	15 029 190
Sundry	1 140 488	1 400 687
Accumulated Loss	1 180 860 219	1 371 401 344
	<hr/>	<hr/>
	2 008 978 307	2 256 498 496
	<hr/>	<hr/>

\* Includes cost of Railway housing transferred to Railway Construction and Property Board

\*\*Including Cash in Transit

	30.6.1979	30.6.1980
	\$	\$
Loan Liability+	527 113 355	553 188 089
Funds for		
Urban Development Projects	55 829 564	64 493 897
Uniform Railway Gauge	29 866 765	29 770 928
Level Crossings	10 888 613	10 888 613
Boom Barriers	740 299	740 299
Transport Fund	9 779 376	16 995 069
Other Special Purposes	13 892 240	13 892 240
Pipeline-Shares and Mortgage Debenture	3 000 754	3 186 254
National Railway Network (Financial Assistance)	..	2 498 163
Asset Revaluation Reserve	20 292 526	21 439 160
National Debt Sinking Fund Reserve	114 614 018	122 446 922
Uniform Railway Gauge Reserve	1 733 235	1 829 072
Railway Accident and Fire Insurance Fund	200 000	200 000
Advances from the Public Account	1 104 814	1 498 966
Working Capital-Manufacturing and Trading	3 205 643	3 205 643
Sundry Creditors	18 426 805	20 562 125
Trust Securities	4 839 565	5 791 134
Consolidated Fund etc.++	1 193 450 735	1 383 871 922
	<hr/>	<hr/>
	2 008 978 307	2 256 498 496
	<hr/>	<hr/>

+ After deduction of the equity in the National Debt Sinking Fund

++Includes Advances for Agency Works subject to recoup and items in transit at 30 June

### *Debtors - Revenue and Sundry*

The totals for these items as shown in the statement of balances for the last two years consist of:

	1978-79	1979-80
	\$	\$
Revenue	14 505 631	14 766 143
Agency Works (Works and Services Account)	147 110	385 661
Sales of general stores	92 907	263 047
Sundry sales and services	449 237	800 755
Sales of land	451 234	214 271
	<hr/>	<hr/>
	15 646 119	16 429 877
	<hr/>	<hr/>

### *Sundry Creditors*

Items included in the totals for the last two years are:

	1978-79	1979-80
	\$	\$
Stores purchased for railways	1 750 665	2 364 360
Stores purchased for trading and catering services	225 675	412 712
Salaries and wages accrued	8 515 688	8 705 843
Payroll deductions	3 919 077	4 114 880
Accounts for various services	1 231 537	1 725 634
Revenue rebates and refunds	193 179	194 905
Payments in advance for revenue services, agency works etc.	1 550 621	1 358 581
Cash accounts overdrawn	75 777	186 265
Due to Consolidated Fund	964 586	1 498 945
	<hr/>	<hr/>
	18 426 805	20 562 125
	<hr/>	<hr/>

## *Railway Accident and Fire Insurance Fund*

The fund was preserved at the statutory limit of \$200 000 by appropriation from the Consolidated Fund of \$5 043 702 charged against Vote. Expenditure from the fund for the past two years was:

	1978-79	1979-80
	\$	\$
Damages recovered by non-employees at law	376 312	542 684
Damages paid to non-employees without legal action	14 657	37 655
Compensation for injuries to employees	2 920 239	3 267 639
Compensation for goods lost or damaged	816 351	1 132 567
Compensation for losses by fires caused by railway operations	1 552	4 882
Losses by fire to railway property	51 320	58 275
	<hr/>	<hr/>
	4 180 431	5 043 702

## *Railway Salaries and Wages in Suspense Account 1979-80*

By determination of the Treasurer, made under authority of Section 8 of the Public Account Act 1958, a new trust account, Railway Salaries and Wages in Suspense Account 1979-80, was established to operate during the period 1 July 1979 to 30 June 1980, at which date it was to be closed.

The Treasurer's determination specified the purposes to which the suspense account was to be applied. It was only to be used as an initial charging account for salaries and wages payments in 1979-80 which are legally chargeable in that financial year to Railway Annual or Special Appropriations, the Transport Works and Services Act or such other funds and accounts as the Treasurer may specify. All items were cleared from the suspense account by 30 June 1980.

Total credits and debits to the account during the year each amounted to \$281 798 248.

## *Railway Stores Suspense Account*

This account is designed to provide financial control over the purchase and issue of stores and over the stock on hand.

The total allocation from the Consolidated Fund for the purpose of the account amounted to \$9 000 000 at 30 June 1980. The disposition of this amount was as follows:

	\$	\$
Stock Account	11 611 577	
Deduct		
Stores Stock Equalisation Account	100 681	
	<hr/>	
Stock on hand	11 510 896	

	\$	\$
Less Creditors	2 364 360	
	<hr/>	9 146 536
Stores Debtors		263 047
Advances to Oil Co. for Diesel Fuel-May 1980	1 235 024	
Less Invoices received to June 1980	1 574 618	
	<hr/>	(Cr) 339 594
Advances to Agent-General, London		88 438
		<hr/>
		9 158 427
Cash at Treasury 30 June	2 188 299	
Less Expenditure in Transit	2 346 726	
	<hr/>	(Dr) 158 427
		<hr/>
		9 000 000
		<hr/>

The item, stock on hand, \$11 611 577, represents stock financed from the Railway Stores Suspense Account pending issues for works or purposes, the expenditure on which is chargeable to Parliamentary Appropriations.

Within the framework of the authorised account for the purchase and issue of railway stores, the Board has established an account known as the "Stores Stock Equalisation Account" which had a credit balance of \$100 681 at 30 June 1980. This account is used for writing off losses, writing down the recorded value of stores and for absorbing variations arising from the costing of articles manufactured in the Board's workshops.

Details of many of the transactions in this account are not readily ascertainable but it has been possible to extract the following net figures:

	\$
Losses	
Reduction of values of stores	513 672
Sales of safety footwear	24 534
Sales of materials	5 276
Amount charged to Vote	413 522
Stores invoice adjustments to be absorbed	(Cr) 100 681

#### Other Trust Accounts

##### *Railway Agency Works Account*

The account is credited with moneys received in advance by the Board from persons, bodies and authorities on whose behalf and at whose cost the Board carry out works. The account is debited with all costs incurred in carrying out such works.

There was a balance in the account of \$524 545 at 30 June 1980.

## *Railway Manufacturing and Trading and Catering Account*

The purpose of this account is to record necessary transactions in respect of the manufacture of articles for stock in railway workshops and the operations of the Trading and Catering Services Branch of the Board.

A summary of balances held within this account is as follows:

	\$	\$
Manufacturing Account		
Works in Progress		2 127 061
Catering Services		
Stocks and Sundry Debtors	1 430 226	
Less-Sundry Creditors and Provision for Losses etc.	540 771	889 455
	<hr/>	<hr/>
		3 016 516
Cash at Treasury 30 June 1980	1 011 373	
Less Expenditure in Transit	822 246	189 127
	<hr/>	<hr/>
Working Capital		3 205 643
		<hr/>

### *Transport Fund*

In accordance with the Ministry of Transport Act 1958, the Board paid to the Transport Fund "an amount equal to one-fifth of one per centum of the gross revenue of the Board paid to the Treasurer in respect of the financial year then last past". The payment to the fund in the year 1979-80 was \$377 633.

The Board expended \$4 215 656 from the fund in 1979-80. This amount, together with expenditure of \$2 543 865 incurred by the Railway Construction and Property Board, has been included in the statement of balances as part of the total expenditure on rolling-stock etc.

Further reference to the Transport Fund is made in my annual report to Parliament for 1979-80.

# RURAL FINANCE COMMISSION

The main functions of the Rural Finance Commission relate to the provision of financial assistance to primary and secondary industries in rural Victoria, responsibility for the operation of the Land Settlement and Soldier Settlement schemes and the administration, on an agency basis, of several special schemes of assistance including Natural Disasters Relief, Rural Reconstruction, Dairy Adjustment Program, Beef Industry Relief Assistance and Rural Adjustment Scheme.

Particulars of the operations of the Commission under the authority of the relevant legislation are furnished below:

## Rural Finance

Comparative details of the results of the Commission, inclusive of agency transactions for the past two years are summarised hereunder:

### Profit and Loss Account

1978-79		1979-80
\$		\$
	<b>INCOME</b>	
8 741 555	Interest on Loans	9 483 792
2 744 077	Interest on Temporary Investments	3 025 806
131 769	Application and Legal Fees	167 455
171 296	Contributions on account of	
	Administrative Expenses (Agency Loans)	205 210
10 738	Miscellaneous Income	10 634
11 799 435		12 892 897
	<b>EXPENDITURE</b>	
7 006 182	Interest	7 046 126
1 490 721	Salaries	1 522 465
1 041 332	Other Administration Expenses	1 210 610
9 538 235		9 779 201
2 261 200	Operating Profit for Year	3 113 696
..	Add Surplus on Sale of Residences	25 924
2 261 200		3 139 620
	<b>Less</b>	
70 697	National Debt Sinking Fund Contribution	70 697
2 299	Discounts and Expenses on Loans	1 729
136 481	Provision for Doubtful Debts	289 954
2 051 723	Surplus transferred to Profit and Loss	362 380
	Appropriation Account	2 777 240

## Appropriation Account

1978-79	1979-80
\$	\$
70 298 Balance 1 July	52 072
Add	
2 051 723 Surplus for the year	2 777 240
380 231 Amount provided from the Consolidated Fund pursuant to Section 25 (5) of the Rural Finance and Settlement Commission Act 1961	344 938
119 264 Principal Repayments of Agency Schemes applied to Administration Costs of previous years	..
2 621 516	3 174 250
Less	
469 444 Costs of Administration, Soldier Settlement and Land Settlement	488 446
.. Commonwealth share of Interest Repayments under Carry on Schemes for Previous Years	53 768
2 100 000 Appropriation-Loan Equalisation Account	2 600 000
52 072 Balance 30 June	32 036

The transfer of \$2'600 000 to the Loan Equalisation Account is for further lending under Part III of the Rural Finance Act 1958.

## Balance Sheet

The Commission's balance sheets at 30 June 1979 and 1980 are summarised below:

### LIABILITIES AND FUNDS

30.6.79	30.6.80
\$	\$
Loan Funds	
98 235 406 Loan Liabilities-Treasurer of Victoria	99 884 915
Other Funds	
43 512 738 Advances-Treasurer of Victoria	41 053 436
1 995 287 Inscribed Stock	3 176 483
261 048 Sundry Creditors and amounts in suspense	44 229 919
1 795 994 Accrued Interest Payable	517 772
48 964 Insurance Claims admitted but not paid	1 926 097
4 498 471 Reserve-National Debt Sinking Fund	104 277
2 093 338 Rural Finance Insurance Fund	4 844 188
140 924 Provision for Long Service Leave	2 243 622
3 956 815 Provision for Superannuation	187 427
3 151 732 Provision for Doubtful Debts	4 287 666
6 230 000 Loan Equalisation Account	3 340 842
2 219 087 General Reserve	8 830 000
52 072 Profit and Loss Appropriation Account	2 433 587
168 191 876	32 036
168 191 876	172 862 348

ASSETS

30.6.79		30.6.80
\$		\$
125 342 353	Loans and Advances	134 665 531
277 720	Contracts of Sale	4 820
3 797 907	Interest Receivable	4 100 794
	<b>Cash and Deposits</b>	
46 272	Cash at Bank and at Treasury	17 870
57 978	National Debt Sinking Fund Cash	29 805
29 762 977	Temporary Investments (at cost)	24 235 136
		24 282 811
	<b>Fixed Assets</b>	
248 714	Furniture and Office Equipment (at cost less depreciation)	250 289
76 990	Motor Cars (at cost less depreciation)	81 396
139 663	Residences and Offices (at cost less depreciation)	179 452
		511 137
	<b>Prepayments and Sundry Debtors</b>	
28 386	Insurance Premium	38 893
2 752	Prepayments and Miscellaneous Debtors	106 060
8 410 164	Investment Pool (at cost) on account of Provisions for Long Service Leave and Superannuation, General Reserve and Insurance Fund	9 152 302
		9 152 302
168 191 876		172 862 348

The notes which follow are furnished in explanation of certain items contained in the preceding financial summaries:

*Rural Finance Insurance Fund*

Details of the operation of the fund for the past two years are shown below:

1978-79		1979-80
\$		\$
1 942 929	Balance 1 July	2 093 338
	<b>Add</b>	
327 658	Premiums	376 506
184 334	Interest on Investments	209 661
		586 167
2 454 921		2 679 505
	<b>Less</b>	
140 756	Claims admitted	206 722
89 379	Administration Expenses	106 157
132 582	Statutory Contribution to Country Fire Authority	123 554
		436 433
2 092 204		2 243 072
1 134	Add Claims Recovered	550
2 093 338	Balance 30 June	2 243 622



## Loans and Advances

Loans and advances outstanding at 30 June 1980 are detailed below:

	\$	\$
Rural Finance Act		
Part III-Primary Industries	53 764 967	
Part III-Secondary Industries	4 046 957	
Part IV-Rehabilitation	16 988	
	<hr/>	57 828 912
Agency Schemes		
Rural Reconstruction	26 204 851	
Dairy Adjustment Program	11 242 344	
Rural Adjustment	26 376 653	
Beef Industry Relief Assistance	2 578 134	
Natural Disasters	4 934 395	
Fruitgrowing Reconstruction	1 163 896	
General Agency Schemes	4 336 346	76 836 619
	<hr/>	<hr/>
		134 665 531
		<hr/>

The amount advanced during the year by way of loans to primary and secondary industries under the authority of Part III of the Rural Finance Act 1958 was \$22 936 937.

Agency Funds received by the Commission in 1979-80 from State and Commonwealth sources together with balances on hand at 1 July 1979, amounted to \$6 053 651. Details of funds on an agency basis advanced during the year were:

	\$	\$
Dairy Adjustment Program		
Vats	1 396	
Other Assistance	5 029	6 425
	<hr/>	
Rural Adjustment Scheme		
Household Support	11 665	
Farm Build-up	5 327 440	
Farm Improvement	577 536	
Debt Reconstruction	503 678	
Rehabilitation	22 258	
	<hr/>	6 442 577
Beef Industry Relief Assistance		3 991
Natural Disasters		
Loans	77 648	
Road Freight Subsidies	62 328	
Grant	9 000	
	<hr/>	148 976
Refund to Treasurer of Victoria of Natural Disaster Advances		229 126
General Agency		634 626
		<hr/>
Total Expenditure		7 465 721
		<hr/>

## Investments

A total of \$33 387 438, consisting of temporary investments \$24 235 136 and investment pool \$9 152 302, was invested by the Commission at 30 June 1980. Details were:

	\$
Short-Term Money Market	750 000
Fixed Deposits with Banks	7 899 525
Australian Savings Bonds	600 400
Inscribed Stock-various registries	24 040 753
S.E.C. Extension Deposits	96 760
	<hr/>
	33 387 438
	<hr/>

## Soldier Settlement

The Soldier Settlement Act 1958 authorised 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 30 June 1980, a sum of \$131 283 683 has been allocated for soldier settlement. Of this sum, \$116 886 277 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 30 June 1980 was \$19 465 270.

With the exception of \$3 031 825 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 1979-80, \$2 045 211 was so credited, bringing the total repayments to 30 June 1980 to \$85 868 612.

Principal assets of the Commission at 30 June 1980 were:

	\$
Land and improvements held by settlers under purchase lease	15 181 273
Advances to finance single unit farms	2 934 628
Advances to effect improvements and for purchase of stock etc.	2 143

In respect of Soldier Settlement, the Commission's profit and loss account for 1979-80 shows:

	\$	\$
EXPENDITURE		
Interest	1 642 756	
Less Interest transferred and borne by the State	972 395	
	<hr/>	670 361
Administrative Costs		259 744
		<hr/>
		930 105

	\$	\$
INCOME		
Interest earned	387 818	
Rents, Fees and Sundries	5 128	
	<hr/>	392 946
Deficit for 1979-80		<hr/> 537 159 <hr/>

The total accumulated deficit to 30 June 1980 amounted to \$31 827 915. 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.

