



Victoria

Supplementary Report
of the
Auditor-General

for the year ended
30 June 1981

VICTORIA

Supplementary Report

of the

AUDITOR - GENERAL

for the

Year ended 30 June 1981

Ordered by the Legislative Assembly to be printed

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REPORT OF THE AUDITOR-GENERAL
OF VICTORIA

SUPPLEMENTARY TO THE REPORT OF 22 OCTOBER 1981, IN
RELATION TO THE TREASURER'S STATEMENT OF THE FINANCES
FOR THE YEAR ENDED 30 JUNE 1981

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.

Accounts not available for audit

At the date of preparation of this report the final accounts for 1980-81 of the following statutory bodies were not available for audit:

Albury-Wodonga (Victoria) Corporation
Hospitals Superannuation Board
Metropolitan Fire Brigades Board
Motor Accidents Board
National Gallery of Victoria
Port of Melbourne Authority
Solar Energy Council
State Employees Retirement Benefits Board
State Insurance Office
State Superannuation Board - Superannuation Fund
Trotting Control Board
Urban Land Authority
Victorian Arts Centre Trust

Accounts included, subject to audit

At 20 November 1981 the audit of the accounts of a number of the statutory bodies had not been completed. The figures furnished herein in respect of these bodies 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.

Other Comment

This is the final year in which detailed statements of financial accounts of all statutory bodies subject to my audit are to be included in my supplementary report. Where audited financial statements are required to be presented to Parliament, it is proposed to no longer duplicate that information in this report.

Melbourne, November 1981

B.J. WALDRON
Auditor-General

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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 1973 and consists of 8 members, 3 full-time and 5 part-time. The 3 full-time members are also full-time members of the Development Corporation.

The agreement also 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 1979-80 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 1980 which were not available at the time of my 1979-80 supplementary report are included in this report.

At the date of preparation of this report, the accounts for 1980-81 were not available for audit.

Qualification of Corporation's Financial Accounts

In respect of the year 1979-80, I again found it necessary to qualify the accounts of the Corporation in the following manner:

"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 at 30 June 1980. However, in my view, subject to the above matters, the income and expenditure account properly summarises the financial operations for the year."

Income and Expenditure

The corporation's income and expenditure accounts for the years 1979-80 and 1978-79 are compared hereunder:

	1979-80	1978-79
	\$	\$
INCOME		
Land sales	967 434	658 370
Less cost of land sold	841 348	636 925
	<hr/>	<hr/>
	126 086	21 445
Rentals	1 015 925	916 962
Interest received	60 816	50 038
Miscellaneous	19 535	7 795
	<hr/>	<hr/>
	1 222 362	996 240
EXPENDITURE		
Interest	8 085 264	7 331 333
Tenanted properties		
Repairs, maintenance and other expenses	352 179	293 530
Ex-gratia payment in lieu of rates	117 239	133 360
Development expenses*	353 389	340 252
Amortisation of capital charges	309 760	306 072
Provision for doubtful debts	..	3 000
Miscellaneous	43 221	42 363
	<hr/>	<hr/>
	9 261 052	8 449 910
	<hr/>	<hr/>
Deficit for year	8 038 690	7 453 670
	<hr/>	<hr/>

* In the years 1978-79 and 1979-80, the Corporation wrote off certain development expenses which could not be related to specific assets.

Balance Sheet

The statement hereunder shows the assets and liabilities and funds of the Corporation at 30 June 1980 and 1979:

	30.6.80	30.6.79
	\$	\$
FUNDS EMPLOYED		
CAPITAL ADVANCES		
Commonwealth government grants	412 500	412 500
Victorian government loans (ex Commonwealth)	56 032 227	55 240 077
Victorian government loans	1 219 601	693 933
Capitalised interest	30 273 860	22 357 354
Private loans	1 743 243	1 747 854
	<hr/>	<hr/>
	89 681 431	80 451 718
Less		
ACCUMULATED DEFICIENCY		
1 July	23 783 417	16 329 747
Deficiency for year	8 038 690	7 453 670
	<hr/>	<hr/>
	31 822 107	23 783 417
	<hr/>	<hr/>
	57 859 324	56 668 301
Represented by:		
FIXED ASSETS		
Land and buildings (at book value)		
Acquired land and buildings identified for close urban development	22 150 639	21 476 745
Acquired land and buildings held for possible future development and/or resale	16 969 861	16 815 585
Corporation constructed houses and factory buildings	5 144 721	5 112 965
Office building (at cost)	2 215 374	2 215 374
Construction in progress	5 570 962	6 240 691
Machinery and equipment (at cost less depreciation)	29 249	34 078
	<hr/>	<hr/>
	52 080 806	51 895 438
CURRENT ASSETS		
Cash at bank and deposits on call	302 362	386 689
Debtors (less provision for doubtful debts)		
Contracts of sale	525 677	196 728
Rent and other debtors	33 677	28 884
Developed land	4 306 787	3 286 197
Advances to Development Corporation	402 209	402 382
Accrued interest receivable	10 920	4 565
	<hr/>	<hr/>
	5 581 632	4 305 445
	<hr/>	<hr/>

	30.6.80	30.6.79
	\$	\$
INTANGIBLE ASSETS		
Establishment and preliminary planning expenses	2 097 044	2 078 602
Less written off	1 759 933	1 450 173
	<u>337 111</u>	<u>628 429</u>
	57 999 549	56 829 312
Less		
CURRENT LIABILITIES		
Creditors, deposits and rent paid in advance	140 225	161 011
	<u>140 225</u>	<u>161 011</u>
Net Assets	<u>57 859 324</u>	<u>56 668 301</u>

Victorian Government Loans (ex-Commonwealth)

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 1980, the total loan liability to the Commonwealth stood at \$56 032 227 and the interest capitalised to that date was \$30 110 474.

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 \$31 822 107 at 30 June 1980. 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.

The following statement summarises the income and expenditure of the Building Industry Long Service Leave Fund for the years ended 30 June 1981 and 1980:

	1980-81	1979-80
	\$	\$
INCOME		
Contributions from employers and working sub-contractors	7 031 132	6 770 210
Investment income (net)	1 901 412	1 280 784
Surcharges and interest on outstanding contributions (net)	49 500	35 439
Miscellaneous	15 354	21 377
	8 997 398	8 107 810
EXPENDITURE		
Long service leave benefits	2 248 600	1 757 168
Salaries and related charges (net)	1 024 699	742 842
Administration	175 003	198 231
Occupancy	111 779	99 539
Provisions		
Depreciation	103 757	58 041
Doubtful debts	9 025	30 927
Staff long service leave	15 877	10 033
Revenue adjustment	64 310	6 750
	3 753 050	2 903 531
Operating Surplus	5 244 348	5 204 279
Accumulated Fund 1 July	15 225 985	10 023 206
	20 470 333	15 227 485
Less		
Establishment and development costs	..	1 500
Accumulated Fund 30 June	20 470 333	15 225 985

The fund at 30 June 1981 and 1980 comprised:

	30.6.81	30.6.80
	\$	\$
Accumulated Fund	20 470 333	15 225 985
Provision for staff long service leave	66 000	55 000
	<u>20 536 333</u>	<u>15 280 985</u>
Represented by:		
FIXED ASSETS		
Computer installation (at cost)	448 338	440 082
Provision for depreciation	(210 255)	(108 989)
	<u>238 133</u>	<u>331 093</u>
Furniture equipment and motor vehicles (at cost)	108 084	89 587
Provision for depreciation	(22 370)	(14 009)
	<u>85 714</u>	<u>75 578</u>
Land and buildings (at cost)	413 585	..
	<u>737 432</u>	<u>406 671</u>
CURRENT ASSETS		
Sundry debtors	421 833	463 862
Provision for revenue adjustment	(104 137)	(58 530)
Provision for doubtful debts	(40 863)	(41 470)
	<u>276 833</u>	<u>363 862</u>
Interest accrued	416 370	371 766
Other	4 510	2 917
	<u>697 713</u>	<u>738 545</u>
	<u>1 435 145</u>	<u>1 145 216</u>
INVESTMENTS		
Semi-government securities		
Victoria	5 713 927	6 995 813
Commonwealth	1 401 272	1 000 000
Interstate	2 384 363	750 000
Victorian local government	150 000	150 000
Commonwealth government securities	2 478 367	2 218 170
Mortgage loans	3 916 500	1 991 000
Transferable deposits	1 692 725	1 000 000
Commercial bills	2 148 595	491 435
Short-term money market	300 000	150 000
	<u>20 185 749</u>	<u>14 746 418</u>
Total Assets	<u>21 620 894</u>	<u>15 891 634</u>