### Land Settlement

The Land Settlement Act 1959 provides for the application from the Works and Services Account of amounts not exceeding in the aggregate \$45 000 000 for a land settlement scheme to be opened, 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 \$41 925 079 had been allocated for the purposes of the scheme. According to its books, the Commission's loan liability on account of land settlement, at 30 June 1980, was \$18 698 478 - a reduction of \$23 226 601, made up as hereunder:

	To 30.6.79 \$	1979-80 \$	Total \$
Settlers' repayments to the Consolidated Fund	15 370 971	3 045 064	18 416 035
Borne by the State	4 810 566	..	4 810 566
	<hr/>	<hr/>	<hr/>
	20 181 537	3 045 064	23 226 601
	<hr/>	<hr/>	<hr/>

Assets of the Commission at 30 June 1980 were:

	\$	\$
Estates purchased and developed awaiting disposal		6 085 336
Unpaid balances under contracts of sale		816 643
Land and improvements held under purchase lease-Division 4		11 359 222
Land and improvements under mortgage-Division 4		750 379
Advances to settlers-Division 6		88 516
Capital expenses not allocated to estates		147 175
Interest and rents accrued		106 789
Other assets		
Buildings and working plant (at cost less depreciation)	116 541	
Plant, materials, services and expenses not yet allocated	1 379 882	
Livestock	517 460	
Collections due to Treasurer of Victoria	43 584	
	<hr/>	2 057 467
		<hr/> 21 411 527 <hr/>

The Profit and Loss Account for the year ended 30 June 1980, excluding livestock transactions, shows:

	\$
EXPENDITURE	
Interest and Loan-raising Expenses	1 484 909
Less Interest transferred and borne by the State	312 643
	<hr/>
Administrative Costs	1 172 266
	228 702
	<hr/>
	1 400 968
INCOME	
Interest earned, agistment etc.	583 062
	<hr/>
Deficit	817 906
	<hr/>

The accumulated deficit to 30 June 1980, before taking into account profits from livestock trading, amounted to \$10 844 565. 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 profit of \$574 815, (1979 \$372 989), thereby increasing the accumulated profit from this activity to \$1 701 374 at 30 June 1980.

For the year, disposal of land under the authority of the Land Settlement Act 1959 resulted in a net surplus of \$245 773.

#### Young Farmers' Finance Council

In accordance with the provisions of the Young Farmers' Finance Council Act 1979, a body known as the Young Farmers' Finance Council was established. The body consists of 6 members appointed by the Governor in Council.

The functions of the Council are:

- (a) to encourage the establishment of young persons in farming
- (b) to assist young persons who have demonstrated an interest and ability in farming to become established as farmers, and
- (c) to advise and assist the Minister on the development of schemes for the purchase of farming land or improvements by the Council for lease or sale to young persons or otherwise to assist young persons to become established in farming.

During 1979-80 the Rural Finance Commission provided to the Council such staff and technical or other services as was necessary.

The Commission may, on the recommendation of the Council execute a guarantee for the repayment of moneys expended or to be expended on the purchase of land or improvements used or intended to be used by a young farmer for farming. The Treasurer is authorised by the legislation to pay out of the Consolidated Fund any amount required to satisfy a liability under a guarantee referred to above.

For the year no guarantees were executed by the Commission.

# STATE ELECTRICITY COMMISSION OF VICTORIA

The State Electricity Commission of Victoria is a statutory corporation constituted under the State Electricity Commission Act 1958. The principal functions of the Commission relate to the generation of electricity and its transmission and distribution throughout the State.

This section of my report, pertaining to the accounts of the Commission in respect of the year under review, is presented under the following main headings:

Overview of Results

Financial Operations

Financial Position

Superannuation Funds.

## Overview of Results

For the year ended 30 June 1980, the net revenue of the Commission prior to Provisions and Appropriations was \$40 541 785. Provisions and Appropriations amounted to \$63 657 292, leaving a deficit of \$23 115 507 which was funded from General Reserve. Details are:

	\$
Provisions	
Statutory Contributions to the Consolidated Fund	40 157 292
Appropriations	
Emergency Generating Plant	21 000 000
Insurance Reserve	2 500 000
	<hr/>
	63 657 292
Less Deficit funded from General Reserve	23 115 507
	<hr/>
Net Revenue	40 541 785
	<hr/>

Sales growth in 1979-80 was 3.3 per cent. compared with 5.9 per cent. in 1978-79. Sales revenue increased by \$86 420 566 compared to the previous year. The main factors contributing to the rise were tariff increases in October/December 1979 (8.5 per cent.) and January/March 1980 (3 per cent.), together with the full year's effect of the 8.3 per cent. tariff adjustments in October/December 1978.

Costs and expenses incurred in earning revenue in 1979-80 increased by \$93 629 165 (15.8 per cent.) to a total of \$685 392 230. Significant factors contributing to the rise in operating costs for the year included a 10.4 per cent. increase in average salary and wage rates, higher costs for materials and services and an increase of \$28 326 958 for purchased electricity and fuel.

During the year the Commission implemented a change in accounting treatment in respect of interest charges associated with the construction of major capital projects. The change, which is applicable to projects estimated to cost \$100 000 000 or more and having a lead time of two years or more from 1 July 1979, provides for the capitalisation of interest as part of the cost of the project. The amount capitalised will be depreciated over the life of the asset commencing from the date the project comes into service.

This decision of the Commission varies the policy established in 1978-79 under which finance charges related to the Loy Yang Power Station were temporarily capitalised under the item "Deferred Charges" to be written out against revenue derived from the future operations of the project.

The change of policy had the effect of reducing interest charged to operations in the year under review by approximately \$26 000 000.

Details of interest capitalised in 1979-80 are as follows:

	\$
Loy Yang Power Station	11 786 906
Yallourn 'W' Power Station	31 498 516
	<u>43 285 422</u>

### Financial Operations

The Commission's revenue accounts for the past two years are compared hereunder:

	1978-79	1979-80
	\$	\$
Sales Revenue		
Electricity	625 939 020	711 880 791
Briquettes	12 692 742	13 140 135
Brown Coal	881 687	913 089
	<u>639 513 449</u>	<u>725 934 015</u>
Costs and Expenses incurred in earning revenue		
Labour and Materials etc.	301 652 613	360 521 735
Administration and General Services	81 867 907	94 950 554
Depreciation	77 205 245	81 094 346
Interest and Loan Flotation Expenses	130 573 332	138 931 637

	1978-79	1979-80
	\$	\$
Commonwealth Government		
Coal Research Levy	463 968	473 958
Additional Transfer to Consolidated Fund based on Revenue for 1978-79 (rate increased from 4 per cent. to 5.5 per cent.)	..	9 420 000
	<u>591 763 065</u>	<u>685 392 230</u>
Net Revenue prior to Statutory Contributions to the Consolidated Fund	47 750 384	40 541 785
Provision for Statutory Contributions to the Consolidated Fund		
Based on Total Revenue	25 080 000	39 380 000
Based on Brown Coal Production	760 908	777 292
	<u>25 840 908</u>	<u>40 157 292</u>
Net Revenue available for Special Provisions and Appropriations	21 909 476	384 493
Appropriation for Financing Emergency Generating Plant	21 000 000	21 000 000
Appropriation for Insurance Reserve	2 500 000	2 500 000
	<u>23 500 000</u>	<u>23 500 000</u>
Deficit funded from General Reserve	(1 590 524)	(23 115 507)

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 1979-80 compared with the previous year:

	1978-79	1979-80
	\$	\$
Profit on Electricity Supply	52 970 644	44 832 064
Profit on Brown Coal Sales (Yallourn North Extension)	232 277	255 293
	<u>53 202 921</u>	<u>45 087 357</u>
Loss on Briquetting	3 855 182	2 805 319
	<u>49 347 739</u>	<u>42 282 038</u>
Less Excess of Miscellaneous Expenditure over Income	1 133 387	1 266 295
Commonwealth Government Coal Research Levy	463 968	473 958
	<u>1 597 355</u>	<u>1 740 253</u>
Net Revenue prior to Provisions and Appropriations	47 750 384	40 541 785



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

### *Electricity Supply*

Operational statements for the past two years show:

	1978-79	1979-80
	\$	\$
Sales		
Domestic	213 662 888	240 143 080
Commercial and General	124 343 729	145 054 910
Industrial	151 905 558	174 581 937
Bulk Supplies	111 693 231	126 119 370
Traction	7 435 554	8 148 834
Public Lighting	8 782 108	10 028 737
Increase in Unread Consumption	8 115 952	7 803 923
	<u>625 939 020</u>	<u>711 880 791</u>
Operating Charges		
Power Generation	299 314 691	347 104 237
Purchased Electricity	34 959 099	42 894 370
Transmission	75 168 763	85 935 160
Distribution	163 525 823	191 114 960
	<u>572 968 376</u>	<u>667 048 727</u>
Profit	<u>52 970 644</u>	<u>44 832 064</u>

### *Brown Coal Production and Distribution*

Coal won for the year amounted to 31 597 228 tonnes, an increase of 666 007 tonnes on the previous year's production. The corresponding increase in production in 1978-79 was 1 548 992 tonnes.

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.

	1978-79	1979-80
	Tonnes	Tonnes
Morwell	15 701 025 (\$2.17)	15 944 247 (\$2.52)
Yallourn	14 974 897 (\$2.45)	15 409 622 (\$2.61)
Yallourn North Extension	255 299 (\$2.54)	243 359 (\$2.64)
	<u>30 931 221</u>	<u>31 597 228</u>

Distribution of the output was as follows:

	1978-79	1979-80
	Tonnes	Tonnes
Power Production	27 669 633	28 003 715
Briquette Manufacture	3 006 289	3 350 154
Sales to Public	255 299	243 359
	<u>30 931 221</u>	<u>31 597 228</u>

## Briquetting

Trading results for the past two years, excluding costs charged on internal transfers to works, are shown in the following statement:

	1978-79	1979-80
	\$	\$
Sales		
Domestic	3 817 271	3 316 814
Industrial	8 875 471	9 823 321
	<u>12 692 742</u>	<u>13 140 135</u>
Manufacturing Costs	12 072 048	12 573 326
Distribution and Selling	4 475 876	3 372 128
	<u>16 547 924</u>	<u>15 945 454</u>
Loss	<u>3 855 182</u>	<u>2 805 319</u>

## Depreciation

The following comparative statement shows the composition of the amount credited to the provision for depreciation together with amortisation charges for the past two years:

	1978-79	1979-80
	\$	\$
Provision for depreciation		
Depreciation charged to operations	75 517 789	79 326 183
Fixed Asset component of charges for services	2 352 347	3 326 315
Contribution from Reserve Account - Contributions for Capital Works	1 940 276	3 765 748
	<u>79 810 412</u>	<u>86 418 246</u>
Provision for year		
Amortisation		
Development of open cuts-charged to operations	1 687 456	1 768 163
	<u>1 687 456</u>	<u>1 768 163</u>

The balance sheet shown on page 158 of this report discloses that at 30 June 1980 the provision increased by \$79 504 944 compared with the figure at 30 June 1979. This net increase is explained hereunder:

Balance 30 June 1979	\$ 811 989 252
Add Provision for year as per statement above	86 418 246
	<u>898 407 498</u>
Less Retirements	6 913 302
Balance 30 June 1980	<u>891 494 196</u>

The greater portion of the provision for depreciation remains invested in the undertaking.

### Interest

The following statement compares the interest charges for the past two years:

	1978-79	1979-80
	\$	\$
On-		
Capital Liabilities	108 716 652	122 221 693
Trade Credit Financing	14 326 106	32 864 006
Advances from Superannuation Fund	12 344 202	16 905 107
Advances for Capital Works	7 025 171	11 163 996
Bank Overdraft	102 213	619 997
Bills Payable	..	455 978
Yallourn Resettlement Trust	293 902	249 065
Insurance Reserve	153 798	180 020
Advances from Employees' Retirement and Benefit Fund	104 199	162 689
Acquisition Loans from Municipalities	51 861	40 016
Other Current Liabilities	7 514	103 097
	<hr/>	<hr/>
	143 125 618	184 965 664
Less Interest earned	6 986 796	5 144 890
	<hr/>	<hr/>
	136 138 822	179 820 774
	<hr/>	<hr/>

The net interest charges have been allocated in the accounts as follows:

	\$	\$
Direct to Operations	128 800 822	136 535 352
Capitalised-Interest during construction	..	43 285 422
Deferred Charges-Interest during construction	7 338 000	..
	<hr/>	<hr/>
	136 138 822	179 820 774
	<hr/>	<hr/>

### Contribution to Consolidated Fund

The Public Authorities (Contributions) Act 1966 provides for an annual contribution based on total revenue of the preceding year to be made by the Commission to the Consolidated Fund. Under the terms of amending legislation, the Public Authorities (Contributions) Act 1979, the rate of contribution was increased from 4 to 5.5 per cent. with effect from 1 July 1979. Since 1966, a total of \$172 210 000 has been contributed by the Commission. Details are:

	\$
Contributions to 30 June 1979	137 670 000
Paid during 1979-80 from Provisions set aside in 1977-78 and 1978-79	25 120 000
Charged to operations for current year	9 420 000
	<hr/>
Contributions to 30 June 1980	172 210 000
	<hr/>

## Financial Position

The Commission's balances at 30 June 1979 and 1980 are summarised hereunder:

	30.6.79	30.6.80
	\$	\$
<b>CURRENT ASSETS</b>		
Cash Advances	654 328	331 291
Short-term Deposits and Securities	9 645 582	12 503 588
Accounts Receivable	59 536 988	77 664 406
Estimated Income from Unread Electricity Consumption	52 989 459	60 793 382
Materials and Fuel (at cost)	31 478 643	44 832 476
Securities-Trust Deposits and Funds	11 606 913	9 219 922
	165 911 913	205 345 065
<b>NON-CURRENT ASSETS</b>		
Securities		
Loan Redemption Fund	29 815 800	30 624 140
Insurance Fund	1 134 050	1 997 300
Deferred Charges	20 653 938	14 314 670
Real Estate Debtors	2 702 832	4 144 831
	54 306 620	51 080 941
<b>FIXED ASSETS</b>		
At cost	2 677 596 474	3 197 419 915
Less Provision for Depreciation	811 989 252	891 494 196
	1 865 607 222	2 305 925 719
Development of Open Cuts-Balance of cost	17 866 070	16 546 320
	1 883 473 292	2 322 472 039
	2 103 691 825	2 578 898 045
<b>CURRENT LIABILITIES</b>		
Bank Overdraft	1 133 265	18 515 650
Bills Payable	..	30 000 000
Accounts Payable and Miscellaneous Accruals	44 554 398	60 668 768
Interest Accrued	35 492 220	48 342 476
Provision for Statutory Contributions to the Consolidated Fund	25 880 908	40 157 292
Trust Deposits and Funds	18 555 707	17 145 653
	125 616 498	214 829 839
<b>DEFERRED LIABILITIES</b>		
Advances for Capital Works	363 651 190	534 333 730
Acquisition Loans from Municipalities	420 370	343 060
Provision for Long Service Leave	42 300 000	42 300 000
	406 371 560	576 976 790

	30.6.79	30.6.80
	\$	\$
<b>RESERVES</b>		
General Reserve	25 848 904	3 466 852
Contributions for Capital Works	97 257 565	124 415 455
Insurance Reserve	1 865 825	5 749 483
	<u>124 972 294</u>	<u>133 631 790</u>
<b>CAPITAL LIABILITIES</b>		
Inscribed Stock and Debentures	1 130 846 512	1 342 013 047
Victorian Government Advances	315 884 961	311 446 579
	<u>1 446 731 473</u>	<u>1 653 459 626</u>
	<u>2 103 691 825</u>	<u>2 578 898 045</u>

The following is a re-statement (in abbreviated form) of the balance sheets at 30 June 1979 and 1980 to show funds held by the Commission at the balance dates and the assets representing those funds:

	30.6.79	30.6.80	Variation
	\$	\$	\$
<b>Funds held</b>			
External Borrowings (net)	1 690 040 003	2 044 274 781	+ 354 234 778
Superannuation Fund Advances	129 575 684	150 872 697	+ 21 297 013
Internal Funds	979 261 546	1 067 425 986	+ 88 164 440
	<u>2 798 877 233</u>	<u>3 262 573 464</u>	<u>+ 463 696 231</u>
<b>Represented by:</b>			
Gross Fixed Assets	2 695 462 544	3 213 966 235	+ 518 503 691
Long Term Debtors	2 702 832	4 144 831	+ 1 441 999
Deferred Charges	20 653 938	14 314 670	- 6 339 268
Investments	52 202 345	54 344 950	+ 2 142 605
	<u>2 771 021 659</u>	<u>3 286 770 686</u>	<u>+ 515 749 027</u>
Net Current Assets	27 855 574	(24 197 222)	- 52 052 796
	<u>2 798 877 233</u>	<u>3 262 573 464</u>	<u>+ 463 696 231</u>

### *Investments*

Investments held by the Commission at balance date are classified in the balance sheet by reference to the special funds and trust moneys representing the various classes of investment.

The following statement provides a consolidation of the special funds and trust moneys as presented in the Commission's balance sheet:

	30.6.79	30.6.80
	\$	\$
CURRENT ASSETS		
Short-term Deposits and Securities	9 645 582	12 503 588
Securities-Trust Deposits and Funds		
Replacement of Yallourn Community Facilities	2 198 200	1 096 700
Superannuation Funds Awaiting Investment	8 812 654	7 011 062
Contractors' and Consumers' Deposits	596 059	1 112 160
	<u>11 606 913</u>	<u>9 219 922</u>
NON-CURRENT ASSETS		
Securities		
Loan Redemption Fund	29 815 800	30 624 140
Insurance Fund	1 134 050	1 997 300
	<u>29 949 850</u>	<u>32 621 440</u>
Total Investments	<u>52 202 345</u>	<u>54 344 950</u>

Particulars of investments held by the Commission making up the above balance sheet items at 30 June 1979 and 1980 are given hereunder:

	30.6.79	30.6.80
	\$	\$
Commonwealth Government Inscribed Stock	8 725 000	8 725 000
Semi-Government Securities		
Victorian	13 612 000	14 882 000
Interstate	12 969 360	15 543 700
Victorian Municipal Securities	12 617 446	11 977 090
Commercial Bills	3 077 480	2 000 000
Official Short-term Money Market	500 000	..
Contractors' and Consumers' Deposits	596 059	1 112 160
Shares in Australian Char Pty. Ltd.	105 000	105 000
	<u>52 202 345</u>	<u>54 344 950</u>

### *Deferred Charges*

An analysis of items which have been temporarily capitalised in the past two years is furnished below:

	30.6.79	30.6.80
	\$	\$
Loy Yang Power Station Project		
Interest during construction	7 338 000	..
Liaison charges	123 372	356 469
Newport Power Station Project		
Boiler unit cancellation charge	4 700 000	4 700 000
Storage and other charges	1 649 341	3 000 986
Trade Credit Financing		
Commitment and management fees	4 533 004	6 136 828
Deferred workers' compensation expense	2 112 544	..
Other expenses deferred pending allocation	197 677	120 387
	<u>20 653 938</u>	<u>14 314 670</u>

Interest during construction of the Loy Yang Power Station, temporarily capitalised in 1978-79, was charged to the asset account during the year in accordance with the Commission's new policy on major capital projects. Particulars of this policy are given on page 153 under the heading "Overview of Results".

### Fixed Assets

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

	30.6.79	30.6.80
	\$	\$
Coal Production	170 857 155	226 932 305
Briquette Production and Distribution	34 343 018	34 389 059
Power Production		
Thermal Stations	1 019 404 313	1 277 679 381
Hydro Stations	98 348 749	107 477 047
Gas Turbine Stations	57 029 404	78 973 843
Transmission System	423 096 047	469 056 038
Distribution System	661 056 349	731 671 066
General Service Assets	213 461 439	271 241 176
	<hr/>	<hr/>
Less Provision for Depreciation	2 677 596 474	3 197 419 915
	811 989 252	891 494 196
	<hr/>	<hr/>
Development of Open Cuts—Balance of Cost	1 865 607 222	2 305 925 719
	17 866 070	16 546 320
	<hr/>	<hr/>
	1 883 473 292	2 322 472 039
	<hr/>	<hr/>

The principal item of capital expenditure in 1979-80 was the Loy Yang Power Station Project. Expenditure incurred by the Commission during the year in connection with this Project totalled \$161 956 241. A summary of this expenditure is given below:

	\$
Power Production	82 819 511
Coal Production	43 980 995
General Services	19 138 970
Capitalised Interest	11 786 906
Transmission	2 661 929
Other	1 567 930
	<hr/>
	161 956 241
	<hr/>

Other significant areas of capital expenditure were the Yallourn W Power Station, \$98 277 740, and the Newport D Power Station, \$65 601 774.

### Bank Overdraft

Under the terms of Section 95 of the State Electricity Commission Act 1958, the Treasurer increased the amount which the Commission may obtain by way of bank overdraft from \$14 000 000 to \$30 000 000 with effect from 6 September 1979. The amount of this facility utilised by the Commission at 30 June 1980 was \$18 515 650.

## Bills Payable

During the year, the Treasurer approved of the Commission obtaining financial accommodation by the issue of promissory notes in accordance with Section 95A of the Act.

At 30 June 1980 individual placements of promissory notes issued by the Commission and approved by the Treasurer totalled \$30 000 000.

## Advances for Capital Works

The nature of the increase in the Commission's liability on account of advances for capital works compared with the previous year is illustrated in the following table:

	Balance 30.6.79 \$	Balance 30.6.80 \$	Variation for Year \$
Advances for Construction of Power Stations	170 035 501	309 489 952	+ 139 454 451
Customers' Advances for Capital Works	71 642 952	80 982 143	+ 9 339 191
Advances for Construction of Offices and Showrooms	1 209 707	..	- 1 209 707
	<hr/>	<hr/>	<hr/>
	242 888 160	390 472 095	+ 147 583 935
Advances from S.E.C. Superannuation Fund	120 763 030	143 861 635	+ 23 098 605
	<hr/>	<hr/>	<hr/>
	363 651 190	534 333 730	+ 170 682 540

## Construction of Power Stations

The value of trade credit utilised by the Commission under deferred payment financing agreements with contractors and financiers for work associated with the construction of power stations increased during 1979-80 by \$139 454 451. Many drawdowns by the Commission in favour of the contractors under the deferred payment arrangements have been financed in foreign currency. These drawdowns are recorded in the Commission's accounts at either the base rate incorporated in the contract order, where the finance has been arranged in the currency of the country of construction or, in other cases, at the exchange rate ruling at the time when proceeds of each advance are received.

Based on exchange rates ruling at 30 June 1980, the value of outstanding advances at that date was \$350 129 522. Of this amount, the repayment of \$280 132 829 is guaranteed by the Government. The recorded balance of outstanding advances at 30 June 1980 was \$309 489 952 leaving a contingent liability to the Commission in respect of exchange rate variations of \$40 639 570.



Customer's Advances

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

	1978-79	1979-80
	\$	\$
Contributions received	13 891 425	16 657 444
Interest credits	6 143 734	7 384 519
	<hr/>	<hr/>
	20 035 159	24 041 963
Less refunds of instalments and expired deposits	12 767 213	14 702 772
	<hr/>	<hr/>
Net Increase	7 267 946	9 339 191
	<hr/>	<hr/>

S.E.C. Superannuation Fund

In addition to the liability of \$143 861 635 shown as advances from the S.E.C. Superannuation Fund, an amount of \$7 011 062, representing member contributions and other income at credit of the fund's operating account at 30 June 1980, was advanced to the Commission for investment on behalf of the fund and for payment of benefits. The Commission has recorded this amount as part of trust deposits and funds under the heading "Current Liabilities" in the balance sheet.

Further details in relation to advances to the Commission from the S.E.C. Superannuation Fund are given on page 169 .

*Provision for Long Service Leave*

There was no appropriation to the provision for accruing long service leave in 1979-80. The accumulated provision at 30 June 1980 remained at \$42 300 000.

The aggregate liability at 30 June 1980 on account of all officers and employees, based on total completed service, was estimated by the Commission to be \$61 170 000.

*General Reserve*

The reduction of \$22 382 052 in the balance of this reserve is accounted for as follows:

	\$	\$
Balance 1 July		25 848 904
Add		
Credit on account of contributions to the National Debt Sinking Fund for 1979-80 not payable by the Commission and certain adjustments		733 455
		<hr/>
		26 582 359
Less Revenue Account Deficit		23 115 507
		<hr/>
Balance 30 June		3 466 852
		<hr/>

## *Contributors for Capital Works*

Non-repayable contributions received by the Commission from consumers towards the cost of capital constructions are credited to this reserve.

In 1979-80, the credits to the reserve included an amount of \$21 000 000, being portion of the total expenditure of \$25 392 200 incurred by the Commission during the year in connection with the construction of the Jeeralang Gas Turbine Power Stations. This portion of the total expenditure was financed from the reserve account "Special Finance for Emergency Generating Plant".

Details of the increase in the balance of the reserve are shown below:

	\$	\$
Balance 1 July		97 257 565
Add Contributions received		
Jeeralang Gas Turbine Power Stations	21 000 000	
Underground reticulation etc.	9 923 638	
	<u>30 923 638</u>	
		<u>128 181 203</u>
Less Contribution to depreciation charge for 1979-80		3 765 748
		<u>124 415 455</u>

## *Special Finance for Emergency Generating Plant*

This special reserve was established by the Commission in 1976-77 to finance emergency gas turbine plant at Jeeralang as a result of delays in construction of the Newport Power Station. The reserve was to be funded by a 5 per cent. surcharge on tariffs applicable from 4 January 1977.

Details of appropriations from revenue to the reserve up to 30 June 1980 are set out below:

	\$
1976-77 (4 January to 30 June 1977)	11 006 000
1977-78	21 000 000
1978-79	21 000 000
1979-80	21 000 000
	<u>74 006 000</u>

The amounts of \$21 000 000 appropriated in 1977-78, 1978-79 and 1979-80 were based on the estimated surcharge revenue which would have been received by the Commission in 1976-77 had the surcharge applied for the whole of that year. Accordingly, the appropriations in 1977-78, 1978-79 and 1979-80 do not reflect additional revenue derived from increases in electricity consumption during those years.

Expenditure incurred by the Commission up to 30 June 1980 on construction of the two gas turbine power stations at Jeeralang totalled \$86 471 082. The shortfall of \$12 465 082 between amounts appropriated to the reserve and the progressive expenditure has been met from general funds of the Commission.

### *Insurance Reserve*

This reserve was established by the Commission to meet the costs of compensation claims arising from the 1977 bush fires. The reserve is also used to cover certain insurance risks associated with contract works for the Loy Yang Project and public liability insurance which was carried by the Commission during 1979-80.

Details of the movements within the reserve for 1979-80 are as follows:

	\$	\$	\$
Balance 1 July			1 865 825
Add			
Bush Fire Compensation Appropriation		2 500 000	
Self-Insurance Transfers			
Contract Works	1 180 020		
Public Liability	745 000		
	<u>1 925 020</u>		
		<u>1 925 020</u>	<u>4 425 020</u>
			<u>6 290 845</u>
Less			
Claims			
Bush Fire Compensation		224 610	
Contract Works		316 752	
		<u>541 362</u>	
Balance 30 June			<u>5 749 483</u>

### *Capital Liabilities*

Loan moneys raised by the Commission during the year amounted to \$279 476 822. The sources of these moneys were:

	\$
Public Loans	152 045 422
Private Loans	35 703 500
Overseas Loans	90 000 000
Retired Staff Loans	1 727 900
	<u>279 476 822</u>
Total raisings	<u>279 476 822</u>

The net increase in Commission loans in 1979-80 was \$211 166 535. The difference of \$68 310 287 between the total raisings of \$279 476 822, detailed immediately above, and the net increase represents the total of conversions and redemptions of matured loans and part-redemptions of current reducing loans.

Overseas loans of \$90 000 000 were raised by the Commission during 1979-80. The proceeds of these loans have been used to finance capital works undertaken in connection with the Loy Yang Power Station, an approved development project under the Australian Loan Council's program for special overseas borrowings by semi-government authorities.

Details of overseas loans at 30 June 1980, including the corresponding principal sums in foreign currency, are set out hereunder:

Year	Loan (\$A)	Principal Sum	(Overseas Currency)
1978-79	34 359 340	65 000 000	Swiss Francs
1979-80	50 000 000	44 698 000	French Francs
		64 277 500	Swiss Francs
		18 364 533	German Marks
1979-80	40 000 000	27 476 400	United States Dollars
		35 760 000	Dutch Guilders

Under the terms of the loans taken up in 1979-80, the principal currencies may be varied by the Commission at each interest date.

Based on exchange rates ruling at 30 June 1980, the Australian Dollar equivalent of the principal sums at that date was \$127 985 627, resulting in a contingent liability to the Commission in respect of exchange rate variations of \$3 626 287.

The loan liability of \$311 446 579 to the Treasury at 30 June 1980 was determined after the deduction of \$61 969 517, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1979-80 was \$4 013 896, in respect of which a credit of \$733 455 was made to the General Reserve representing, mainly, the relevant Commonwealth contributions to the fund and adjustment of charges in connection with the repurchase of securities.

### Superannuation Funds

#### *S.E.C. Superannuation Fund*

The S.E.C. Superannuation Fund is a defined benefit superannuation scheme established by the Commission under the authority of the State Electricity Commission Act 1958.

In terms of the rules governing the operation of the scheme, the Commission in its capacity as trustee, is responsible for the administration of the fund and bears all associated administrative costs with the exception of investment expenses which are met directly from the fund.

Fund benefits are principally related to the period of contributing service of members and average salary during the final two years of membership.

The income of the fund consists of contributions by the Commission and members and income derived from investments.

The following statement shows the movements within the fund account and details of the fund's net assets for the past two years:

	1978-79	1979-80
	\$	\$
Balance 1 July	219 773 953	253 678 808
Add		
Commission Contributions	24 327 725	28 426 719
Officer Contributions	8 120 133	9 392 057
Investment Income (net)	23 504 137	31 296 093
	<hr/>	<hr/>
Less Benefit Payments	275 725 948	322 793 677
	22 047 140	24 920 598
	<hr/>	<hr/>
Balance 30 June	253 678 808	297 873 079
	<hr/>	<hr/>

The fund was represented by:

	1978-79	1979-80
	\$	\$
Investments (at cost)		
Advances to the Commission	120 763 030	143 861 635
Commission Inscribed Stock	37 205 600	37 205 600
Operating Account with Commission	8 812 654	7 011 062
Bank Endorsed Commercial Bills	..	5 984 497
Property		
Freehold (less Provision for Depreciation on Plant, Equipment and Fittings)	26 700 314	32 372 946
Development	448 300	1 793 662
Property Trust	3 000 300	3 000 300
Mortgages		
Commercial	16 091 227	10 720 500
Housing Society Advances	39 198	28 801
Company Shares	26 245 330	*40 318 395
Fixed Interest		
Company Debentures	7 991 185	6 847 274
Convertible Notes	364 971	541 741
	<hr/>	<hr/>
Total Investments	247 662 109	289 686 413
	<hr/>	<hr/>
Add Accrued Income		
Contributions	773 503	1 380 420
Investment Income	6 288 357	8 255 967
Sales of Investments awaiting settlement	505	74 321
	<hr/>	<hr/>
	7 062 365	9 710 708
	<hr/>	<hr/>
	254 724 474	299 397 121
	<hr/>	<hr/>

\* Market valuation 30 June 1980, \$58 520 138

	1978-79	1979-80
	\$	\$
Less Accrued Expenditure		
Benefits Accrued and Unpaid	722 511	693 825
Investment Purchases Awaiting Settlement	323 155	830 217
	<hr/>	<hr/>
	1 045 666	1 524 042
	<hr/>	<hr/>
Total Net Assets	253 678 808	297 873 079
	<hr/>	<hr/>

In my report for 1978-79, I included a note forming part of the accounts of the fund for that year concerning a mortgagor who had defaulted by non-repayment of a secured mortgage loan amounting to \$1 572 535 due on 4 July 1979.

On 30 June 1980, the trustee reached settlement with the mortgagor and other parties liable under the loan arrangements. The major term of the settlement was the transfer of secured property to the fund. The final outcome in respect of moneys advanced under the mortgage will not be known until all individual lots making up the secured property have been sold.

For accounting purposes, the investment item has been transferred from the mortgages heading to the property development classification. The amount recorded in the accounts for this item at 30 June 1980 was \$1 014 970.

The trustee determined to exclude from the accounts base interest on outstanding moneys from the date of default to the date of settlement. In addition, the trustee did not invoke an "additional interest" provision of the mortgage document.

#### Commission Contributions

In terms of the fund's rules, the contribution to the fund by the Commission must be at least twice the member rate of contribution. Members currently contribute 6.5 per cent. of salaries on a fortnightly basis.