	30.6.81	30.6.80
	\$	\$
Less		
LIABILITIES		
Long service leave benefits	757 732	454 060
Overpaid contributions	35 106	58 662
Bank overdraft	43 103	38 842
Sundry creditors	61 931	37 670
Working sub-contractors account	181 299	18 910
Accrued charges	5 000	2 115
Sundry deposits	390	390
	<u>1 084 561</u>	<u>610 649</u>
	<u>20 536 333</u>	<u>15 280 985</u>

CANCER INSTITUTE BOARD

The Cancer Institute Board is constituted in accordance with the provisions of the Cancer Act 1958 to carry out the following objects of the Institute:

- (a) to provide facilities for research and investigation in respect of the causes, prevention diagnosis and treatment of cancer and allied conditions;
- (b) to undertake such research and investigation; and
- (c) to provide in Victoria and elsewhere for the special training of persons in such research and investigations.

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:

	1980-81	1979-80
	\$	\$
INCOME		
State government grants		
From Vote-for maintenance	9 134 500	8 057 995
From Works and Services Account for items of Capital		
Equipment under \$50 000	349 986	349 974
Commonwealth Assistance Medibank Trust Account	9 360 486	8 293 969
Commonwealth home nursing subsidy	124 530	114 395
Special Youth Employment Training Program	15 575	30 484
Patients' fees*	2 191 723	2 216 478
Miscellaneous	216 022	231 902
	21 392 822	19 295 197
EXPENDITURE		
Nursing services		
Wards	2 844 871	2 429 964
Other	1 737 530	1 573 936
Medical, professional and ancillary services	9 037 705	8 205 029
Administration and ancillary services	7 193 995	6 339 784

* Includes private practice income of \$375 089 (1980, \$408 335)

	1980-81	1979-80
	\$	\$
Scientific and research departments	1 164 645	993 699
Special Youth Employment Training Program		
Salaries and wages	4 610	42 836
	<u>21 983 356</u>	<u>19 585 248</u>
Deficit for year	590 534	290 051
OPERATING FUND		
Balance 1 July	(283 152)	6 889
Adjustment salaries and wages	..	10
	<u>(283 152)</u>	<u>6 899</u>
Surplus (Deficit) for year	(590 534)	(290 051)
	<u>(873 686)</u>	<u>(283 152)</u>

Balance Sheet

The following balance sheets set out the financial position at 30 June 1981 and 1980:

	30.6.81	30.6.80
	\$	\$
CURRENT ASSETS		
Investment - Short-term money market	1 500 000	1 750 000
Stores on hand	381 645	297 145
Sundry debtors	444 069	353 077
Accrued income	33 583	29 976
Loans to doctors	1 538	1 742
RESERVE FUND INVESTMENTS	20 906	64 496
FIXED ASSETS (at cost)		
Building improvements	22 805 689	22 343 424
Furniture, plant and equipment	7 355 087	6 432 285
Motor cars	204 007	172 165
	<u>32 746 524</u>	<u>31 444 310</u>
CURRENT LIABILITIES		
Bank overdraft	637 058	150 883
Sundry creditors	474 006	690 935
Accrued expenses	734 083	563 888
RESERVE FUNDS		
Special Reserve	336 724	288 693
Research investigation	500 589	466 505
Peter Crimmins cancer research	252 062	272 020
Other funds	293 656	202 727
CAPITAL FUNDS	30 392 032	29 091 811
OPERATING FUND	(873 686)	(283 152)
	<u>32 746 524</u>	<u>31 444 310</u>

Depreciation

Provision is not made for depreciation on buildings, plant and equipment owned by the hospital. The practice is to account for depreciation on disposal of the asset.

Contingent Liability

A contingent liability of approximately \$964 000 exists 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 1981.

An agreement exists between the Commonwealth and the State whereby the former will reimburse the latter operating costs of hospitals on an equal sharing basis.

As a result of the Public Works Department's continued failure to debit the Board with the rent in question, audit is given to understand that it is unlikely that the Commonwealth will meet its share of retrospective rental of this magnitude.

In that event, the State of Victoria stands to lose approximately \$482 000 in funds which would normally have been met by the Commonwealth government within the terms of the agreement.

Qualification of Board's Financial Accounts

I again found it necessary to record a qualification on the accounts of the Cancer Institute Board for the year ended 30 June 1981.

The qualification reads as follows:

Private Practice Income of \$375 089 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 1980-81 and 1979-80 are shown hereunder:

	1980-81	1979-80
	\$	\$
Balance 1 July	493 644	20 536
RECEIPTS		
Statutory contributions		
Government of Victoria	8 416 067	7 302 978
Insurance companies	16 834 236	14 565 708
Brokers and property owners	233 355	196 692
Interest on investments	364 222	302 449
Other receipts	712 307	664 609
	27 053 831	23 052 972
PAYMENTS		
Salaries, wages and maintenance	15 195 357	12 402 570
Loan repayments including sinking fund	1 326 367	1 147 476
Loan interest	1 616 208	1 313 595
Land, buildings, rolling-stock and equipment	1 587 225	1 583 889
Telephone charges	857 946	639 617
Brigade expenses	540 679	449 330
Motor Replacement Fund contribution	1 037 673	871 603
Compensation Fund contribution	271 815	216 400
Superannuation contribution	1 174 311	1 043 281
Insurance	192 750	405 046
Printing and stationery	213 532	207 309
Publicity	232 205	192 670
Pay-roll tax	574 350	492 693
Rentals and rates	267 654	248 989
Transport and travelling	684 578	594 876
Interest to sale of Property Account	364 222	302 449
Other payments	672 238	447 535
	26 809 110	22 559 328
Balance 30 June	244 721	493 644

Receipts and payments of loan moneys etc. over the years 1980-81 and 1979-80 are shown hereunder:

	1980-81	1979-80
	\$	\$
Balance 1 July	3 295 278	1 373 083
RECEIPTS		
Loan proceeds	4 015 000	3 687 000
Interest etc.	474 847	206 023
	<u>7 785 125</u>	<u>5 266 106</u>
PAYMENTS		
Buildings	2 294 845	1 023 553
Vehicles	732 242	936 495
Radio equipment	76 280	10 780
	<u>3 103 367</u>	<u>1 970 828</u>
Balance unexpended 30 June	<u>4 681 758</u>	<u>3 295 278</u>

Income and Expenditure

The following statement summarises the income and expenditure of the Authority for the years ended 30 June 1981 and 1980:

	1980-81	1979-80
	\$	\$
INCOME		
Statutory contributions		
Government	8 417 118	7 302 978
Insurance companies	16 834 236	14 605 956
Contributions - Section 80A	233 355	196 692
Interest on loan investments	424 122	186 602
Refunds telephone charges	444 435	362 950
Other	484 077	395 372
	<u>26 837 343</u>	<u>23 050 550</u>
EXPENDITURE		
Salaries and wages	11 418 780	9 803 234
Operating and maintenance expenses	3 711 079	2 937 643
Loan interest	1 755 950	1 446 587
Insurance	741 803	553 286
Brigade expenses	515 472	463 228
Depreciation	674 432	612 152
Printing and stationery	212 765	173 476
Publicity	232 287	197 820
Payroll tax	579 037	497 484
Rentals and rates	262 328	251 411
Telephone charges	838 782	657 109
Transport and travelling	663 573	636 909