Details of the Commission's total contribution to the fund in 1979-80, \$28 426 719, are shown hereunder:

- (a) \$18 831 123 - contributions funded at the rate of 2:1 of members' contributions (13 per cent.);
- (b) \$4 668 469 - a separately expressed contribution, funded at the rate of 3.3 per cent. of superannuation payroll and applied to the reduction of an actuarial deficit of the fund; and
- (c) \$4 927 127 - the cost of supplementing pensions for variations in the cost of living. Pensions are increased annually as from 1 January, by the full percentage variation in the Consumer Price Index during the year ended on the previous 30 September.

The contributions referred to in (a) and (b) above are retained within the Commission and are recorded in the fund's accounts as investments under the heading "Advances to the Commission". These advances attract interest from the Commission at a guaranteed minimum rate of 0.5 per cent. greater than the maximum semi-government interest rate for Victoria. Advances to the Commission at 30 June 1980 totalled \$143 861 635 and represented 48.3 per cent. of total net assets of the fund.

Pension costs arising from variations in the cost of living, referred to in (c) above, are met from the revenues of the Commission on a pay-as-you-go basis with no advance funding. The costs of future pension supplementations are, therefore, excluded from the periodic actuarial investigations into the state and sufficiency of the fund.

### *S.E.C. Employees' Retirement and Benefit Fund*

The S.E.C. Employees' Retirement and Benefit Fund is a defined benefit plan administered by the Commission on behalf of wages award employees. Members' weekly contributions are supplemented by the Commission at the rate of \$2.00 for each \$1.00 of contributions. Benefits provided under the plan are by way of lump sum payment upon retirement, death or disability. With the exception of investment expenses, the costs of administering the Fund are borne by the Commission.

The following statement shows, the movements within the fund account and details of the fund's net assets for the past two years:

	1978-79	1979-80
	\$	\$
Balance 1 July	7 989 800	9 803 320
Add		
Commission Contributions	1 761 682	1 716 227
Employee Contributions	877 038	854 019
Investment Income (net)	1 059 996	1 448 707
	<hr/>	<hr/>
	11 688 516	13 822 273
Less Benefit Payments	1 885 196	1 856 356
	<hr/>	<hr/>
Balance 30 June	9 803 320	11 965 917

The fund was represented by:

	1978-79	1979-80
	\$	\$
Investments (at cost)		
Property		
Freehold (less Provision for Depreciation on Plant, Equipment and Fittings)	2 346 876	2 345 410
Trusts	750 075	750 075
Fixed Interest		
Company Debentures	1 986 668	1 675 240
Convertible Notes	107 350	142 326

	1978-79	1979-79
	\$	\$
Company Shares	2 979 532	*4 447 634
Mortgages	934 730	718 400
Operating Account with Commission	835 712	1 108 729
Bank Endorsed Commercial Bills	..	870 919
	<hr/>	<hr/>
Total Investments	9 940 943	12 058 733
	<hr/>	<hr/>
Add Accrued Income		
Contributions	104 332	103 574
Investment Income	106 690	124 058
Sales of Investments awaiting Settlement	..	14 030
	<hr/>	<hr/>
	211 022	241 662
	<hr/>	<hr/>
	10 151 965	12 300 395
	<hr/>	<hr/>
Less Accrued Expenditure		
Benefits Accrued and Unpaid	348 645	326 922
Investment Purchases awaiting Settlement	..	7 556
	<hr/>	<hr/>
	348 645	334 478
	<hr/>	<hr/>
Total Net Assets	9 803 320	11 965 917
	<hr/>	<hr/>

\* Market valuation 30 June 1980, \$6 482 757



# STATE EMPLOYEES RETIREMENT BENEFITS BOARD

The Board was constituted under the provisions of the State Employees Retirement Benefits Act 1979 (as amended) for the purposes of establishing and administering the State Employees Retirement Fund. The Act was proclaimed to operate from 23 January 1980.

The fund which is contributory, provides superannuation benefits for certain employees of the Country Roads Board and State Departments and any other class of officers who may be recommended by the Governor in Council and are not otherwise covered by superannuation benefits.

The legislation was made retrospective to 1 January 1979 and the beneficiaries of permanent employees who have since died and employees who have retired because of age or disability are eligible for benefits as though they were members of the scheme at the date of their termination. An amount of \$577 566 was expended during the year in respect of these benefits.

In the main the Board provides benefits on account of age, disability, death or resignation. Lump sum payments and pension entitlements are available to beneficiaries in most instances.

As contributions to the fund commenced on and from the first pay day after 1 July 1980, there was no income received by the Board up to 30 June 1980. Details of the expenditure of the Board for the period ended 30 June 1980 which is subject to audit is as follows:

	Period 23.1.80 to	30.6.80
	\$	\$
<b>EXPENDITURE</b>		
Pensions	97 747	
Lump Sum Payments	479 819	
Administration	* 252 390	
Provision for Long Service Leave	* 15 302	
	845 258	
Deficit to 30 June 1980		845 258

\* Amounts charged to Management Account and reimbursed or reimburseable from Fund Account

The accumulated deficit of \$845 258 at 30 June 1980 was represented by:

	\$	\$
<b>LIABILITIES</b>		
Sundry Creditors	49 233	
Bank Overdraft - Fund Account	684 635	
Management Account	107 005	
Provision for Long Service Leave	15 302	
	856 175	
Less		
<b>ASSETS</b>		
Cash on hand	50	
Furniture and Equipment (at cost)	10 867	
	10 917	
Accumulated Deficit		845 258

# STATE INSURANCE OFFICE

The State Insurance Office was established pursuant to the provisions of the State Insurance Act 1975.

The main functions of the Office are:

- (a) to enable employers to obtain policies of insurance which they are required to effect against their liability in relation to workers compensation under the Workers Compensation Act 1958; and
- (b) to enable the owners of motor cars to obtain contracts of insurance as required by the provisions of the Motor Car Act 1958, and contracts of insurance generally in relation to motor cars.

In terms of the legislation, all premiums and other moneys received by the Insurance 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.

## Profit and Loss Account

A summary of the overall financial operations of the Office for the years 1978-79 and 1979-80 is given hereunder:

	1978-79	1979-80
	\$	\$
Operating Income for year	261 548 303	279 491 917
Less Expenditure	292 808 444	344 399 636
Underwriting Deficit	(31 260 141)	(64 907 719)
Add Net Non-operating Income	64 938 240	85 250 070
Profit for year	33 678 099	20 342 351

Income and expenditure for 1979-80 in respect of each of the classes of insurance transacted by the Office together with comparative figures for 1978-79, are summarised in Statement A on page 174 of this report.

Information in respect of each of the 3 classes of insurance business conducted by the Office follows:

### *Employers Liability*

Although earned premiums increased during the year due to an increase of approximately 100 per cent. in the premium charged for "cost-plus" type policies there was a deterioration in the underwriting result for the year, a deficit of \$13 832 333 compared with a deficit of \$5 446 220 in the previous year. This deterioration was chiefly attributable to an increase in incurred claims from \$50 553 639 in 1978-79 to \$74 236 486 in 1979-80 arising from substantial increases in the estimate of the "Incurred but not reported" provision and the actuarial estimate for outstanding claims, at 30 June 1980. The estimate for outstanding claims increased from \$160 356 000 to \$195 723 000.

### *Comprehensive Motor Vehicle*

The underwriting deficit for 1979-80 was \$477 992 compared with \$1 327 638 in 1978-79. The main reasons for the improved result were:

- (a) an increase in earned premium resulting from -
  - (i) an increase in the number of policies, and
  - (ii) an increase in the rates of insurance, and
- (b) a levelling out of the number of reported claims.

### *Compulsory Third Party*

Transactions for the year resulted in an underwriting deficit of \$50 597 394 compared with a deficit of \$24 486 283 in 1978-79. The deterioration in the underwriting result is due to the increase in incurred claims, from \$209 002 820 in 1978-79 to \$238 762 937 in the current year, arising from significant increases in claims paid during the year and in the estimate of outstanding claims at 30 June 1980.

### *Incurred Claims*

As in previous years, the financial results for the 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, including such estimated liability, for the years 1978-79 and 1979-80 in respect of each class of insurance are given in Statement B on page 174 of this report.

The outstanding claims provisions for Employers Liability and Compulsory Third Party at 30 June 1980 were established from information provided by an independent actuary. Adjustments have been made to these figures to take into account the estimated cost of handling claims for both classes of insurance. An additional amount, relative to Employers Liability insurance, was set aside to provide for "Incurred but not reported" claims in respect of industrial diseases.

## STATEMENT A

	Employers Liability 1978-79 \$	Employers Liability 1979-80 \$	Compulsory 1978-79 \$	Third Party 1979-80 \$	Comprehensive Motor Vehicle 1978-79 \$	Comprehensive Motor Vehicle 1979-80 \$
INCOME						
Premiums less Reinsurance	32 102 670	65 843 360	189 096 739	194 581 722	19 687 718	21 297 680
Less						
Adjustments to Provision for Claims Experience	..	1 503 941	..	..	..	..
Discount						
Adjustments of Provisions for Unearned Premiums	(23 318 037)	(2 834 015)	1 654 508	2 468 793	1 002 353	1 092 126
	(23 318 037)	(1 330 074)	1 654 508	2 468 793	1 002 353	1 092 126
Earned Premiums	55 420 707	67 173 434	187 442 231	192 112 929	18 685 365	20 205 554
EXPENDITURE						
Incurred Claims	50 553 639	74 236 486	209 002 820	238 762 937	14 337 982	15 689 082
Expenses of Management including Commission	10 313 288	6 769 281	2 925 694	3 947 386	5 675 021	4 994 464
	60 866 927	81 005 767	211 928 514	242 710 323	20 013 003	20 683 546
Underwriting Deficit	5 446 220	13 832 333	24 486 283	50 597 394	1 327 638	477 992
Loss ratio to earned premium	91.2 %	110.5 %	111.5 %	124.3 %	76.7 %	77.6 %

## STATEMENT B

	Employers Liability 1978-79 \$	Employers Liability 1979-80 \$	Compulsory 1978-79 \$	Third Party 1979-80 \$	Comprehensive Motor Vehicle 1978-79 \$	Comprehensive Motor Vehicle 1979-80 \$
Claims paid during year	34 914 639	38 869 486	86 802 820	120 862 937	13 442 244	15 050 977
Add claims unpaid 30 June	160 356 000	195 723 000	446 500 000	564 400 000	4 330 076	4 968 181
Less claims unpaid 1 July	195 270 639	234 592 486	533 302 820	685 262 937	17 772 320	20 019 158
	144 717 000	160 356 000	324 300 000	446 500 000	3 434 338	4 330 076
Incurred Claims	50 553 639	74 236 486	209 002 820	238 762 937	14 337 982	15 689 082

The outstanding claims provision for Comprehensive Motor Vehicle at 30 June 1980 of \$4 968 181 was calculated by the State Insurance Office on a basis consistent with the previous year.

### *Expenses of Management*

Expenses of Management include Salaries, E.D.P. Expenses, Commission etc. as well as the following items:

	1978-79	1979-80
	\$	\$
Audit Fees	39 565	47 845
Provision for Doubtful Debts	690 881	208 414
Long Service Leave Provision	1 138 734	213 758
Registration Fees (less Stamp Duty recouped)	4 685 657	200 001
Claims Handling Charges - R.A.C.V. Ltd.	..	324 100

The audit fees shown above were those paid for the services of my Office. In addition, a firm of chartered accountants was engaged by the Insurance Office. The fees paid to this firm in 1979-80 to carry out internal audit functions and associated consultancy services amounted to \$190 694, compared with \$196 434 in 1978-79.

Bad debts totalling \$1 730 949 (\$858 303, 1978-79) were written off against the provision for doubtful debts.

An agreement between the Insurance Commissioner and R.A.C.V. Limited entered into in March 1980 provided for the R.A.C.V. to handle certain Compulsory Third Party claims on behalf of the Insurance Office. The agreement covers a period of two and a half years with a supplementary wind-down period of a further 12 months. The estimated cost of the arrangement is \$3 000 000 and during 1979-80 the costs amounted to \$324 100.

### *Net Non-operating Income*

Net non-operating income is made up as follows:

	1978-79	1979-80
	\$	\$
Interest on Investments	64 829 526	81 660 834
Rents	512 191	852 397
Underwriting Commission	2 029 181	1 583 618
(Loss)/Profit on sale or redemption of investments	(2 432 658)	1 153 221
	<hr/>	<hr/>
	64 938 240	85 250 070
	<hr/>	<hr/>

The substantial increase in net non-operating income is mainly attributable to higher interest earnings resulting from the significant increase in the investment of funds held by the Office.

## Appropriation Account

	\$	1978-79 \$	\$	1979-80 \$
<b>PROFIT FOR YEAR</b>				
Employers Liability	16 263 524		8 971 042	
Compulsory Third Party	15 872 002		8 393 752	
Comprehensive Motor Vehicle	1 542 573		2 977 557	
	33 678 099		20 342 351	
<b>APPROPRIATIONS AND TRANSFERS</b>				
Contribution to Consolidated Fund	15 927 157		7 793 199	
General Reserve				
Employers Liability	8 575 116		534 216	
Comprehensive Motor Vehicle	807 303		336 849	
Transfer to Accumulated Loss				
Compulsory Third Party	8 368 523		5 178 087	
Bonus Reserve				
Employers Liability	..		5 000 000	
Comprehensive Motor Vehicle	..		1 500 000	
	33 678 099		20 342 351	

### Balance Sheet

Abridged balance sheets of the Office at 30 June 1979 and 1980 are given below:

30.6.79 \$		30.6.80 \$
	<b>CURRENT ASSETS</b>	
17 576 714	Sundry Debtors	28 622 597
3 200 479	Less Provision for Doubtful Debts	1 677 944
14 376 235		26 944 653
111 818	Prepayments	69 389
18 937 920	Interest and Rents Accrued	22 428 951
135 636	Nominal Defendant Advance	135 636
	<b>INVESTMENTS (at cost)</b>	
750 390 776	Government and Other Authorised Securities	883 907 568
10 377 993	Freehold Land and Buildings	17 066 243
305 330	Less Provision for Depreciation on Buildings and Plant	817 987
10 072 663		16 248 256
	<b>FIXED ASSETS (at cost)</b>	
5 767 290	Freehold Land and Buildings	5 838 845
1 405 700	Less Provision for Depreciation on Buildings and Plant	1 616 400
4 361 590		4 222 445

30.6.79			30.6.80
\$			\$
733 851	Furniture, Office Equipment and Motor Cars	883 627	
147 759	Less Provision for Depreciation	173 323	
<hr/>		<hr/>	710 304
586 092			
3 252 205	Computer Installation	3 907 510	
2 100 050	Less Provision for Depreciation	2 881 554	
<hr/>		<hr/>	1 025 956
1 152 155			
<hr/>		<hr/>	955 693 158
800 124 885			
	<b>CURRENT LIABILITIES</b>		
4 478 489	Bank Overdrawn	4 918 080	
5 120 533	Sundry Creditors	3 140 728	
16 033 629	Contribution to Consolidated Fund	8 002 246	
		<hr/>	16 061 054
	<b>PROVISIONS</b>		
110 729 000	Unearned Premiums	111 455 904	
611 186 076	Outstanding Claims	765 091 181	
4 481 517	Claims Experience Discount	2 425 600	
179 264	Reinsurance Premiums	179 264	
356 097	Building Maintenance	156 965	
1 138 735	Long Service Leave	1 352 493	
		<hr/>	880 661 407
	<b>RESERVES</b>		
	General		
33 349 498	Employers Liability	33 883 714	
17 752 625	Comprehensive Motor Vehicle	18 089 474	
(4 680 578)	Compulsory Third Party	497 509	
	Bonus		
..	Employers Liability	5 000 000	
..	Comprehensive Motor Vehicle	1 500 000	
		<hr/>	58 970 697
<hr/>		<hr/>	955 693 158
800 124 885			

### Bonus Reserve

During 1979-80 a Bonus Reserve was re-established. The Insurance Office advised that the reserve is to be applied to the payment of bonuses to Employers Liability and Comprehensive Motor Vehicle policy holders who insure or re-insure with the Office after 30 June 1980.

## Investments

Funds invested by the Office have increased substantially in recent years. Investments at 30 June in each of the last 5 years were as follows:

30 June	\$
1976	253 373 807
1977	400 431 728
1978	589 854 115
1979	760 463 439
1980	900 155 824

The majority of funds available for investment were generated by:

- (a) A surplus cash flow from Compulsory Third Party insurance amounting to \$73 718 884. In 1979-80, premiums less reinsurance amounted to \$194 581 722 whilst claims paid totalled \$120 862 838.
- (b) The substantial increase in interest received from investments.

A comparison of the classes of investments (at cost) held at 30 June 1979 and 1980 is detailed hereunder:

	30.6.79	30.6.80
	\$	\$
Commonwealth Government Securities	44 562 976	41 039 858
Commonwealth Semi-Government Securities	41 039 858	47 628 309
Victorian Semi-Government Securities	397 676 353	495 099 672
Victorian Local Government Securities	14 138 265	18 555 536
Interstate Semi-Government Securities	108 818 994	104 301 394
Bank Term Deposits	68 399 998	68 221 913
Bank Accepted Commercial Bills	31 542 332	27 909 400
First Mortgages	21 712 000	30 616 410
Land and Property held for Investment	10 072 663	16 248 256
Deposits on Official Short-term Money Market	2 500 000	8 000 000
Company Debentures	20 000 000	36 000 000
Leveraged Lease	..	4 587 798
Promissory Notes	..	1 947 279
	<u>760 463 439</u>	<u>900 155 824</u>

The leveraged lease investment is State Insurance Office's participation in an agreement between Omnibus Leasing (1978) Ltd., Commercial Union Assurance Co. of Australia Ltd. and Melbourne and Metropolitan Tramways Board in connection with the supply of 130 new buses to the Board.



*Insurers Guarantee and Compensation Supplementation Fund and Workers  
Supplementation Fund*

Consequent upon the amendment of the Workers Compensation Act 1958 by the Workers Compensation (Miscellaneous Provisions) Act 1979, the Treasurer delegated to the Insurance Commissioner certain powers and functions relating to the operation and administration of these funds which form part of the Trust Fund in the Treasury. Powers and functions delegated may be summarised as follows:

- (a) examination, authorisation and payment of claims and refunds;
- (b) examination of insurer's records and audited statements; and
- (c) prescription of procedures relating to the general administration of the funds.

Details of the transactions within each fund is given in my annual report to Parliament for 1979-80.

# 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. In addition, the Board is responsible for the administration of the Constitution (Governor's Pension) Act 1978.

The Superannuation (Amendment) Act 1979 made provision inter alia for the expenses incurred in managing the property investments of the Board to be met from the Superannuation Fund and as directed by the Treasurer certain other expenses are to also be met from the Fund. The Treasurer has made no direction for the year 1979-80. For further reference see my annual report to Parliament for 1979-80.

## Superannuation Fund

This fund, authorised under the provisions of the Superannuation Act 1958, provides, on a contributory basis, retiring benefits for the public service and teaching service, 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.

At the date of preparation of this report the accounts of the fund in respect of the year 1979-80, were not available.

### *Actuarial Valuation*

In my supplementary report last year, I advised that the triennial investigation of the fund due at 30 June 1977 was still in progress. At the date of preparation of this report, the investigation had still not been completed.

The investigation due at 30 June 1977 is the first actuarial report since the Superannuation Act was amended in 1975. I consider it most important that this report be available to the Board at the earliest possible date.

### *System Weaknesses*

A number of cases of under and overpayments of contributions were detected by audit during the year.

The Board in its reply to the audit report has stated "This situation will prevail until a computerised contribution system is implemented for the Public Service Department contributor records and the Railway Department records".

Having regard to the obvious need for the Board to maintain accurate and complete contributors' records, I am of the view that urgent action is required to remedy this unsatisfactory situation.

### *Electronic Data Processing*

In my previous supplementary report I indicated that the Local Authorities Superannuation Board was providing computer services, on a service bureau basis, to the State Superannuation Board without formal agreement having been entered into between the two Boards. At the date of preparation of this report, a formal agreement had still to be finalised.

### **Pensions Supplementation Fund**

The fund was established pursuant to the Pensions Supplementation Act 1966 to meet the cost of supplementing, from 1 April 1966, the pensions of officers who retired on or before 12 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 Superannuation (Amendment) Act 1979 provides for the twice yearly indexation of the pensions.

A summary is given below of the year's transactions of the fund, on an accrual basis, together with comparative figures for 1978-79:

1978-79		1979-80
\$		\$
	<b>INCOME</b>	
	Statutory Transfer	
15 023 379	Superannuation Fund	17 166 128
2 528 626	Police Pensions Fund	2 793 159
27 957 578	Consolidated Fund	33 931 099
647	Interest on Current Account	867
<hr/>		<hr/>
45 510 230		53 891 253
<hr/>		<hr/>
	<b>EXPENDITURE</b>	
45 505 626	Pensions	53 885 534
<hr/>		<hr/>
4 604	Surplus	5 719
<hr/>		<hr/>

The accumulated funds at 30 June 1979 and 1980 respectively were represented by:

30.6.79		30.6.80
\$		\$
	ASSETS	
24 596	Cash at Bank	30 315
	Accruals	
384 866	Superannuation Fund	594 601
63 984	Police Pensions Fund	96 547
733 534	Consolidated Fund	1 221 720
		<u>1 912 868</u>
<u>1 206 980</u>		1 943 183
	Less LIABILITIES	
1 182 384	Pensions approved but unpaid	1 912 868
<u>24 596</u>		<u>30 315</u>

### 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 payments for the past two years is given hereunder:

1978-79		1979-80
\$		\$
3 716 205	Balance 1 July	4 279 295
	RECEIPTS	
	Contributions	
571 388	Officers	602 533
88 611	Consolidated Fund-Lump Sums	69 382
		<u>671 915</u>
423 185	Interest on Investments	495 390
<u>4 799 389</u>		<u>5 446 600</u>

1978-79		1979-80
\$		\$
	<b>PAYMENTS</b>	
155 224	Lump Sum Payments	123 643
6 787	Annuities	6 087
	Contributions Refunded, Section 15	
292 318	Officers	183 704
4 352	Consolidated Fund	..
		<hr/>
61 413	Transfer to Superannuation Fund, Section 16	313 434
		41 368
4 279 295	Balance 30 June	*5 091 798
		<hr/>
4 799 389		5 446 600
		<hr/>

\* Consisting of Inscribed Stock \$778 216, Mortgage \$3 904 000, Short-term Deposits \$355 000 and Cash at Bank \$54 582

### 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 5-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 at the request of the Treasurer.

Transactions for 1978-79 and 1979-80 were:

1978-79		1979-80
\$		\$
6 687 904	Balance 1 July	9 367 891
	<b>RECEIPTS</b>	
	Contributions	
413 547	Members	448 164
3 279 992	Consolidated Fund	3 279 992
		<hr/>
903 819	Interest on Investments	3 728 156
		1 015 210
		<hr/>
11 285 262		14 111 257
		<hr/>

1978-79		1979-80
\$		\$
	PAYMENTS	
1 089 060	Pensions	1 222 921
743 164	Lump Sum Payments	2 957 075
84 687	Refund of Contributions	6 902
460	Repayments from Supplementary Retirement Account	..
9 367 891	Balance 30 June	*9 924 359
<hr/>		<hr/>
11 285 262		14 111 257
<hr/>		<hr/>

\* Consisting of Inscribed Stock \$200 000, Mortgages \$8 694 000, Short-term Deposits \$950 000 and Cash at Bank \$80 359

The contribution of \$3 279 992 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.

## TEACHER HOUSING AUTHORITY

The functions of the Teacher Housing Authority are to provide and maintain adequate and suitable housing for teachers and to fix rentals for that housing.

The figures shown for 1979-80 are subject to audit.

A summary of receipts and payments of the Authority during the past two years is as follows:

	1978-79	1979-80
	\$	\$
Balance 1 July	5 468	12 552
<b>RECEIPTS</b>		
Treasurer of Victoria-advances under Works and Services Acts	3 800 000	3 303 000
Education Department-rent collections	2 027 331	2 274 759
Investments Matured	..	374 000
Interest on short-term deposits	112 805	203 734
Sales of land and houses	194 213	351 474
Sundry Tenants-rent collections	51 413	70 039
Other	6 626	5 003
	6 197 856	6 594 561
<b>PAYMENTS</b>		
Capital expenditure	2 054 650	3 228 384
Maintenance and rates	1 590 531	1 977 460
Investments	1 161 388	..
Administration	245 863	291 927
Payments to Consolidated Fund		
Interest	645 750	777 861
Repayment	338 613	242 581
Interest on Private Loans	102 442	49 203
Redemption of Private Loans	40 325	1 588
Other	5 742	2 524
	6 185 304	6 571 528
Balance 30 June	12 552	23 003

The Revenue account for 1978-79 and 1979-80 is detailed below:

	1978-79	1979-80
	\$	\$
<b>INCOME</b>		
Rent charges	2 093 185	2 362 156
Maintenance Grant	650 000	565 000
Income from Short-term Investments	118 805	137 425
Profit on Sale of Properties	..	295 713
	2 861 990	3 360 294

	1978-79	1979-80
	\$	\$
<b>EXPENDITURE</b>		
Interest paid	748 193	827 064
Maintenance	1 294 154	1 552 540
Rates	417 327	482 082
Agents' Commission	8 309	13 579
Depreciation	212 364	229 593
Administration	236 281	241 240
Miscellaneous	2 190	2 178
	<u>2 918 818</u>	<u>3 348 276</u>
(Deficit) Surplus for the year	<u>(56 828)</u>	<u>12 018</u>

The balance sheets at 30 June 1979 and 1980 are summarised hereunder.

	30.6.1979	30.6.1980
	\$	\$
<b>LIABILITIES</b>		
Government of Victoria	23 540 000	26 278 000
Less Repayments	882 096	1 085 109
	<u>22 657 904</u>	<u>25 192 891</u>
Private Loans	961 201	920 046
Contribution from Commonwealth		
Government-States Grants		
(Schools) Act 1973	600 000	600 000
	<u>24 219 105</u>	<u>26 712 937</u>
Current Liabilities		
Creditors	300 554	399 781
Rents in Advance	3 175	2 668
	<u>303 729</u>	<u>402 449</u>
	<u>24 522 834</u>	<u>27 115 386</u>
Less		
<b>ASSETS</b>		
Fixed Assets		
Land and Buildings	22 510 109	25 481 341
Furniture and Fittings	9 512	9 036
Equipment and Motor Vehicle	8 488	4 717
Designs and Plans	14 100	10 575
	<u>22 542 209</u>	<u>25 505 669</u>
Less Provisions for		
Depreciation	1 086 462	1 015 850
	<u>21 455 747</u>	<u>24 489 819</u>
Investments		
Short-term Bank Deposits	1 161 388	726 878
Current Assets		
Cash at Bank and on Hand	12 572	22 693
Debtors	38 777	40 161
Stock	4 829	4 131
Interest Accrued-Investments	6 001	202
	<u>62 179</u>	<u>67 187</u>
	<u>22 679 314</u>	<u>25 283 884</u>
Accumulated Deficit	<u>1 843 520</u>	<u>1 831 502</u>



Land and buildings taken over from the Education Department on 1 July 1971 are still being shown in the accounts of the Authority at an estimated value of \$9 000 000 less amounts received in respect of properties sold since that date, although a revaluation was carried out in 1976-77.

Land and buildings purchased since that date are shown at cost.

It is my opinion that all the land and buildings should be revalued and the accounts adjusted accordingly.

# TOTALIZATOR AGENCY BOARD

The Racing (Totalizators Extension) Act 1960 established the Totalizator Agency Board and authorised the Board to operate an off-course betting scheme.

In December 1978, the Board sought proposals from a number of companies for computer equipment to replace the head office central system. The new CRISP cash wagering system is now expected to come into operation in November 1980, and to have an overall cost of \$19 846 294 inclusive of \$11 496 000 already spent for cash office terminals. It is the policy of the Board not to provide depreciation on the new system until it becomes operational.

## *Qualification of Board's Financial Accounts*

In respect of the year 1979-80, I found it necessary to record the following qualification on the balance sheet of the Totalizator Agency Board:

"As indicated in Note 2 to the Balance Sheet, the date of the Board's financial year was changed to 26 July. The Board's stated policy was that the financial year should close on the Saturday nearest to 31 July.

If the accounts had been prepared in accordance with the Board's stated policy, in my opinion, the net surplus would have been increased by an estimated amount of \$246 000".

Turnover for the financial year ended 26 July 1980 amounted to \$628 456 492 compared with \$585 279 125 in the previous year.

Following is a statement of profit and loss, showing the surplus funds available for distribution for the financial years ended 29 July 1979 and 26 July 1980:

	1978-79		1979-80	
	\$	\$	\$	\$
<b>INCOME</b>				
Commission on totalizator investments		49 741 483		53 412 476
Manual Dividends not paid after 26 weeks	327 389		235 732	
Rimfire Dividends not paid after 13 weeks	2 503 819		2 654 266	
Interest on investments	1 116 504		916 008	
Rents receivable	190 563		200 640	
Functions and Cafeteria Sales	97 936		145 804	
Miscellaneous	66 931		106 504	
	4 303 142		4 258 954	
	54 044 625		57 671 430	

	1978-79	1979-80
	\$	\$
<b>EXPENDITURE</b>		
Salaries	8 525 805	10 169 509
Superannuation	695 799	702 725
Payroll Tax	426 368	493 196
Workers Compensation	101 762	68 385
Miscellaneous	72 240	73 835
	<u>9 821 974</u>	<u>11 507 650</u>
Agents' Fees and Commission	11 171 863	11 547 383
Depreciation		
Freehold Land and Buildings	548 490	555 981
Leasehold Improvements	291 402	300 887
E.D.P. Systems	482 028	635 646
Motor Vehicles, Plant, Machinery, Furniture and Fittings	272 366	291 578
	<u>1 594 286</u>	<u>1 784 092</u>
Provisions for		
Long Service Leave	628 111	119 922
Annual Leave	66 728	28 701
	<u>694 839</u>	<u>148 623</u>
Communication Costs	1 300 980	1 538 012
Rent and Rates	1 737 290	2 016 235
Printing and Stationery	1 451 540	1 448 799
Repairs and Maintenance		
Premises	811 633	848 142
Computer Systems	754 051	1 136 133
	<u>1 565 684</u>	<u>1 984 275</u>
Travelling and Accommodation	420 053	501 469
Power	309 806	335 130
Insurance	163 974	218 463
Advertising	312 802	686 726
Cafeteria Purchases	66 400	99 559
Security	212 219	129 650
Miscellaneous	417 928	619 335
	<u>31 241 638</u>	<u>34 565 401</u>
Surplus	22 802 987	23 106 029
	<u>54 044 625</u>	<u>57 671 430</u>
<b>SURPLUS AVAILABLE FOR DISTRIBUTION</b>		
Surplus as above	22 802 987	23 106 029
Add Transfers from Reserves		
Distribution	443 928	..
Asset Replacement	38 700	..
	<u>23 285 615</u>	<u>23 106 029</u>
Less Transfers to Reserves		
Development	2 390 615	3 148 029
Late Dividends	262 000	168 000
Insurance	..	5 000
Agents' Insurance	2 000	2 000
	<u>2 654 615</u>	<u>3 323 029</u>
Funds available for Distribution	<u>20 631 000</u>	<u>19 783 000</u>

The Board's balances at 28 July 1979 and 26 July 1980 are summarised hereunder:

	28.7.79	26.7.80
	\$	\$
<b>CAPITAL</b>		
Contributing Clubs	6 059 807	6 059 807
<b>RESERVES AND PROVISIONS</b>		
Development	17 241 394	20 389 424
Late Dividends	2 928 000	3 096 000
Long Service Leave	1 097 232	1 044 017
Annual Leave	415 510	444 211
Software Exchange	241 200	241 200
Greyhound Account	344 641	344 641
Agents' Insurance	36 884	38 884
Insurance	35 000	40 000
	<u>22 339 861</u>	<u>25 638 377</u>
Funds available for Distribution		
Surplus	20 631 000	19 783 000
Less Advances of first charge		
Administration costs	3 583 265	3 781 574
Advances Spring Racing Stakes	347 784	370 848
	<u>3 931 049</u>	<u>4 152 422</u>
	16 699 951	15 630 578
	<u>45 099 619</u>	<u>47 328 762</u>

Represented by:

<b>FIXED ASSETS</b>		
Freehold land and buildings (at cost)	17 451 395	17 560 346
Less provision for depreciation	3 036 509	3 583 765
	<u>14 414 886</u>	<u>13 976 581</u>
Leasehold improvements (at cost)	4 121 589	4 482 746
Less provision for depreciation	3 318 929	3 557 041
	<u>802 660</u>	<u>925 705</u>
CRISP cash wagering system (at cost)	11 495 800	18 087 803
CRISP Telephone betting system (at cost)	4 142 999	4 220 255
Less provision for depreciation	129 985	552 096
	<u>4 013 014</u>	<u>3 668 159</u>
Carbine Computer Systems (at cost)	12 727 798	11 792 267
Less provision for depreciation	12 514 177	11 792 267
	<u>213 621</u>	<u>..</u>

	28.7.79	26.7.80
	\$	\$
Motor vehicles, plant, machinery, furniture and fittings (at cost)	2 522 464	2 959 768
Less provision for depreciation	<u>1 024 148</u>	<u>1 235 373</u>
	<u>1 498 316</u>	<u>1 724 395</u>
	32 438 297	38 382 643
<b>CURRENT ASSETS</b>		
Cash on hand and at bank	3 160 156	2 379 163
Interest bearing term deposits	14 221 953	12 731 545
Funds on official short-term money market	2 838 534	1 350 000
Sundry debtors	64 144	222 610
Prepayments	267 740	232 809
Interest accrued	324 964	338 362
Stock of equipment spares	<u>86 567</u>	<u>76 726</u>
	<u>20 964 058</u>	<u>17 331 215</u>
	53 402 355	55 713 858
Less		
<b>LIABILITIES</b>		
Amounts payable to Treasurer of Victoria	1 743 490	1 704 499
Dividends payable on totalizator investments	2 795 955	2 383 765
Telephone betting deposits held	2 208 045	2 971 711
Creditors and accrued expenses	<u>1 555 246</u>	<u>1 325 121</u>
	<u>8 302 736</u>	<u>8 385 096</u>
	<u>45 099 619</u>	<u>47 328 762</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 the uncompleted CRISP Capital Project is \$1 758 000.
2. The date of the close of the Board's financial year was changed from that of the Saturday nearest to the 31 July to Saturday 26 July to maintain consistency with previous years. The effect of this change has been to carry forward to year 1980-81, income, expenditure and net surplus estimated at \$1 021 000, \$747 000 and \$246 000 respectively".