	1980-81 \$	1979-80 \$
Contributions to:		
Motor replacement fund	1 037 673	871 603
Superannuation fund	1 173 060	1 043 281
Compensation fund	271 815	216 400
Miscellaneous	710 262	492 272
	<hr/>	<hr/>
	24 799 098	20 853 895
	<hr/>	<hr/>
Surplus for year	2 038 245	2 196 655
	<hr/>	<hr/>
	30.6.81	30.6.80
	\$	\$
Accumulated Funds 1 July	12 144 665	10 471 793
Add		
Surplus for year	2 038 245	2 196 655
Overprovision Loan 82	40 687	..
Redemption Loan 82	150 000	..
	<hr/>	<hr/>
	14 373 597	12 668 448
Less Appropriation to Sinking Fund	645 733	523 783
	<hr/>	<hr/>
Accumulated Funds 30 June	13 727 864	12 144 665
	<hr/>	<hr/>

Balance Sheet

A summary hereunder of the Authority's balance sheets shows the financial position at 30 June 1981 and 1980:

	30.6.81 \$	30.6.80 \$
FUNDS EMPLOYED		
Income and Expenditure Account		
Accumulated balance	13 727 864	12 144 665
Capital Account	276 271	276 271
	<hr/>	<hr/>
TOTAL FUNDS	14 004 135	12 420 936
	<hr/>	<hr/>
Represented by:		
CURRENT ASSETS		
Cash at bank and on hand	435 365	1 070 906
Sundry debtors and prepayments	365 846	246 843
Stock and work in progress	654 018	516 366
Loan-unexpended cash and short-term investments	4 681 758	3 302 952
	<hr/>	<hr/>
	6 136 987	5 137 067
	<hr/>	<hr/>

	30.6.81	30.6.80
	\$	\$
FIXED ASSETS (At Cost or 1945 Valuation)*		
Land and buildings	19 017 234	16 058 064
Rolling stock	17 179 432	16 285 824
Plant and machinery	5 349 925	4 659 007
Computer installation and development	1 020 180	1 008 124
Uniforms furniture and office machines	553 246	502 757
	<hr/>	<hr/>
	43 120 017	38 513 776
Provision for depreciation	(4 964 871)	(4 300 354)
	<hr/>	<hr/>
	38 155 146	34 213 422
	<hr/>	<hr/>
INVESTMENTS ETC. FOR SPECIFIC FUNDS		
Sale of property	1 192 190	716 971
Sinking funds - loan	2 650 388	1 979 300
Compensation	403 023	333 855
Compensation trust	243 275	167 836
Superannuation	9 307 813	7 977 372
Motor replacement	1 123 536	311 367
	<hr/>	<hr/>
	14 920 225	11 486 701
	<hr/>	<hr/>
TOTAL ASSETS	59 212 358	50 837 190
	<hr/>	<hr/>
Less		
CURRENT LIABILITIES		
Sundry Creditors	1 626 927	1 462 995
	<hr/>	<hr/>
DEFERRED LIABILITIES		
Loans	19 514 994	16 353 955
Computer and associated services	50 047	176 773
	<hr/>	<hr/>
	19 565 041	16 530 728
	<hr/>	<hr/>
RESERVES		
Capital donations	999 106	943 884
Government grant	50 000	50 000
Motor replacement	6 735 292	6 608 478
Sale of property	1 113 477	1 135 312
Special depreciation	198 155	198 156
	<hr/>	<hr/>
	9 096 030	8 935 830
	<hr/>	<hr/>
FUNDS SET ASIDE FOR SPECIFIC PURPOSES		
Sale of Property	1 192 190	716 971
Sinking Funds-Loan	2 650 388	1 979 300
Compensation	403 023	333 855
Compensation Trust	243 275	167 836
Superannuation	9 307 813	7 977 372
Motor Replacement	1 123 536	311 367
	<hr/>	<hr/>
	14 920 225	11 486 701
	<hr/>	<hr/>
TOTAL LIABILITIES	45 208 223	38 416 254
	<hr/>	<hr/>
	14 004 135	12 420 936
	<hr/>	<hr/>

* The 1945 valuation relates to values placed on assets transferred from the Country Fire Brigades Board in that year.

Investments

Details of investments held on behalf of the Superannuation, Motor Replacement and other funds for the past two years are as follows:

	30.6.81	30.6.80
	\$	\$
Cash at bank	1 080 222	549 297
Investments		
Short-term	1 125 980	1 830 259
Long-term	11 370 381	8 711 479
Accrued interest	250 022	193 936
	<u>13 826 605</u>	<u>11 284 971</u>

The balance \$1 093 620 (1980, \$201 730) was invested in the assets of the Authority.

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 \$1 200 000 in private loans. Total loan liability at 30 September 1980 was \$10 539 082.

Following is an abridged statement of the General Revenue Account for the years ended 30 September 1980 and 1979:

	1979-80	1978-79
	\$	\$
INCOME		
Rating Precepts		
Original Area	2 993 987	2 645 729
Cardinia Catchment	76 515	70 105
Other	659 356	639 001
	3 729 858	3 354 835
EXPENDITURE		
Maintenance of works	1 304 667	1 247 373
Debt services	848 225	700 719
Administration	651 462	663 476
Survey, investigation and design	437 219	357 509
Depreciation	267 520	243 368
	3 509 093	3 212 445
Excess of Income over Expenditure	220 765	142 390
Transfers from Plant Replacement Reserve	210 213	169 058
Surplus on realisation of assets	836	146 630
	431 814	458 078
Less Appropriations to:		
Loans Repayment Sinking Fund	48 395	45 395
Long Service Leave provision	92 228	..
	291 191	412 683
Surplus transferred to Accumulated Revenue Account	291 191	412 683

The Authority's balances at 30 September 1980 and 1979 are summarised hereunder:

	30.9.80	30.9.79
	\$	\$
CURRENT ASSETS		
Cash at bank	3 613 829	3 706 414
Debtors and prepayments	492 360	362 205
Other	71 046	66 790
	<u>4 177 235</u>	<u>4 135 409</u>
FIXED ASSETS		
Plant vehicles and equipment (at cost)	1 953 228	1 734 210
Less provision for depreciation	733 920	613 859
	<u>1 219 308</u>	<u>1 120 351</u>
Land and buildings (at cost)	1 253 710	974 163
Office furniture and machines (at cost less depreciation)	50 495	54 164
	<u>2 523 513</u>	<u>2 148 678</u>
CAPITAL WORKS		
Piped or lined drainage channels	20 645 350	19 485 721
River improvement works	6 881 312	6 066 287
Flood retarding basins	4 614 747	3 666 347
Land acquisition and compensation	2 907 100	2 514 868
Carrum drainage district	1 773 614	1 773 614
Other	587 201	539 274
	<u>37 409 324</u>	<u>34 046 111</u>
Less provision for depreciation	1 497 488	1 227 663
	<u>35 911 836</u>	<u>32 818 448</u>
INVESTMENTS	<u>2 013 699</u>	<u>1 554 589</u>
TOTAL ASSETS	<u>44 626 283</u>	<u>40 657 124</u>
CURRENT LIABILITIES		
Bank overdraft	380 757	235 106
Sundry creditors	198 332	176 637
Contractors' deposits	34 101	20 440
	<u>613 190</u>	<u>432 183</u>
PROVISION		
Long service leave	104 265	..
LOAN LIABILITY		
Government of Victoria	605 820	608 154
Private loans and advances	9 933 262	8 790 234
	<u>10 539 082</u>	<u>9 398 388</u>
TOTAL LIABILITIES	<u>11 256 537</u>	<u>9 830 571</u>
Excess of Assets over Liabilities	<u>33 369 746</u>	<u>30 826 553</u>

Represented by:

	30.9.80	30.9.79
	\$	\$
Contributions from property owners and subdividers	20 607 638	19 484 860
Capital expenditure borne by the state	6 149 022	5 538 808
Accumulated Revenue Account	4 462 261	4 171 069
Grants and contributions		
Environment Protection Authority	1 007 932	844 102
Other	85 028	70 854
Grants by government of Victoria	361 518	281 112
Loans Repayment Sinking Fund	379 372	298 349
Loans Repayment Sinking Fund Government Contribution	12 000	4 000
Plant Replacement Reserve	106 610	..
Expenditure borne by State - Cardinia revenue subsidy	198 365	133 399
	<hr/>	<hr/>
	33 369 746	30 826 553
	<hr/>	<hr/>

Investments

Investments at 30 September 1980 comprised the following:

	\$
Interest bearing term deposits	752 000
Inscribed stock	164 850
Mortgage loans	794 083
Cash	302 766
	<hr/>
	2 013 699
	<hr/>

Changes in Accounting Treatment

During the year the authority changed its accounting treatment in respect of long service leave and grants received from the State for the Cardinia Creek Catchment area as follows:

(a) Long Service Leave

The accounting for long service leave now complies with generally accepted accounting treatment in that a provision is to be raised each year for the increase in the liability and the charge is to be made against the revenue for the year.