### *Development Reserve*

Pursuant to the provisions of Section 116 0 (bc) of the Racing Act 1958, an amount of \$3 148 029 was credited to the Development Reserve, consisting of \$1 571 273 as approved by the Minister, and a sum of \$1 576 756 being one quarter per cent. of off-course totalizator investments together with 3 per cent. of Tabella totalizator investments. The total amount so credited was fully expended on approved development projects.

# TROTTING CONTROL BOARD

The Trotting Control Board is constituted under the provisions of sub-section (1) of Section 39 of the Racing Act 1958. Its functions are to control the sport of trotting throughout Victoria and to conduct trotting races at certain authorised venues.

The principal sources of income of the Board are a share of the Totalizator Agency Board surplus received in accordance with that Board's financial scheme under Section 116I of the Act, admission and other income received from the conduct of trotting races, commission from the operation of on course totalizators and registration and licence fees.

In accordance with Section 46 of the Act the Board established a Trotting Control Board Fund into which moneys received have been paid and out of which all expenses incurred by the board in performing its statutory functions have been met.

Pursuant to the provisions of the Racing (Amendment) Act 1978 the audit of the books and accounts of the Board became my responsibility on 5 December 1978.

A statement of income and expenditure of the fund for 1978-79 and 1979-80 together with balance sheets for the two years is furnished below. The figures for 1979-80 are subject to audit.

31.7.79			31.7.80
\$			\$
	RACING INCOME		
2 166 011	Share of T.A.B. surplus	2 256 669	
1 152 030	Admissions	1 237 959	
247 994	Bookmakers Fees	295 220	
38 969	Caterers fees	59 808	
346 992	On-course totalizator commission	440 579	
55 839	Acceptance fees	60 249	
301 680	Bookmakers turnover	333 824	
21 500	Rental received from Victoria Trotting Club	40 000	
80 100	Sponsorships	73 650	
34 410	Subsidies	114 760	
11 383	Other Income	19 731	
4 456 908		4 932 449	
	Less		
	RACING EXPENDITURE		
2 066 338	Stake Money, Trophies and Subsidies	2 452 864	
371 115	Rental of Racecourses	404 483	
340 924	Cleaning, Maintenance and Administration at Moonee Valley	346 637	
34 512	Racebooks	15 024	
320 027	Casual Staff	341 618	
3 215	Audit remuneration	4 937	
115 597	Track and Sulky Fund Contributions	161 002	
35 817	Police	35 045	
81 427	Advertising and Publicity	117 571	
62 131	Entertainment	78 605	

31.7.79		31.7.80
\$		\$
25 852	Depreciation	24 037
6 250	Moonee Valley Preliminary Expenses	6 250
66 483	Sundry	70 789
<hr/>		<hr/>
3 529 688		4 058 862
<hr/>		<hr/>
927 220	Net Racing Surplus	873 587
	ADMINISTRATION INCOME	
179 536	Registration and Licence Fees	224 288
610 000	Reimbursement of First Charge Costs by T.A.B.	610 000
33 492	Processing Fees	65 170
16 890	Interest on Investments	65 753
26 452	Other Income	34 296
<hr/>		<hr/>
866 370		999 507
<hr/>		<hr/>
	Less	
	ADMINISTRATION EXPENDITURE	
131 919	Advertising	141 347
4 595	Depreciation	6 509
107 800	Insurance, Printing and Telephone	119 204
24 802	Interest and Bank Charges	13 282
63 264	Maintenance, Cleaning, Rental	71 242
..	On-Course Television Services	12 750
78 058	Travelling	87 525
32 108	Board Members Fees and Allowances	34 370
621 006	Salaries and payments in the nature of salary	756 018
3 215	Auditors Remuneration	4 938
20 677	T.C.B. Gazette	28 747
16 342	Contribution to Trotting Clubs Stakes	11 200
7 050	Inter-Dominion Subscriptions	7 000
23 118	Country Club Reserve Interest	26 644
41 600	Other Costs	31 428
<hr/>		<hr/>
1 175 554		1 352 204
<hr/>		<hr/>
(309 184)	Net Administration Deficit	(352 697)
<hr/>		<hr/>
618 036	Net Racing and Administration Surplus	520 890
	OTHER INCOME	
6 193	Interest on Loans to Trotting Clubs	4 642
<hr/>		<hr/>
624 229		525 532
	Less	
	OTHER EXPENDITURE	
9 750	Donations to Charitable Organisations	9 500
<hr/>		<hr/>
614 479	Operating Surplus for Year	516 032

31.7.79		31.7.80
\$		\$
	Less	
	ABNORMAL ITEMS	
37 005	Expenses re 1976-78 Seasons	..
12 500	Moonee Valley Preliminary Expenses 1976-78	..
..	Land Valuations, Special Audit and Moonee Valley Appeal Costs	21 197
<hr/>		<hr/>
564 974	Surplus Transferred to Appropriation Account	494 835
<hr/>		<hr/>
	APPROPRIATION ACCOUNT	
564 974	Surplus for the Year	494 835
	less Appropriation to	
290 589	Country Clubs Reserve	272 428
..	Distribution Reserve	50 000
		<hr/>
		322 428
<hr/>		<hr/>
274 385		172 407
911 349	Balance 1 August	1 185 734
<hr/>		<hr/>
1 185 734	Accumulated Surplus 31 July	1 358 141
<hr/>		<hr/>

BALANCE SHEET

31.7.79		31.7.80
\$		\$
	CURRENT ASSETS	
450	Cash at Bank and on Hand	800
2 166 011	Sundry Debtor-Totalizator Agency Board	2 256 669
111 899	Other Debtors and Prepayments	122 745
38 877	Accrued Income	40 524
7 732	Stock on Hand	11 315
300 161	Trust Account-Galaxy Grand Slam	524 422
13 045	Other	11 896
		<hr/>
2 638 175		2 968 371
	INVESTMENTS	
115 729	Loans Trotting Clubs and Official	115 733
	FIXED ASSETS	
1 420 897	Trotting Track Improvements-Moonee Valley	1 286 137
1 538 620	Freehold Land and Improvements (at cost)	1 567 328
188 611	Totalizator Equipment (at cost less depreciation)	167 392
62 420	Furniture and Fittings (at cost less depreciation)	59 254
2 933	Racecourse Structures-Showgrounds (at cost less depreciation)	2 301
53 748	Vehicles and Plant (at cost less depreciation)	52 327
17 494	Computerisation-On Course Totalizator	418
..	Computerisation Administration Operation	154 486
		<hr/>
3 284 723		3 289 643
<hr/>		<hr/>
6 038 627		6 373 747
<hr/>		<hr/>



31.7.79			31.7.80
\$			\$
	CURRENT LIABILITIES		
513 212	Sundry Creditors and Accruals	562 090	
179 049	Prepaid Income	229 437	
601 187	Bank Overdraft (Secured)	96 172	
300 161	Trust Account-Galaxy Grand Slam	524 422	
13 045	Other	11 896	
		<hr/>	
1 606 654			1 424 017
	DEFERRED LIABILITY		
..	Victorian Trotting Club Loan		320 000
	PROVISION		
32 482	Long Service Leave		37 931
	RESERVES		
55 000	General All Purpose Reserve	55 000	
2 370 000	General Property and Capital Improvement Development Reserve	2 370 000	
225 000	Totalizator Equipment Replacement Reserve	225 000	
12 638	Trotting Training Tracks and Assistance Reserve	12 638	
551 119	Country Trotting Clubs Reserve	521 020	
..	Distribution Reserve	50 000	
		<hr/>	
3 213 757			3 233 658
1 185 734	Accumulated Surplus		1 358 141
		<hr/>	<hr/>
6 038 627			6 373 747
		<hr/>	<hr/>

The Board appended this comment in the explanatory notes to its accounts for the year ended 31 July 1979:

"Freehold Land and Improvements (at cost) \$1 538 620

This item represents the cost price of land purchased for the purpose of the construction of trotting facilities, and the cost price of improvements on the land. \$1 494 805 has been expended on land and improvements at Keysborough. The land as at December 1979 was valued at \$1 240 000 by the Valuer General and at \$1 550 000 by an independent valuer.

Land was also purchased at Keilor at a cost of \$43 815. As at December 1979 the land was valued at \$280 000 by an independent valuer."

### *Country Racing Reserve*

In accordance with sub-section (4) of Section 46 of the Racing Act 1958 the Board determined that an amount of \$272 428 was to be applied out of its surplus for the benefit of country trotting clubs, and this amount was appropriated to the Country Racing Reserve. The following movements occurred during the past two years in this reserve:

	1978-79	1979-80
	\$	\$
Balance 1 August	497 595	551 119
Appropriation for the year	290 589	272 428
Accrued Interest	18 914	21 354
	<hr/>	<hr/>
	807 098	844 901
less amount paid to Country Clubs	255 979	323 881
	<hr/>	<hr/>
Balance 31 July	551 119	521 020
	<hr/>	<hr/>

### *Trotting Track Improvements - Moonee Valley*

The Race-Courses Development (Trotting Division) Fund, a fund administered by the Racecourses Licenses Board, has reimbursed \$1 500 000 to 31 July 1980 towards the capital expenditure incurred in the development of trotting at Moonee Valley.

Details of expenditure and reimbursement:

	1978-79	1979-80
	\$	\$
Expenditure 1 August	2 724 539	1 420 897
Expenditure during year (adjustment prior year)	95 108	(8 510)
	<hr/>	<hr/>
	2 819 647	2 811 137
Previously reimbursed or written off	1 005 000	1 398 750
	<hr/>	<hr/>
Reimbursed and written-off during year	393 750	1 525 000
	<hr/>	<hr/>
Balance 31 July	1 420 897	1 286 137
	<hr/>	<hr/>

### *Trotting Drivers Accident Compensation Scheme*

The Trotting Control Board also administers this scheme which was set up to provide a cover for drivers involved in accidents while involved in official trotting activities with a further 24 hour cover extending over any trotting activity being available upon payment of an additional premium.

The income of the scheme for the year totalled \$105 985 and the expenditure \$83 208 resulting in a net surplus of \$22 777 which, together with the accumulated surplus of \$84 772 brought forward from the previous year made the accumulated funds at 30 June 1980 \$107 549. This was represented by:

	\$	\$
Current Assets	2 579	
Investments	107 000	
	<hr/>	109 579
Less Current Liabilities		2 030
		<hr/>
		107 549
		<hr/>

The Board conducts a superannuation fund in respect of certain long serving employees. The fund will cease to operate upon retirement of the present members.

The income for the year totalled \$23 965 and the expenditure \$23 464 resulting in a net surplus for the year of \$501 which brought the accumulated members' funds to \$1 374 at 30 June 1980.

*Benevolent Fund*

Grants are paid from this fund to persons associated with trotting in need of financial assistance.

The income for the year totalled \$3 230 and the expenditure \$1 453 resulting in a net surplus of \$1 777 which brought the accumulated funds to \$39 648 at 30 June 1980.

# UPPER YARRA VALLEY AND DANDENONG

## RANGES AUTHORITY

Pursuant to the provisions of the Upper Yarra Valley and Dandenong Ranges Authority Act 1976, the Upper Yarra Valley and Dandenong Ranges Authority is required to provide increased protection for the special features and character of the region and the implementation of planning policy, approved from time to time, under the provisions of the Town and Country Planning Act 1961.

The accounts for the years ended 30 September 1978 and 1979 which were not available at the time of my 1978-79 supplementary report are included in this report.

The Authority's income and expenditure accounts for the period 15 April to 30 September 1977 and for the years ended 30 September 1978 and 1979 are summarised hereunder.

15.4.77			
to			
30.9.77		1977-78	1978-79
\$		\$	\$
	INCOME		
126 693	State Government contribution	283 587	269 549
..	Receipts - Shires of Lillydale, Sherbrooke Upper Yarra and Healesville	141 793	134 774
632	Interest received	4 759	4 780
..	Miscellaneous receipts	214	13
63 347	Melbourne and Metropolitan Board of Works	..	..
<hr/>		<hr/>	<hr/>
190 672		430 353	409 116
	EXPENDITURE		
36 904	Salaries and Wages	175 252	223 950
1 259	Payroll tax	6 505	8 168
..	Workers Compensation	1 447	2 215
	Fees		
4 000	Consultants	44 462	123 036
420	Accounting and Legal	8 771	12 668
17 989	Maps plans printing and stationery	18 779	57 224
10 983	Office maintenance and related expenses	9 302	27 192
15 116	Advertising, publicity and report preparation	11 489	17 423
1 288	Staff amenities, seminars and conferences	8 678	16 018
1 786	Telephone, postage and travelling	11 984	13 314
1 243	Motor vehicles - maintenance and running costs	4 608	10 544
3 300	Provisions for long service leave and depreciation on motor vehicles and office furniture	12 000	8 000
357	Miscellaneous	8 359	6 465
<hr/>		<hr/>	<hr/>
94 645		321 636	526 217
		<hr/>	<hr/>

15.4.77			
to			
30.9.77		1977-78	1978-79
\$		\$	\$
96 027	Surplus (deficit) for the year	108 717	(117 101)
..	Loss on sale of motor vehicles	..	1 883
			<u>          </u>
..	Amount received on account 1978	..	(118 984)
..	Transfer from asset replacement provision	..	135
			<u>          </u>
96 027	Net Surplus (deficit)	108 717	(107 111)
		<u>          </u>	<u>          </u>

The Authority's balance sheets at 30 September 1977, 1978 and 1979 are summarised hereunder:

30.9.77		30.9.78		30.9.79	
\$		\$	\$	\$	\$
	<b>CURRENT ASSETS</b>				
..	Prepayments	5 389		6 540	
..	Short term deposits	110 000		..	
54 307	Cash on hand and at bank	21 194		(1 003)	
		<u>          </u>		<u>          </u>	
54 307		136 583		5 537	
	<b>INVESTMENTS (Term deposits)</b>				
..	Long service leave	4 800		9 220	
..	Asset replacement	10 500		4 421	
		<u>          </u>		<u>          </u>	
..		15 300		13 641	
	<b>NON-CURRENT ASSETS (at cost)</b>				
32 854	Office machines and equipment	36 361		43 012	
18 512	Motor vehicles	28 421		32 914	
13 153	Office furniture	14 492		14 653	
..	Office improvements	3 392		5 547	
		<u>          </u>		<u>          </u>	
64 519		82 666		96 126	
		<u>          </u>		<u>          </u>	
118 826		234 549		115 304	
	<b>CURRENT LIABILITIES</b>				
19 499	Sundry creditors	14 505		4 030	
	<b>Provisions</b>				
800	Long service leave	4 800		9 220	
1 000	Motor vehicle replacement	4 000		4 421	
1 500	Office furniture replacement	6 500		..	
		<u>          </u>		<u>          </u>	
3 300		15 300		13 641	
		<u>          </u>		<u>          </u>	
96 027	Accumulated surplus	204 744		97 633	
		<u>          </u>		<u>          </u>	
118 826		234 549		115 304	
		<u>          </u>		<u>          </u>	

# URBAN LAND AUTHORITY

The Urban Land Authority was established under the provisions of the Urban Land Authority Act 1979 which came into operation on 12 March 1980.

The functions of the Authority are to provide developed and development allotments as directed by the Minister for Housing and to facilitate the disposal of lands which the Governor in Council on the recommendation of the Minister for Housing by order declares ought to be disposed of in the public interest.

Section 19 of the Act provides for all land vested in or held by the Housing Commission immediately before the commencement of the Act for the purposes of urban land development to be vested in the Authority together with all encumbrances, mortgages and other charges in respect of that land.

Accordingly all land held by the Housing Commission on behalf of the then Urban Land Council, a non statutory body which is referred to on page 64 of this report has been transferred to the Urban Land Authority together with charges affecting that property.

Up to 12 March 1980 \$23 668 705 had been advanced to the Housing Commission on behalf of the former Urban Land Council under the Commonwealth's Urban and Regional Development (Financial Assistance) Act 1974 and a subsequent Commonwealth State Agreement made under the Act. These funds were in respect of expenditure on programs approved by the Commonwealth in accordance with the Act and the agreement.

The repayment of these advances is not due to commence until 1 June 1985. Interest outstanding is capitalised each year and is treated as an additional loan by the Commonwealth. The amount of interest capitalised at 12 March 1980 was \$10 832 261 making the total amount repayable at that date \$34 500 966.

The liability to repay this amount in terms of this Act and Agreement became the responsibility of the Urban Land Authority pursuant to Section 21 of the Urban Land Authority Act 1979 and has been incorporated in the books of the Authority accordingly.

A statement of income and expenditure for the period 12 March 1980 to 30 June 1980 together with a balance sheet at 30 June 1980 is as follows. The figures shown are subject to audit.

	period 12.3.80 to	30.6.80
	\$	\$
INCOME		
Land Sales	1 113 273	
Less Cost of Land Sold	894 231	219 042
Interest Receivable		
Sale of Land	28 797	
Other	317 415	346 212
		<hr/>
		565 254

	period 12.3.80	to 30.6.80
	\$	\$
EXPENDITURE		
Interest Payable	1 019 184	
Project Management	20 017	
Legal Costs	104 726	
Agents Commission	34 687	
Administrative Expenses	88 925	
	<u>1 267 539</u>	
Less Capitalised to Land Account	861 298	406 241
		<u>159 013</u>
Operating Surplus		
Less		
Provision for Decrease in Land Values		
Undeveloped Land	6 920 649	
Developed Land	1 342 947	8 263 596
		<u>8 104 583</u>
DEFICIT for period		
Add		
Excess of liabilities over assets taken over 12.3.80		173 163
		<u>8 227 746</u>

BALANCE SHEET

		30.6.80
		\$
FUNDS EMPLOYED		
LOANS		
Commonwealth of Australia	23 668 705	
Interest Capitalised	11 851 445	
		<u>35 520 150</u>
TOTAL FUNDS EMPLOYED		35 520 150
FUNDS EMPLOYED WERE REPRESENTED BY:		
NON CURRENT ASSETS		
Undeveloped Land	14 488 744	
Less Provision for Decrease in Value	6 920 649	
	<u>7 568 095</u>	
Advances - S.E.C. of Victoria	1 001 547	
M.M.B.W.	466 454	
Development of Crown Land - Altona	164 241	
	<u>9 200 337</u>	
CURRENT ASSETS		
Developed Land	8 496 104	
Less Provision for Decrease in Value	1 342 947	
	<u>7 153 157</u>	
Investments	9 000 000	
Debtors Under Contract of Sale	1 722 984	
Interest Accrued on Advances	22 748	
Interest Accrued on Investments	245 917	
Cash on Hand, Housing Commission of Victoria	135 771	
		<u>18 280 577</u>
		<u>27 480 914</u>

		30.6.80
	\$	\$
Less		
CURRENT LIABILITIES		
Sundry Creditors	95 118	
Accrued Interest Payable	143 392	238 510
	<hr/>	<hr/>
Accumulated Deficit		27 242 404
		8 277 746
		<hr/>
		35 520 150
		<hr/>

The following notes were appended by the Authority to the balance sheet:

- (a) Undeveloped Land - Land held for future development has been subject to valuation by the Valuer-General to ascertain market value at 30 June 1980. As the aggregate cost of such land (including acquisition, development and holding costs) exceeds the value estimated by the Valuer-General a provision for decrease in value has this year been created so that undeveloped land is shown in the balance sheet at the lower of cost or valuation.
- (b) Developed Land - Land held for sale has been valued at acquisition costs, development and other capitalised holding expenditure. The value of allotment stock together with costs yet to be incurred exceeds estimated present value of sales revenue. Value has been determined on the basis of the Authority's projections after reference to current market valuations. Provision against the possible shortfall has been made.



# VICTORIAN DAIRY INDUSTRY AUTHORITY

The Victorian Dairy Industry Authority was established under the Victorian Dairy Industry Authority Act 1977 and is responsible for administering the supply, sale and distribution of milk in the proclaimed milk districts of the State.

All milk produced under contract is purchased by the Authority. The Authority also purchases quantities of non-contract milk, the proceeds of which, when sold, form 'pools' on a monthly basis.

In accordance with Section 38 of the Act, cash distributions have been made each month from the pools, after meeting operating expenses, to all producers who delivered non-contract milk of approved quality.

The Act provides that all milk contracts shall terminate on or before 30 June 1986, and that on surrender of a contract, the producer shall receive compensation. Compensation paid, deferred and accrued to 30 June 1980 amounted to \$34 715 956 and has been capitalised in the accounts. The Authority has determined that this amount is to be amortised over a period of 8 years commencing from the 1 July of the financial year following the date of surrender of the contract.

The following is an abstract of the annual statements of accounts of the Authority for the years ended 30 June 1979 and 30 June 1980. The figures in respect of 1979-80 are subject to audit.

## Trading Account

1978-79		1979-80
\$		\$
90 471 736	Gross Sales of Milk	100 321 379
	Less Purchases of Milk	
23 223 002	Under Contract	20 961 200
	Non Contract	
26 325 208	Base Price	33 341 438
19 288 589	Pool Payments	21 387 926
3 596 750	Depot Allowance	4 058 808
4 221 973	Depot to Dairy Cartage	4 766 817
3 442 600	Winter Incentive Fund	4 700 000
616 337	Distribution Rebates	818 217
..	Merchandising Cost	174 407
74 078	Other Expenses	81 690
80 788 537		90 290 503
9 683 199	Gross Surplus	10 030 876
90 471 736		100 321 379
	Surplus transferred to	
4 007 768	Operations Account	4 292 220
5 675 431	Capital Fund	5 738 656
9 683 199		10 030 876

1978-79		1979-80
\$		\$
	REVENUE	
4 007 768	Transfer from Trading Account	4 292 220
604 506	Other Income	597 511
<hr/>		<hr/>
4 612 274		4 889 731
<hr/>		<hr/>
	EXPENDITURE	
1 324 542	Administration	1 566 187
2 825 293	Promotion, Marketing	3 161 838
<hr/>		<hr/>
4 149 835		4 728 025
462 439	Net Surplus	161 706
<hr/>		<hr/>
4 612 274		4 889 731
<hr/>		<hr/>
	ACCUMULATED FUND	
8 550 230	Balance 1 July	9 012 669
462 439	Net Operating Surplus	161 706
<hr/>		<hr/>
9 012 669	Balance 30 June	9 174 375
<hr/>		<hr/>

### Capital Fund

1 043 862	Balance 1 July	1 516 233
5 675 431	Transfer from Trading Account	5 738 656
<hr/>		<hr/>
6 719 293		7 254 889
<hr/>		<hr/>
	EXPENDITURE	
1 325 729	Interest on Loans, Bank Overdraft, Deferred Compensation and Advance Payments	937 121
3 697 331	Amortisation of Contract Compensation	4 090 294
180 000	Sinking Fund Appropriation	180 000
<hr/>		<hr/>
5 203 060		5 207 415
1 516 233	Balance 30 June	2 047 474
<hr/>		<hr/>
6 719 293		7 254 889
<hr/>		<hr/>

### Winter Incentive Fund

..	Balance 1 July	336 241
	REVENUE	
3 442 600	Transfer from Trading Account	4 700 000
<hr/>		<hr/>
3 442 600		5 036 241
<hr/>		<hr/>
	EXPENDITURE	
3 106 359	Winter Incentive Payments	4 531 041
336 241	Balance 30 June	505 200
<hr/>		<hr/>
3 442 600		5 036 241
<hr/>		<hr/>

## Balance Sheet

30.6.79		30.6.80
\$		\$
	<b>CURRENT ASSETS</b>	
	Debtors	
6 285 726	Sundry	7 550 801
3 343 841	State of Victoria	6 234 538
		13 785 339
16 844	Stock on Hand (at cost)	25 399
1 719	Deceased Estates Cash on Hand	3 391
	<b>FIXED ASSETS</b>	
441 146	Land, Buildings (at cost)	883 558
387 028	Furniture, Equipment, Vehicles (at cost or valuation)	744 840
39 981	Less provision for depreciation	117 437
		627 403
..	Leasehold Premises (at cost)	209 342
..	Less provision for depreciation	6 332
		203 010
	<b>INTANGIBLE ASSETS</b>	
32 722 349	Contract Compensation	34 715 956
6 478 331	Less provision for amortisation	10 568 625
		24 147 331
36 680 341		39 675 431
	<b>CURRENT LIABILITIES</b>	
7 896 318	Bank Overdraft	8 259 696
	Creditors	
9 316 598	Producers, Carriers and Depots	12 253 775
2 221 526	Compensation	1 286 709
1 549 114	Deferred Compensation*	1 600 335
501 798	Sundry Accruals	567 702
		16 213 721
950 000	Payments in Advance	1 300 000
1 719	Deceased Estates	3 391
1 000 000	Short-term Loan	..
	<b>PROVISIONS</b>	
236 345	Long Service Leave, Holiday Pay and Superannuation	301 801
95 110	Pool Adjustment	148 303
336 241	Winter Incentive	505 200
	<b>DEFERRED LIABILITIES</b>	
1 800 000	Loan-State Superannuation Board	1 800 000
	<b>VICTORIAN DAIRY INDUSTRY AUTHORITY FUND</b>	
9 012 669	Accumulated Fund	9 174 375
1 516 233	Capital Fund	2 047 474
246 670	Sinking Fund-State Superannuation Board Loan	426 670
36 680 341		39 675 431

\* Amounts repayable on 3 months notice

## *Debtor - State of Victoria*

The amount of \$6 234 538 shown in the balance sheet at 30 June 1980 under the heading "Debtor - State of Victoria" relates to the amount due to the Authority from the State in respect of underwriting prescribed dairy products produced in the 1978-79 season. The Authority has paid, on behalf of the State, \$5 461 259 to Victorian dairy farmers and the balance of \$773 279 relates to interest paid on bank overdraft.

## *Winter Incentive Fund*

This fund finances incentive payments to non-contract farmers to encourage them to provide milk of a suitable quality during the lean supply months of the year. The funds are provided by monthly deductions from the pool. At 30 June 1980 the balance in the fund, \$505 200 (\$336 241, 1979) previously shown as part of the Victorian Dairy Industry Authority Fund in the balance sheet is included under the heading "Provisions - Winter Incentive".

# VICTORIAN DEVELOPMENT CORPORATION

The Corporation was established pursuant to the provisions of the Victorian Development Corporation Act 1973. The main functions of the Corporation are to encourage, promote and assist in the establishment and development of:

- (a) industries of a manufacturing and processing nature which, with certain exceptions, are beyond a radius of 80 kilometres from Melbourne;
- (b) tourist accommodation and facilities throughout the State;
- (c) investment opportunities in the State from overseas and interstate; and
- (d) the export marketing of the State's primary resources, manufactured goods and tertiary services.

The responsibility for fostering State investment opportunities and export activities was assumed by the Corporation on 11 December 1979 following the proclamation of the Victorian Development Corporation (Powers) Act 1979.

A grant of \$173 208 was received from Treasury in 1979-80 for the establishment and operation of the newly formed Export and Investment Promotion Division. The grant included an amount of \$36 000 for office establishment expenses which has been credited to a special reserve.

The Corporation derives its funds mainly from advances from the Works and Services Account and by issues of inscribed stock.

In 1979-80 an amount of \$3 500 000 was received by the Corporation by way of advances from the Works and Services Account. After allowing for repayments totalling \$2 020 000, the Corporation's liability for advances from the Works and Services Account at 30 June 1980 increased by \$1 480 000 to \$27 680 000.

During the year the Corporation raised an amount of \$2 200 000 by the issue of inscribed stock.

Loans provided by the Corporation in 1979-80 totalled \$7 504 136 (1978-79, \$8 488 623).

Following is a summary of the profit and loss accounts for the years ended 30 June 1979 and 1980:

	1978-79	1979-80
	\$	\$
<b>INCOME</b>		
Interest on loan advances	2 240 532	2 577 199
Interest on short-term investments	307 252	454 660
Rental from Leased Factories	261 442	264 698
Contribution from State Treasury	..	137 208
Other	24 899	12 439
	<u>2 834 125</u>	<u>3 446 204</u>
<b>EXPENDITURE</b>		
Interest payable	2 015 471	2 394 613
Salaries and allowances		
Decentralisation	255 222	278 214
Export	..	57 941
Administrative expenses		
Decentralisation	76 996	81 905
Export	..	54 192
Office accommodation	43 548	41 178
	<u>2 391 237</u>	<u>2 908 043</u>
	442 888	538 161
Add Provision for doubtful debts written back	215 406	25 000
	<u>658 294</u>	<u>563 161</u>
Less Transfers to Provisions		
Doubtful Debts	73 015	52 021
Contingencies	239 122	105 665
Leased Property	114 613	102 791
	<u>426 750</u>	<u>260 477</u>
	231 544	302 684
Less Loss on sale of capital items	916	17 096
	<u>230 628</u>	<u>285 588</u>
Surplus for year		
Less Accumulated Deficit 1 July	1 282 866	1 052 238
Accumulated Deficit at 30 June	<u>1 052 238</u>	<u>766 650</u>

The balance sheets of the Corporation at 30 June 1979 and 1980 are summarised hereunder:

	30.6.79	30.6.80
	\$	\$
<b>CURRENT ASSETS</b>		
Prepayments and Sundry Debtors	2 429	15 667
Cash at Bank	197 706	181 294
Short-term Investments	3 174 023	3 894 344
	<u>3 374 158</u>	<u>4 091 305</u>

	\$	30.6.79 \$	\$	30.6.80 \$
<b>LOANS</b>				
Industries and Tourism	27 930 069		30 178 632	
Less Provision for Doubtful Debts	355 161		382 182	
	<u>27 574 908</u>		<u>29 796 450</u>	
Agency	800 000		735 000	
	<u>28 374 908</u>		<u>30 531 450</u>	
<b>FIXED ASSETS</b>				
Office Furniture and Motor Vehicles (at cost less depreciation)	35 558		134 084	
Industrial Properties (at cost)	2 097 890		2 471 855	
	<u>2 133 448</u>		<u>2 605 939</u>	
		<u>33 882 514</u>		<u>37 228 694</u>
<b>CURRENT LIABILITIES</b>				
Accrued Interest and Sundry Creditors		998 639		205 440
<b>DEFERRED LIABILITIES</b>				
Treasurer of Victoria-Advances	26 200 000		27 680 000	
Inscribed Stock	3 800 000		6 000 000	
	<u>30 000 000</u>		<u>33 680 000</u>	
AGENCY LOAN		800 000		735 000
<b>RESERVES AND PROVISIONS</b>				
Provision for Contingencies	900 000		1 000 000	
Leased Property Provision	236 113		338 904	
Treasury Contribution-Establishment of Export and Investment Promotion Division	..		36 000	
	<u>1 136 113</u>		<u>1 374 904</u>	
Capital Provided by the State*	2 000 000		2 000 000	
Less Accumulated Deficit	1 052 238		766 650	
	<u>947 762</u>		<u>1 233 350</u>	
		<u>33 882 514</u>		<u>37 228 694</u>

\* The Treasurer indicated in 1978 that, from time to time and after taking into account the Corporation's operating result in a preceding financial year, he may direct that a payment be made to the Consolidated Fund in the nature of a dividend on the capital so provided to the Corporation. To date, no such direction has been given.