(b) State Government Grants - Cardinia

Prior to 1979-80 the balance sheet of the Authority did not distinguish between revenue subsidies and capital grants received from the government. The balance sheet at 30 September 1980 identifies these as Capital expenditure borne by the State, Expenditure borne by State - Cardinia revenue subsidy and Loans Repayment Sinking Fund Government Contribution. The figures for 1978-79 have been amended accordingly.

DECENTRALIZED INDUSTRY HOUSING AUTHORITY

The Decentralized Industry Housing Authority was established under the provisions of the Decentralized Industry (Housing) Act 1973.

The purpose of the Authority is to assist in the provision of adequate housing for persons employed in country industries or in any country public administration.

Moneys appropriated by Parliament for the purposes of the Act and all other moneys received by the Authority are paid into the Decentralized Industry Housing Fund kept in the Treasury. Transactions during the past two years in the books of the Authority are shown below:

	1980-81	1979-80
	\$	\$
Balance 1 July	508 998	385 130
RECEIPTS		
Consolidated Fund-grant	72 200	68 900
Loans	1 200 000	1 200 000
Interest on investments	40 851	27 085
Interest and repayments-mortgage loans	1 153 409	899 547
Sales of land and buildings	31 634	29 627
Other	3 707	11 502
	3 010 799	2 621 791
PAYMENTS		
Mortgage loans to house purchasers	1 551 198	1 445 196
Loan redemption and interest	692 927	595 701
Interest subsidy	2 687	886
Administration expenses	76 352	69 488
Other costs	2 100	1 522
	2 325 264	2 112 793
Balance 30 June	685 535	508 998

Income and Expenditure

The income and expenditure account of the Authority for 1980-81 and 1979-80 is as follows:

	1980-81	1979-80
	\$	\$
INCOME		
Interest receivable	657 440	507 146
Treasurer of Victoria - operating grant	72 200	68 900
Other	23 443	21 673
Profit on sale of surplus land and buildings	11 201	..
	764 284	597 719

	1980-81 \$	1979-80 \$
EXPENDITURE		
Interest payable	623 739	530 792
Administration expenses	77 235	69 271
Other	18 500	17 910
Financial expenses	1 721	..
	<u>721 195</u>	<u>617 973</u>
Surplus (deficit) for year	43 089	(20 254)
Add Accumulated Surplus 1 July	97 682	117 936
	<u>140 771</u>	<u>97 682</u>

Balance Sheet

Balance sheets at 30 June 1981 and 1980, are summarised hereunder:

	30.6.81 \$	30.6.80 \$
LOAN LIABILITY		
Treasurer of Victoria	291 122	294 053
Other	6 974 502	5 833 573
	<u>7 265 624</u>	<u>6 127 626</u>
CURRENT LIABILITIES		
Creditors	7 485	8 654
Payments in advance	1 808	522
Accruals	1 700	1 779
	<u>10 993</u>	<u>10 955</u>
RESERVES AND PROVISIONS		
Maintenance provision	600	600
Provision for doubtful debts	2 000	2 000
	<u>2 600</u>	<u>2 600</u>
ACCUMULATED SURPLUS	140 771	97 682
	<u>7 419 988</u>	<u>6 238 863</u>
FIXED ASSETS (at cost)		
Land and buildings	125 658	133 945
Office furniture and equipment	3 904	4 190
	<u>129 562</u>	<u>138 135</u>
DEFERRED ASSETS		
First mortgage loans	6 499 500	5 525 407

	30.6.81	30.6.80
	\$	\$
CURRENT ASSETS		
Cash at bank	28 000	58 335
Sundry debtors - mortgage	99 244	64 144
Funds at Treasury	157 535	50 663
Cash short-term investments	500 000	400 000
Stock on hand	433	467
Accruals	5 714	1 712
	<hr/>	<hr/>
	790 926	575 321
	<hr/>	<hr/>
	7 419 988	6 238 863
	<hr/>	<hr/>

Provision for Doubtful Debts

As the arrears of instalments on mortgage repayments increased from \$64 144 to \$99 244 during the year, the present provision for doubtful debts appears to be inadequate.

EMERALD TOURIST RAILWAY BOARD

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

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 Fund

The Treasurer has approved amounts totalling \$650 000 being allocated from the above fund to the Board. To 30 June 1981, claims amounting to \$483 928 had been recouped by the Board from the said fund.

(b) Works and Services Account

Expenditure totalling \$72 000 was recouped by the Board during 1980-81 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 1981, an amount of \$24 477 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 remuneration as volunteers in the kiosk and in the sale and collection of tickets. 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 1981 and 1980 are summarised hereunder:

	1980-81	1979-80
	\$	\$
REVENUE		
Gross fares*	471 091	422 987
Net Profit - Kiosk	34 409	39 527
Museum admissions	2 569	2 197
Interest	8 538	4 375

* Fares increased on 1 July 1980 and again on 1 November 1980

	1980-81	1979-80
	\$	\$
Sale of scrap materials	484	9 540
Donations	6 112	90
Other income	2 235	4 722
	<u>525 438</u>	<u>483 438</u>
EXPENDITURE		
Salaries, wages and casual labour	215 310	184 987
Repairs, maintenance and consumables	137 327	104 879
Coal and light up wood	29 981	34 440
Insurances	18 290	17 251
Printing, telephone and advertising	34 709	40 534
Interest	2 692	2 325
Electricity	7 771	6 456
Audit fees	3 290	3 410
Depreciation	7 878	6 294
Other operating expenses	12 168	14 416
Doubtful debts provision	1 522	..
Long service leave provision	609	2 377
	<u>471 547</u>	<u>417 369</u>
Net Profit transferred to Accumulated Funds	<u>53 891</u>	<u>66 069</u>

The Board's balance sheets at 30 June 1981 and 1980 are summarised hereunder:

	30.6.81	30.6.80
	\$	\$
ACCUMULATED FUNDS		
Treasury advance-working capital	39 980	39 980
Retained profits	211 845	157 955
Asset Revaluation Reserve	166 000	166 000
Government grants	708 792	454 319
	<u>1 126 617</u>	<u>818 254</u>

Represented by:

CURRENT ASSETS		
Cash on hand and at bank	120 089	36 280
Kiosk stocks (at the lower of cost or net realisable value)	43 556	42 846
Trade debtors less provision for doubtful debts	5 454	7 468
Short-term deposits and commercial bills	67 372	103 325
Other receivables	5 437	5 450
	<u>241 908</u>	<u>195 369</u>

	30.6.81	30.6.80
	\$	\$
Less		
CURRENT LIABILITIES		
Trade creditors and accrued charges	47 060	64 628
Other payables	729	365
Provision for holiday pay	20 085	12 538
	<u>67 874</u>	<u>77 531</u>
Working Capital	<u>174 034</u>	<u>117 838</u>
FIXED ASSETS		
Buildings, locomotives and rolling stock (at Board valuation)	166 000	166 000
Buildings, locomotives, plant, equipment and motor vehicle (at cost)	146 538	129 409
Lease building (at cost)	15 122	15 122
Property - Old Monbulk Road (at cost)	28 351	28 082
Pedestrian walkway (at cost)	51 640	51 640
	<u>407 651</u>	<u>390 253</u>
Provision for depreciation	(17 925)	(9 730)
	<u>389 726</u>	<u>380 523</u>
Capital Works in Progress		
Government grants	595 340	350 599
Other	1 029	1 256
	<u>986 095</u>	<u>732 378</u>
	<u>1 151 094</u>	<u>842 731</u>
Less		
DEFERRED LIABILITY		
Puffing Billy Preservation Society Loan Account	24 477	24 477
Provision for superannuation	6 049	5 108
Provision for long service leave	2 986	2 377
	<u>33 512</u>	<u>31 962</u>
	<u>1 126 617</u>	<u>818 254</u>

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.

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

The following significant changes in accounting policy were implemented by the Corporation during the year:

- (a) Debenture issue expenses which in the past had been capitalised and amortised over the term of the issue are now charged against revenue in the year they are incurred. The net increase in debenture issue expenses charged to revenue in 1980-81 including unamortised expenditure on account of previous years was \$1 213 966.
- (b) The estimated working lives of liquid petroleum gas tanks and various country transmission pipelines have been reduced with a consequent increase in depreciation charges of \$2 035 576.
- (c) In the previous year the Corporation capitalised an amount of \$483 576 being development costs of a radio bearer system to be amortised over a period of 10 years. This policy was amended in 1980-81 and the unamortised balance of \$435 220 was written off during the year.

The aggregate effect of the above changes was an increase of \$3 684 762 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 1981, 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 1981 and 30 June 1980.

	Gas and Fuel Corporation 1980-81 \$	Consolidated 1980-81 \$	Consolidated 1979-80 \$
INCOME			
Sales			
Gas	244 387 027	246 414 304	205 988 164
Appliances, L.P. Gas, residual and other products	67 069 366	72 869 986	65 173 022
	<u>311 456 393</u>	<u>319 284 290</u>	<u>271 161 186</u>
Less Cost of Sales			
Gas	52 899 592	53 903 025	46 874 111
Appliances, L.P. Gas and other products	56 195 530	60 473 169	54 204 731
	<u>109 095 122</u>	<u>114 376 194</u>	<u>101 078 842</u>
Net Income	<u>202 361 271</u>	<u>204 908 096</u>	<u>170 082 344</u>
EXPENDITURE			
Distribution	84 083 604	84 894 224	66 688 067
Marketing	33 383 883	34 255 770	29 766 253
Administration	60 784 971	62 327 261	51 981 153
Amortisation of natural gas change-over costs	..	44 000	4 250 165
Amortisation of goodwill	..	..	1 817 452
Contribution to Consolidated Fund	17 720 000	17 720 000	10 697 500
	<u>195 972 458</u>	<u>199 241 255</u>	<u>165 200 590</u>
Profit on Trading	6 388 813	5 666 841	4 881 754
Dividends receivable	18 000	..	..
Net Profit for Year	<u>6 406 813</u>	<u>5 666 841</u>	<u>4 881 754</u>
APPROPRIATIONS			
Provision for Income Tax	..	54 879	6 529
Transfer to Contingency Reserve	50 000	50 000	50 000
Transfer to Reserve for Gas Research	4 000 000	4 000 000	2 000 000
Dividends 4 % Preference Shares	315 278	315 278	315 278
6 % Preference Shares	361 260	361 260	361 260
	<u>4 726 538</u>	<u>4 781 417</u>	<u>2 733 067</u>
Unappropriated Profit	1 680 275	885 424	2 148 687
Unappropriated Profits from previous years	7 876 405	4 960 678	2 811 991
Unappropriated Profit carried forward	<u>9 556 680</u>	<u>5 846 102</u>	<u>4 960 678</u>

The quantity of gas sold for the year was 126 398 000 gigajoules returning \$1.95 per gigajoule compared with 116 690 000 gigajoules for a unit return of \$1.77 in 1979-80.

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 8 per cent. of the total revenue of the Corporation in the preceding financial year. The rate of contribution was increased from 5.5 per cent. to 8 per cent. from 1 July 1980. In terms of the legislation, an amount of \$221 500 000 was agreed to by the Treasurer and the Corporation as the total revenue for the year 1979-80 and 8 per cent. thereof, \$17 720 000, was paid to the Consolidated Fund in 1980-81. Since 1966, a total of \$64 272 500 has been contributed by the Corporation.

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

	1980-81	1979-80
	\$	\$
Gas and Fuel Corporation	Profit 6 406 813	Profit 5 749 209
The Albury Gas Company Ltd.	Loss 800 044	Loss 887 506
Waldorf Appliances Pty. Ltd.	Profit 60 072	Profit 20 051
	<hr/>	<hr/>
Consolidated Net Profit	5 666 841	4 881 754
	<hr/>	<hr/>

The 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:

	1981	1980
	\$	\$
(a) Interest on debenture and other fixed loans from outside group	34 043 276	30 216 554
Other interest outside group	309 006	194 185
	<hr/>	<hr/>
Less interest received from investments	34 352 282	30 410 739
	6 193 370	5 917 918
	<hr/>	<hr/>
	28 158 912	24 492 821
	<hr/>	<hr/>
(b) Provision in respect of depreciation of buildings, plant and equipment	28 720 568	24 234 716

	1981 \$	1980 \$
(c) Other		
Amortisation		
Natural gas change-over costs	44 000	4 250 165
Goodwill	..	1 817 452
Doubtful Debts		
Trade	955 326	869 422
Hire purchase	232 016	134 965
Accrued annual leave	992 529	769 002
Long service leave	3 445 203	2 394 174
Retiring allowances	138 006	154 085
Deferred repairs	447 430	413 133
	<hr/>	<hr/>
	6 254 510	10 802 398
	<hr/>	<hr/>

Amortisation of Natural Gas Changeover Costs

The costs of conversion to natural gas, which commenced in 1969, amounted to \$67 884 115 at 30 June 1981.

These costs are being written off against revenue by annual charges over a period of years and the amount written off in 1980-81 was \$44 000, making the total written off to date \$66 843 873.

Depreciation

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

With effect from 1 July 1980 the estimated working lives of the following assets have been varied by the Corporation:

Liquid petroleum gas tanks and tempered liquid petroleum gas plants - working lives reduced from 15 years to 10 years.

Certain country transmission pipelines - working lives amended so that pipelines will be fully depreciated in the year 2000, the year in which the major transmission line from Dutson to Dandenong will be fully depreciated.

In addition, depreciation has been charged for reserve pipes held in stock and an additional amount of \$100 000 has been charged on appliances on temporary loan to outside organisations.

The effect of the above changes was an increase of \$2 408 740 in depreciation charged during the year.

Provision for Doubtful Debts

The movements in this provision for the year were:

	Trade \$	Hire Purchase \$
Balance 1 July	1 091 274	150 000
Provision for year as per statement on previous page	955 326	232 016
	<hr/>	<hr/>
Less Bad debts written off during the year	2 046 600	382 016
	<hr/>	<hr/>
Balance 30 June	1 278 545	195 384
	<hr/>	<hr/>

Financial Position

Statement of Balances

The following is a consolidated statement of the financial position 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 1981 and at 30 June 1980. A statement of the financial position of the Corporation at 30 June 1981 is also given.

	Gas and Fuel Corporation 30.6.81 \$	Consolidated 30.6.81 \$	Consolidated 30.6.80 \$
SHAREHOLDERS' FUNDS			
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
	<hr/>	<hr/>	<hr/>

	Gas and Fuel Corporation 30.6.81 \$	Consolidated 30.6.81 \$	Consolidated 30.6.80 \$
RESERVES			
Reserve for gas research	10 500 000	10 500 000	6 500 000
Provision for special leakage survey	275 000	275 000	200 000
Provision for conversion of metered L.P. Gas	90 000	90 000	415 857
Provision for demolition of holders	602 706	602 706	615 033
General reserve	3 044 505	3 118 714	2 987 495
Asset revaluation reserve	39 703 360	39 703 360	39 703 360
Asset realisation reserve	2 965 701	2 965 701	2 965 701
Contingency reserve	1 007 337	1 007 337	957 336
Provision for repairs to cylinders	2 300 000	2 300 000	1 700 000
Provision for tanker modification	350 000	350 000	..
	<u>60 838 609</u>	<u>60 912 818</u>	<u>56 044 782</u>
Profit and Loss Appropriation Account	9 556 680	5 846 102	4 960 678
	<u>92 298 247</u>	<u>88 661 878</u>	<u>82 908 418</u>
DEFERRED LIABILITIES			
Advances from State of Victoria	10 106 317	10 106 317	10 105 766
Less Corporation's equity in National Debt Sinking Fund	2 404 429	2 404 429	2 248 117
	<u>7 701 888</u>	<u>7 701 888</u>	<u>7 857 649</u>
Provision for long service leave	14 670 000	14 860 141	12 733 567
Provision for retiring allowances	580 360	580 360	597 852
	<u>22 952 248</u>	<u>23 142 389</u>	<u>21 189 068</u>
DEBENTURES AND DEBENTURE STOCK (SECURED)			
Redeemable within 12 months	19 731 060	19 731 060	33 457 219
Redeemable after 12 months	368 753 048	368 753 048	335 442 808
	<u>388 484 108</u>	<u>388 484 108</u>	<u>368 900 027</u>
CURRENT LIABILITIES			
Trade and other creditors	33 690 015	34 359 817	29 805 129
Bank overdraft	5 882 710	5 943 718	8 368 282
Notes payable	4 395 788	4 395 788	..
	<u>43 968 513</u>	<u>44 699 323</u>	<u>38 173 411</u>