### *Short-Term Investments*

Details of investments held at 30 June 1979 and 1980 were as follows:

	30.6.79 \$	30.6.80 \$
Bank Deposit	..	206 503
Short-term Money Market	204 195	454 608
Bank-accepted Bills of Exchange	2 969 828	3 233 233
	<u>3 174 023</u>	<u>3 894 344</u>

## *Provisions*

An amount of \$105 665 was transferred to the provision for contingencies in 1979-80. During the year a loss of \$5 665 incurred under a loan guarantee issued by the Corporation was written off against the provision. The accumulated provision at 30 June 1980 stood at \$1 000 000.

The Corporation constructs and purchases factories, which are rented on a lease/purchase basis, the lessees having the option of purchase at cost of development at the conclusion of the leases. The item, "Leased Property Provision \$338 904", represents that portion of rental income which would need to be allowed by the Corporation as part purchase price in the event of lessees exercising their options to purchase.

## *Contingent Liability*

At 30 June 1980, guarantees issued by the Corporation in terms of Section 11 of the Act totalled \$2 421 997 (1979, \$1 179 875).

During the year, the Treasurer determined, under the provisions of Section 12 (2) of the Act, that the limit on face value of guarantees issued by the Corporation be increased from \$2 000 000 to \$7 000 000.



# VICTORIAN GOVERNMENT TRAVEL AUTHORITY

The Victorian Government Travel Authority was established under the provisions of the Victorian Government Travel Authority Act 1977 to carry out the following functions:

- (a) promote and market travel;
- (b) make travel arrangements;
- (c) provide travel information services;
- (d) promote and publicise the tourist facilities and attractions of Victoria; and
- (e) advise the Minister when requested by him to do so.

The Act provides for the accounts of the Authority to be audited on a regular basis by an auditor appointed by the Authority and annually by the Auditor-General.

The following statement shows the income and expenditure of the Authority for 1978-79 and 1979-80:

		1978-79		1979-80
	\$	\$	\$	\$
<b>INCOME</b>				
State Treasury				
Contribution from Vote	1 960 000		2 337 200	
Contribution from Tourist Fund	75 000		349 100	
	<hr/>	2 035 000	<hr/>	2 686 300
Commission		676 260		829 243
Recoupment of Transport Information Centre Costs				
Salaries and Allowances	208 646		221 148	
Payroll Tax	10 432		11 108	
General Overheads	21 885		23 969	
	<hr/>	240 963	<hr/>	256 225
Miscellaneous		8 307		33 047
		<hr/>		<hr/>
		2 960 530		3 804 815
<b>EXPENDITURE</b>				
Salaries and Allowances		1 986 993		2 104 927
Payroll Tax		96 858		103 221
Rents and Rates		209 879		418 734
Advertising and Promotional		215 617		455 837
Telephone, Telex and Postage		175 527		192 416
Travelling and Subsistence		61 374		75 973
Electricity, Gas and Heating Fuel				
Fuel		34 856		39 715
Cleaning		38 947		41 072
Maintenance and Repairs		31 888		30 584
Printing and Stationery		19 824		81 077
Office Requisites		24 245		31 743
Audit Fees		20 079		27 552

	1978-79		1979-80
	\$		\$
Miscellaneous	17 964		50 509
Provision for			
Recreation Leave	42 668	(2 691)	
Long Service Leave	181 363	37 200	
Depreciation	4 765	12 794	
	<u>228 796</u>		<u>47 303</u>
	<u>3 162 847</u>		<u>3 700 663</u>
(Deficit)/Surplus for the year	(202 317)		104 152
Accumulated Deficit brought forward	..		(202 317)
Accumulated Deficit at 30 June	<u>(202 317)</u>		<u>(98 165)</u>

Operations for 1979-80 resulted in a surplus of \$104 152 (1978-79 deficit \$202 317). During the year the Treasury contributed \$2 337 200, through the Department of State Development, Decentralization and Tourism Vote, towards the costs of operations of the Authority. A further amount of \$349 100 was made available from the Tourist Fund.

The following statement shows the Authority's balances at 30 June 1979 and 1980:

	30.6.79		30.6.80
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash on hand	5 350		6 250
Cash at Bank	268 041		475 297
Postage Stamps and Franking			
Machine Credits	4 727		14 394
Prepayments	22 748		52 993
Debtors			
Trust	209 270	255 853	
Other	59 569	167 249	
	<u>268 839</u>	<u>423 102</u>	
Stocks of Publications	1 837		10 207
	<u>571 542</u>		<u>982 243</u>
<b>FIXED ASSETS (Note 2)</b>			
Fixtures and Fittings (at cost)		..	311 903
Furniture and Equipment			
at valuation	..	180 003	
at cost	9 845	11 628	
	<u>9 845</u>	<u>191 631</u>	
Less Provision for Depreciation	732	1 727	
	<u>9 113</u>	<u>189 904</u>	
Motor Vehicles (at cost)	19 405	34 349	
Less Provision for Depreciation	4 032	11 496	
	<u>15 373</u>	<u>22 853</u>	
	<u>24 486</u>		<u>524 660</u>
	<u>596 028</u>		<u>1 506 903</u>

	30.6.79	30.6.80
	\$	\$
CURRENT LIABILITIES		
Sundry Creditors and Accruals	95 591	108 893
Trust Creditors	478 723	756 127
Provision for Recreation Leave	42 668	39 976
	<u>616 982</u>	<u>904 996</u>
DEFERRED LIABILITIES		
Provision for Long Service Leave (Note 1)	181 363	218 563
	<u>798 345</u>	<u>1 123 559</u>
ACCUMULATED FUND		
Treasury Capital Grants (Note 3)	.. 481 509	
Less Accumulated Deficit	202 317	98 165
	<u>(202 317)</u>	<u>383 344</u>
	<u>596 028</u>	<u>1 506 903</u>

The following explanatory notes have been appended to the balance sheet by the Authority and are to be read in conjunction therewith:

"Note 1 - The prior year's provision for Long Service Leave includes accumulated leave valued at \$162 996, in respect of previous years' service by officers of the Authority.

Note 2 - (a) Fixtures and Fittings

Fixtures and fittings are shown at cost and represent amounts expended by the Public Works Department on behalf of the Authority on renovations and establishment of various offices of the Authority.

(b) Furniture and Equipment

In accordance with the policy adopted during the first year of operations, assets taken over at no cost on formation of the Authority, together with some items subsequently purchased by, or on behalf of the Authority, have been independently valued by an officer of the Valuer-General's Office at various dates between April and May 1980. All items subject to this valuation have been brought to account at 30 June 1980 at the stated valuation. Other items of furniture and equipment are at cost.

(c) Depreciation

Depreciation has not been charged on furniture and equipment shown at valuation as the values were based upon current residual values and were prepared approaching year-end.

Note 3 - Treasury financial assistance from the Works and Services Account, together with the current value of furniture and equipment taken over on the formation of the Authority."

# VICTORIAN PUBLIC OFFICES CORPORATION

The Victorian Public Offices Corporation was constituted pursuant to the Victorian Public Offices Corporation Act 1974.

The Corporation consists of 4 Ministers—the Minister of Public Works, the Treasurer, the Minister of Lands and the Minister for State Development Decentralization and Tourism.

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:

- (a) Construction of the State Public Offices complex at Ballarat.
- (b) The sale of 5 properties for the sum of \$467 602. The major sale was the former Fisheries and Wildlife premises at 632 Bourke Street, Melbourne for \$265 000.

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

The following statement, in which the figures for 1979-80 are subject to audit, shows the Corporation's income and expenditure for the past two years:

		1978-79		1979-80
	\$	\$	\$	\$
<b>INCOME</b>				
Profit on Sale of Properties	354 707		34 696	
Rent	10 413		873 801	
Interest on properties sold on terms	88 000		176 313	
Interest on Investments	233 711		179 042	
		686 831	1 263 852	
<b>EXPENDITURE</b>				
Interest on Loans	175 865		342 902	
Valuation Fees	12 861		..	
Miscellaneous	3 114		2 397	
		191 840	345 299	
Surplus for year		494 991	918 553	

## Profit on Sale of Properties

The properties sold during each of the years shown had been granted to the Corporation under sub-section (1) of Section 8 of the Victorian Public Offices Corporation Act 1974, and recorded in the accounts of the Corporation at valuations made by officers of the Valuer-General's Office.

### Rent

Rent of \$873 801 includes the following amounts received by Treasury in 1979-80 and former years, relating to Corporation owned properties. These amounts were incorrectly credited to the Consolidated Fund.

	\$
1976-77	222 362
1977-78	320 834
1978-79	1 313
1979-80	22 730

### Balance Sheet

An abridged statement of the Corporation's balance sheets at 30 June 1979 and 1980, in which the figures at 30 June 1980 are subject to audit, follows:

	\$	30.6.79	\$	30.6.80	\$
<b>ASSETS</b>					
Public Offices Fund (at Treasury)					
Cash	563 491			173 133	
Investments (Interest Bearing Term Deposits)	2 200 000			1 120 000	
	<u>          </u>	2 763 491		<u>          </u>	1 293 133
Extension Deposits S.E.C.			..		33 853
Sundry Debtors, including accrued interest		1 670 703			2 333 041
Deposit on Freehold Property		69 156			..
Properties					
at cost	12 395 841			15 780 103	
at valuation	2 774 820			2 692 817	
	<u>          </u>	15 170 661		<u>          </u>	18 472 920
		<u>          </u>		<u>          </u>	<u>          </u>
		19 674 011		19 674 011	22 132 947
<b>LIABILITIES</b>					
Loans	2 690 000			3 870 430	
Other	29 992			62 645	
	<u>          </u>	2 719 992		<u>          </u>	3 933 075
<b>EQUITY OF CORPORATION</b>					
Accumulated Surplus	1 387 689			2 306 242	
Properties granted to Corporation by Crown (at valuation)	15 566 330			15 893 630	
	<u>          </u>	16 954 019		<u>          </u>	18 199 872
		<u>          </u>		<u>          </u>	<u>          </u>
		19 674 011		19 674 011	22 132 947

Included in the amount at 30 June 1980 are rent of properties and repayments on S.E.C. Extension Deposits totalling \$572 325, received by Treasury in 1979-80 and prior years and incorrectly credited to the Consolidated Fund.

Also included is the sum of \$1 600 000, owed to the Corporation, in respect of the sale of the Housing Commission building at 179 Queen Street, Melbourne, which was sold on 3 year vendor terms.

*Properties, at valuation*

Valuations have not yet been obtained for the following properties granted to the Corporation during 1979-80 under sub-section (1) of Section 9 of the Victorian Public Offices Corporation Act 1974:

300 Queen Street, Melbourne;  
36 Dennys Street, Hopetoun; and  
Old Court Houses at Moe and Tarnagulla.

Consequently the item in the balance sheet does not include these properties.

# ZOOLOGICAL BOARD OF VICTOPIA

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, Werribee and Healesville.

Provision is made in the legislation for the Board to borrow moneys providing the aggregate liability does not at any time exceed \$1 000 000. At 30 June 1980 the amount outstanding under a private loan was \$379 148.

In addition advances have been received from the State's Works and Services Account and the amount outstanding under these advances was \$427 900 at 30 June 1980.

Receipts and payments for the Royal Melbourne Zoological Gardens at Parkville, Werribee Fauna Park and Sir Colin Mackenzie Fauna Park at Healesville for the year ended 30 June 1980, together with comparative figures for the previous year, are set out hereunder:

## Royal Melbourne Zoological Gardens

	1978-79	1979-80
	\$	\$
Balance 1 July	(35 289)	(211 040)
<b>RECEIPTS</b>		
Admissions*	1 041 945	1 461 354
Grants		
State Government	787 074	828 476
Myer Foundation	85 000	80 000
Historical and Community Projects Fund (Gold Lottery)	78 934	71 066
Education Resource Centre	..	3 448
Catholic Education	30 000	..
Souvenir Shop	86 833	105 724
Commission-Catering etc.	77 378	88 351
Amusements	62 822	62 770
Loans-Government	40 000	40 000
Guide Book Sales	12 578	36 196
Miscellaneous	11 420	12 496
	2 278 695	2 578 841

\* Attendances for 1979-80 were 814 064 compared with 779 533 for 1978-79. Admission charges increased from 21 August 1979.

	1978-79	1979-80
	\$	\$
PAYMENTS		
Salaries, Wages and Ancillary Charges	1 089 083	1 278 661
General Maintenance and other Operating Expenses	411 069	516 817
Capital Works		
Flight Aviary	114 590	13 203
Platypus Exhibit	92 178	135 055
Aboreal Primates	80 838	141 770
Electric Reticulation	56 004	15 661
Administration Office	46 037	..
Souvenir Shop	..	5 969
Electric Gate	..	4 646
Bird Isolation Building	21 917	..
Residences	8 952	..
Other	6 006	2 667
Education Resource Centre	181 909	..
Animal Maintenance and Acquisition	154 057	203 714
Administration and Sundries	72 629	83 759
Souvenir Shop Expenses	67 921	91 809
Interest on Loans	63 252	62 618
Loan Repayments-Government	16 367	17 700
Private	6 926	7 687
	<u>2 489 735</u>	<u>2 581 736</u>
Balance 30 June	<u>(211 040)</u>	<u>(2 895)</u>

The following amounts held by the Board in respect of the Royal Melbourne Zoo are not included in the above statement of receipts and payments:

	\$
Staff Provident Fund - Cash at Bank	8 509
Staff Provident Fund - Fixed Deposits	24 513
Animal Sponsorship Account	12 776
Special Catering Account	13 900
Experimental Interpretation Program Account	18 010
Research Account - Fixed Deposits	1 560
	<u>79 268</u>

#### Werribee Fauna Park

	1978-79	1979-80
	\$	\$
Balance 1 July	37 730	12 988
RECEIPTS		
State Government Grants	161 000	153 000
Other Receipts	6 664	15 680
	<u>205 394</u>	<u>181 668</u>



Sir Colin Mackenzie Fauna Park

	1978-79 \$	1979-80 \$
<b>PAYMENTS</b>		
Wages and Ancillary Charges	64 704	82 567
Capital Works	34 489	38 871
General Maintenance and Operating Expenses	30 414	20 120
Plant and Equipment	25 878	9 573
Administration	18 209	18 081
Planning	15 637	..
Animal Maintenance and Acquisitions	3 075	12 504
	<u>192 406</u>	<u>181 716</u>
Balance 30 June	12 988	(48)

	1978-79 \$	1979-80 \$
Balance 1 July	180 949	224 990
<b>RECEIPTS</b>		
Admissions*	383 359	477 452
Grants		
Government	165 907	132 772
Other	2 989	1 343
Sale of Publications etc.	37 584	69 866
Interest	11 916	13 077
Kiosk Rental	5 554	4 692
Miscellaneous	6 836	14 746
	<u>795 094</u>	<u>938 938</u>

<b>PAYMENTS</b>		
Salaries, Wages and Ancillary Charges	356 534	445 680
General Maintenance	81 237	79 624
Animal Maintenance	35 271	52 509
Publications	25 829	58 664
Administration	26 740	37 890
Motor Vehicles	5 446	22 736
Capital Works		
Sewerage	1 126	80 249
Kiosk Renovations	2 300	40 689
Buildings	18 474	17 697
Exhibits	6 860	11 792
Emergency Power Supply	..	9 607
P.A. and Telephones	..	7 726
Others	7 059	4 215
Plant and Equipment	233	6 217
Education Supplies	..	3 983
Miscellaneous	2 995	..
	<u>570 104</u>	<u>879 278</u>
Balance 30 June	224 990	+59 660

\* Attendances for 1979-80 were 301 858 compared with 289 449 for 1978-79.  
Admission charges increased from 21 August 1979.

+ Of the balance at 30 June 1980 \$23 024 was invested in fixed deposits

## 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