	Gas and Fuel Corporation 30.6.81 \$	Consolidated 30.6.81 \$	Consolidated 30.6.80 \$
PROVISIONS			
Accrued annual leave	6 027 309	6 140 846	5 141 660
Deferred repairs	1 282 361	1 282 361	1 207 886
Preference dividend	338 269	338 269	338 269
Income tax	..	58 411	7 800
	<u>51 616 452</u>	<u>52 519 210</u>	<u>44 869 026</u>
TOTAL LIABILITIES	<u>555 351 055</u>	<u>552 807 585</u>	<u>517 866 539</u>
These funds were represented by:			
FIXED ASSETS			
Freeholds, leaseholds, machinery, plant, equipment and capital work in progress (at cost or valuation)	611 309 407	620 143 029	548 513 393
Less Provision for depreciation	160 839 415	161 550 444	132 829 876
	<u>450 469 992</u>	<u>458 592 585</u>	<u>415 683 517</u>
INVESTMENTS			
Statutory authorities	9 959 065	9 959 065	9 959 065
Subsidiary companies	1 090 191	..	..
Other companies	27 000	27 000	27 000
	<u>11 076 256</u>	<u>9 986 065</u>	<u>9 986 065</u>
CURRENT ASSETS			
Cash in hand and at banks	1 505 173	1 531 588	1 756 669
Short-term deposits	1 100 000	1 100 000	18 691 328
Trade and other debtors and prepayments (less consumers' deposits and provision for doubtful debts)	54 020 749	55 798 940	48 337 397
Stocks at cost, average cost or valuation (Net)	20 915 888	22 345 337	20 153 252
Amount owing by subsidiaries	16 262 997	..	..
	<u>93 804 807</u>	<u>80 775 865</u>	<u>88 938 646</u>
INTANGIBLES			
Unamortised debenture issue expenses	..	..	1 189 582
Natural gas change-over costs	..	1 040 242	985 454
Exploration costs	..	2 412 828	1 083 275
	<u>..</u>	<u>3 453 070</u>	<u>3 258 311</u>
TOTAL ASSETS	<u>555 351 055</u>	<u>552 807 585</u>	<u>517 866 539</u>

Capital

	30.6.81	30.6.80
	\$	\$
AUTHORISED CAPITAL		
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
	<u>43 250 000</u>	<u>43 250 000</u>
ISSUED CAPITAL		
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
	<u>21 902 958</u>	<u>21 902 958</u>

All issued ordinary shares 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. At 30 June 1981, the State was the registered owner of 3 854 899 shares and the transfer of a further 730 shares was in course.

Debentures

Additional loan money was raised during the year by the issue of debentures amounting to \$21 450 600. Also, debentures amounting to \$31 530 700 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:

	30.6.81	30.6.80
	\$	\$
Freehold land at cost and valuation	39 264 273	39 093 008
Buildings at cost and valuation	20 551 194	20 340 608
Machinery plant and equipment at cost and valuation	500 908 492	456 763 957
Capital works in progress	59 419 070	32 315 820
	<u>620 143 029</u>	<u>548 513 393</u>
Less Provision for depreciation	161 550 444	132 829 876
	<u>458 592 585</u>	<u>415 683 517</u>

Contingent Liability

The Corporation had a contingent liability at 30 June 1981 of approximately \$14 596 000 under contracts for capital expenditure and for guarantees.

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 \$7 320 798.

Joint Ventures

During the year the Corporation provided a guarantee for the performance of its wholly owned subsidiary company, Gas and Fuel Corporation No Liability, under the terms and conditions of a joint venture agreement with Phillips Australia Oil Company and M.I.M. Investments Pty. Ltd. in relation to an exploration permit VIC/P14 covering an area in the Otway Basin. Gas and Fuel Exploration No Liability has received similar guarantees from the parent companies of Phillips Australia Oil Company and M.I.M. Investments Pty. Ltd.

Gas and Fuel Exploration No Liability and Beach Petroleum No Liability joint venture holders of Exploration Permit VIC/P11 in the Gippsland Basin have entered into a farm out agreement with Highbay Oil (Australia) Ltd., a subsidiary of Hudson's Bay Oil and Gas Company Ltd. of Canada.

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 1980 and 1979 are shown in the statement hereunder:

	1980	1979
	\$	\$
REVENUE		
Harbor revenue	3 268 500	3 092 090
Shipping services	1 937 471	2 550 463
Other	301 761	301 849
Interest	448 522	495 546
Sale of scrap materials	10 605	876
	5 966 859	6 440 824
EXPENDITURE		
Administration and general charges	1 321 258	1 564 075
Shipping services	1 488 792	1 958 648
Maintenance	627 922	657 270
Depreciation and amortisation	806 924	848 497
Superannuation and gratuities	376 277	391 060
Interest	70 511	83 052
Long service leave	88 919	87 464
Miscellaneous	2 298	36 460
	4 782 901	5 626 526
NET SURPLUS	1 183 958	814 298
NET REVENUE STATEMENT		
Balance 1 January	11 964 903	11 221 432
Add Surplus for year	1 183 958	814 298
Prior year bad debt recovered	32 549	..
	13 181 410	12 035 730
Provision for long service leave	(18 203)	(57 117)
Allocation to sinking fund	(11 260)	(13 710)
	13 151 947	11 964 903

The following is an abridged statement of the Trust's balance sheet at 31 December 1980 and 1979.

	31.12.80	31.12.79
	\$	\$
CURRENT ASSETS		
Cash	2 150	5 150
Investments	* ..	5 455 612
Sundry debtors and prepayments	665 722	719 818
Stores (at cost)	82 942	73 076
	<u>750 814</u>	<u>6 253 656</u>
DEFERRED ASSETS		
Various advances etc.	+ 1 405 854	1 606 469
	<u> </u>	<u> </u>
FIXED ASSETS		
at cost	41 835 076	32 059 324
Provision for depreciation	(12 777 944)	(12 025 059)
	<u>29 057 132</u>	<u>20 034 265</u>
FUNDS		
Specific funds	6 890 470	8 241 678
	<u> </u>	<u> </u>
Total Assets	<u>38 104 270</u>	<u>36 136 068</u>
CURRENT LIABILITIES		
Bank overdraft	48 393	..
Sundry creditors and accruals	410 293	391 286
Deposits, retentions and options	117 248	16 455
	<u>575 934</u>	<u>407 741</u>
DEFERRED LIABILITIES		
Inscribed stock	1 126 000	1 371 000
Provision for long service leave	437 641	450 933
	<u>1 563 641</u>	<u>1 821 933</u>
CAPITAL AND RESERVES		
Endowments	5 697 224	5 695 224
General reserve	10 225 054	8 004 589
Net Revenue account	13 151 947	11 964 903
Specific reserves	6 890 470	8 241 678
	<u>35 964 695</u>	<u>33 906 394</u>
Total Liabilities	<u>38 104 270</u>	<u>36 136 068</u>

* All investments were redeemed in 1980 to fund capital works

+ Consisting of advances re commercial mortgages etc. \$1 251 414, staff housing \$129 333, other \$25 107

General Reserve

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

	\$
Balance 1 January	8 004 589
Profit on sale of assets	131 941
Return of superannuation contributions	13 524
Transfers from reserves	2 075 000
	<hr/>
Balance 31 December	10 225 054
	<hr/>

Specific Reserves Funds

Transactions within the respective reserves and funds during 1980 are given hereunder:

	Port Development Fund	Insurance Reserve Fund	Sinking Fund	Total
	\$	\$	\$	\$
Balance 1 January	5 306 437	2 837 314	97 927	8 241 678
Allocation from revenue	..	..	11 260	11 260
Interest on investments	478 969	247 601	5 980	732 550
Profit on realisation of inscribed stock	1 408	1 351	20	2 779
	<hr/>	<hr/>	<hr/>	<hr/>
	5 786 814	3 086 266	115 187	8 988 267
Transfer - Superannuation Fund	..	(22 797)	..	(22 797)
Transfer - General Reserve	(1 575 000)	(500 000)	..	(2 075 000)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance 31 December	4 211 814	2 563 469	115 187	*6 890 470

* Consisting of inscribed stock (at cost) \$5 563 163, bank accepted bills (at cost) \$196 490, term deposit and cash \$1 130 817

Provision for Long Service Leave

An amount of \$18 203, 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 1980. An additional amount of \$91 689 was credited to the provision in respect of employees already qualified in terms of service. Payments during 1980 totalled \$125 553 leaving a balance, at 31 December 1980, of \$437 641.

Capital Works

During the year the Trust undertook an extensive capital works program to provide full containerisation facilities for the Port. The works were substantially completed in 1980 and are expected to be fully operational in the latter half of 1981.

These works were substantially financed by the following:

- (a) sale of general investments - \$5 455 612;
- (b) transfer of \$1 575 000 from the Port Development Fund;
and
- (c) transfer of \$500 000 from the Insurance Fund.

Fixed Assets

Details of the fixed assets of the Trust and the accumulated depreciation thereon at 31 December 1980 and 1979 are as follows:

	1980	1979
	\$	\$
Land	821 380	396 329
Buildings and improvements	2 233 971	2 208 429
Provision for depreciation	(1 202 946)	(1 135 203)
	1 031 025	1 073 226
Harbor works	37 064 253	27 732 535
Provision for depreciation	(10 422 432)	(9 776 009)
	26 641 821	17 956 526
Floating plant	872 887	886 238
Provision for depreciation	(641 004)	(616 245)
	231 883	269 993
Other plant and vehicles	699 919	699 448
Provision for depreciation	(438 941)	(433 457)
	260 978	265 991
Furniture and fittings	142 666	136 345
	(72 621)	(64 145)
	70 045	72 200
	29 057 132	20 034 265

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 1980 and 1979 are shown hereunder:

	1980	1979
	\$	\$
Balance 1 January	3 935 365	3 934 450
Add Contributions		
Trust (net)	254 756	336 435
Employees	137 747	180 532
Recoup death and disability insurance policy	71 704	8 823
Investment income	+356 878	372 855
Transfer from Insurance Fund	21 541	..
	4 777 991	4 833 095
Less Benefit payments	1 130 677	897 730
	*3 647 314	3 935 365

* Consisting of inscribed stock (at par) \$3 443 000, bank accepted commercial bills \$197 880 and cash \$6 434

+ Includes \$1 256 from Insurance Fund

The reduction of \$288 051 in the balance of the fund at 31 December 1980 compared with 1979, was due to payments on the retirement of a number of the Trust's senior officers.

Pursuant to an agreement entered into on 14 September 1979 with Geelong Port Services Pty. Ltd. for the transfer of the towage operations of the Trust, 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.

GEELONG PERFORMING ARTS CENTRE TRUST

The Geelong Performing Arts Centre Trust was constituted under the Geelong Performing Arts Centre Trust Act 1980 which came into operation on 3 October 1980.

The Act repealed the Geelong and District Cultural Institute Act 1954 and all the Institute's property and commitments were transferred to the Trust.

The functions of the Trust are to:

- (a) complete the construction of the Centre, which shall be known as the Geelong Performing Arts Centre;
- (b) care for, improve and maintain the Centre;
- (c) control and manage the Centre;
- (d) present and produce in the Centre, performances and entertainments of any kind whatsoever; and
- (e) promote the use of the Centre by persons and bodies whom the Trust consider suitable to use it.

Income and Expenditure

Details of the Trust's income and expenditure for the period ended 30 June 1981 are as follows:

	\$
INCOME	
Government subsidy	187 153
Rental of venues	61 782
Box Office fees	13 709
Donations	3 809
Interest	2 642
Surplus from bar trading	1 167
	<hr/>
	270 262
	<hr/>
EXPENDITURE	
Salaries and related expenses	133 438
Depreciation	114 814
Advertising and publicity	24 313
Electricity and gas	21 718
Entrepreneurial ventures and other	13 154
Insurance	11 692
Printing and stationery	10 851
Legal Fees - Liquor Licence	5 591
Operating expenses - general	36 184
	<hr/>
	371 755
	<hr/>
DEFICIT TRANSFERRED TO ACCUMULATED FUNDS	101 493

Comments on a number of the items in the income and expenditure account are as follows:

Entre preneurial Ventures

The Trust ran three ventures during the period and the result was a deficit of \$9 906.

Government Subsidy

In addition to the government subsidy of \$187 153 shown in the accounts, an amount of \$12 000 was contributed by the Ministry for the Arts towards the cost of the opening of the Centre. The amount was offset against the cost of the Official Opening of the Centre which was \$15 248.

Depreciation

Depreciation on Fixed Assets is calculated on the straight line method and is charged against revenue so as to provide for a write-down from costs to estimated residual value over the estimated life of the assets.

Balance Sheet

The balance sheet of the Trust at 30 June 1981 is detailed below:

	30.6.81
	\$
ACCUMULATED FUNDS	
Capital	
Cultural Institute	653 766
Building Appeal Fund	7 551 850
Deficit for period	(101 493)
	8 104 123
Represented by:	
CURRENT ASSETS	
Cash on hand and at bank	28 012
Sundry debtors and prepayments	32 203
Stock on hand*	902
	61 117
LESS	
CURRENT LIABILITIES	
Bank overdraft	140 404
Sundry creditors and accruals	324 634
Box Office sales in advance	15 999
Provision for annual leave	11 431
	492 468
	(431 351)

* Valued at lower of cost and net realisable value

	30.6.81
	\$
NON-CURRENT ASSETS	
Endowment Fund	34 000
Fixed assets	8 504 728
	<hr/>
TOTAL NON-CURRENT ASSETS	8 538 728
	<hr/>
Less	
NON-CURRENT LIABILITY	
Provision for long service leave	3 254
	<hr/>
Net Assets	8 104 123
	<hr/>

Comments on certain items in the Trust's balance sheet follow:

Fixed Assets

	\$	\$
Land (at Cultural Institute 1974 valuation)		527 500
Building valuation		
1974 Cultural Inst.	30 000	
1978 Cultural Inst.	55 000	
at cost	5 309 012	
	<hr/>	5 394 012
Plant and equipment (at cost)	2 330 998	
Provision for depreciation	(90 443)	
	<hr/>	2 240 555
Furniture and fittings (at cost)	329 008	
Provision for depreciation	(23 505)	
	<hr/>	305 503
Pianos (at cost)	25 268	
Provision for depreciation	(280)	
	<hr/>	24 988
Office machines (at cost)	12 756	
Provision for depreciation	(586)	
	<hr/>	12 170
Total Fixed Assets		<hr/> <hr/> 8 504 728

Sundry Creditors

Included in sundry creditors is an amount of \$259 816 payable in relation to the building. These accounts will be paid on receipt of further grants from the Victorian Ministry for the Arts and when donations are obtained from the Building Appeal Fund.

Other Matter

Contingent Liability

The builder, architect and some consultants have lodged claims in relation to the completion of the Centre. The amount of all claims is \$1 661 947.

The Trust has denied liability in respect to these claims.

GOVERNMENT PRINTING OFFICE

The Government Printing Office is responsible for the design, production and sale of printed and published material for the Victorian Parliament, government departments and some statutory authorities.

Changes in Accounting Treatment

Changes in accounting treatment introduced during 1980-81 were:

- (a) expenses in respect of the despatch drivers and stores administration, included in manufacturing expenses in 1979-80, are shown as part of selling expenses in 1980-81; and
- (b) trade discounts on goods purchased, included in sales in 1979-80 have been offset against purchases in the current year.

For comparative purposes the 1979-80 figures have been adjusted to reflect these changes in accounting treatment.

Although there is no statutory requirement for the Auditor-General to express an opinion on the accounts of the Government Printing Office, the following statements have been audited and summarise the financial operations of the Government Printing Office for 1980-81 together with a comparison for 1979-80:

Manufacturing Statement

	1980-81	1979-80
	\$	\$
Stock 1 July		
Paper, general, reprographics and sub-stores	1 777 279	1 398 202
Work in progress	2 406 935	2 210 076
Purchases		
Materials	2 644 383	3 155 017
Sub-contract work	2 939 392	2 410 241
	9 767 989	9 173 536
Less net internal transfers	1 483 803	818 021
	8 284 186	8 355 515

	1980-81 \$	1979-80 \$
Less Stock 30 June		
Paper, general, reprographics and sub-stores	1 016 494	1 777 279
Work in progress	2 970 268	2 406 935
	<u>3 986 762</u>	<u>4 184 214</u>
	4 297 424	4 171 301
Manufacturing expenses	6 659 404	5 891 385
	<u>10 956 828</u>	<u>10 062 686</u>
Cost of goods manufactured		
<i>Profit and Loss Statement</i>		
	1980-81	1979-80
	\$	\$
Net sales	18 576 548	15 070 056
	<u>18 576 548</u>	<u>15 070 056</u>
Less		
COST OF GOODS SOLD		
Stock 1 July	2 420 991	2 141 370
Purchases	3 576 239	3 141 415
Net internal transfers*	1 312 143	711 872
Cost of goods manufactured	10 956 828	10 062 686
	<u>18 266 201</u>	<u>16 057 343</u>
Less Stock 30 June	2 206 192	2 420 991
	<u>16 060 009</u>	<u>13 636 352</u>
Gross Profit	2 516 539	1 433 704
	<u>2 516 539</u>	<u>1 433 704</u>
Less		
Selling, distribution and stores expenses	1 051 499	947 339
Administrative expenses	949 374	797 817
Finance expenses	67 789	3 495
	<u>2 068 662</u>	<u>1 748 651</u>
Net Operating Profit (Loss)	447 877	(314 947)
Add non-operating income	56 231	35 227
	<u>504 108</u>	<u>(279 720)</u>
Net Profit (Loss)		
Accumulated Surplus 1 July	2 403 604	2 683 324
	<u>2 907 712</u>	<u>2 403 604</u>
Accumulated Surplus 30 June		

* transfers between departments within the Government Printing Office

The Government Printer increased charges on 3 occasions during 1980-81. Such increases aggregating 16.3 per cent. contributed substantially to the turnaround from a net loss of \$279 720 in 1979-80 to a net profit of \$504 108 in 1980-81.

Statement of Balances

The following is a summary of the Government Printing Office balances at 30 June 1981 and 1980:

	30.6.81	30.6.80
	\$	\$
FUNDS PROVIDED FROM		
Treasurer's advances to working account	3 004 405	3 004 405
Works and services advances for machinery	3 607 884	2 805 147
Public Works Department works and services	431 000	235 581
Treasury payment workers compensation	172 113	99 754
	<hr/>	<hr/>
	7 215 402	6 144 887
Accumulated Surplus	2 907 712	2 403 604
	<hr/>	<hr/>
	10 123 114	8 548 491
	<hr/>	<hr/>
 Represented by:		
CURRENT ASSETS		
Government Printing Office Working Account	125 759	(503 175)
Sundry debtors, including prepayments	3 949 517	3 220 007
Stock on Hand	6 194 917	6 607 311
	<hr/>	<hr/>
	10 270 193	9 324 143
LESS CURRENT LIABILITIES		
Sundry creditors	1 382 839	1 275 783
Accrued salaries	73 485	47 469
Advance sales	1 015 175	1 337 268
	<hr/>	<hr/>
	2 471 499	2 660 520
	<hr/>	<hr/>
	7 798 694	6 663 623
	<hr/>	<hr/>
FIXED ASSETS		
Motor vehicles, office equipment, machinery and equipment (at cost)	3 091 167	2 827 752
Provision for depreciation	(847 851)	(611 372)
Capital works provided by Public Works Department	209 538	53 875
	<hr/>	<hr/>
	2 452 854	2 270 255
LESS DEFERRED LIABILITIES		
Deferred instalments - purchase of machinery	128 434	385 387
	<hr/>	<hr/>
	2 324 420	1 884 868
	<hr/>	<hr/>
	10 123 114	8 548 491
	<hr/>	<hr/>

Stock on Hand

Stock on hand at 30 June 1981 and 1980 shown in the balance sheet of the Government Printing Office consisted of:

	30.6.81	30.6.80
	\$	\$
AT COST		
Work in Progress	2 970 268	2 406 935
Stock		
Paper store	868 628	1 624 513
Stationery store	345 883	871 701
Forms store	123 421	96 782
Publications store	858 594	657 341
General store	47 716	48 999
Reprographic units	29 861	19 165
Sub-stores (security stock)	70 289	84 603
Postage stamps	1 963	2 105
AT COST PLUS LOADINGS		
Completed jobs not yet billed to clients	878 294	795 167
	<hr/>	<hr/>
	6 194 917	6 607 311
	<hr/>	<hr/>

The amount of \$858 594 relating to the Publications Store at East Melbourne cannot be relied upon due to:

- (a) many stock records being altered without authorisation; and
- (b) serious weaknesses in internal control, which include:
 - (i) the failure to reconcile between cash received and stock sold;
 - (ii) the failure to reconcile between stock issue advices and daily summaries;
 - (iii) the lack of an audit trail between stock issue advices and stock records; and
 - (iv) the failure to independently verify the quantity of stores issued.

Sundry Debtors

83 per cent. of sundry debtors at 30 June 1981 relate to State government departments.

A Treasury instruction issued on 4 May 1981 instructed departments to pay the accounts of the Government Printing Office within 30 days of the receipt of goods. This instruction is not being complied with by a large number of departments.

It would appear that many of these departments purchased stock from the Government Printing Office without sufficient funds remaining in their Vote allocation therefore overcommitting the allocations provided under the annual appropriations.

Government Printing Office Working Account

The operations of the Government Printing Office are financed through the Government Printing Office Working Account, a Treasury trust account with a current working capital of \$3 004 405 which is included in the Government Printing Office statement of balances under the heading "Treasurer's advances to working account".

The balance of the account in the Trust Fund at 30 June 1981 was \$72 054 whilst the balance included in the Government Printing Office accounts was \$125 759. The difference represents accrued salaries.

GRAIN ELEVATORS BOARD

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

For the year ended 31 October 1980 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 1979-80 season compared with 1978-79 were:

	1979-80	1978-79
Wheat	*4 246 276	3 460 846
Barley	429 073	467 931
Oats	111 140	164 927
	4 786 489	4 093 704

* Includes 525 453 tonnes handled under special agreement for the N.S.W. Grain Handling Authority

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.

The administrative functions of the Grain Handling Improvement Authorities are conducted by officers of the Grain Elevators Board. The Authorities reimburse the Board for all costs incurred by it in providing these services.

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 1980 amounted to \$32 185 491 and comprised the following:

	\$
Inscribed stock issued by the Board	*29 274 041
Advances from Works and Services Account	1 210 050
Portland Harbor Trust inscribed stock taken over by the Board (balance)	1 701 400
	32 185 491

* 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 Portland Harbor Trust:

	1979-80	1978-79
	\$	\$
Interest on loans	127 539	136 143
Reduction of principal	98 200	7 200
	<hr/>	<hr/>
	225 739	143 343
	<hr/>	<hr/>

Portland Facilities

Matters outstanding at the end of the previous financial year have been resolved as follows:

- (a) The Board has acquired the grain gantry and shiploaders for an arbitrated consideration of \$1 083 000 which was paid for in cash.
- (b) The Board is leasing the land, on which its newly acquired facilities are established, from the Portland Harbor Trust.
- (c) The Board has entered into a licence agreement with the Portland Harbor Trust under which the Board's facilities are operated on the land leased from the Trust.

Revenue

Revenue of the Board for the past two years consisted of the following items:

	1979-80	1978-79
	\$	\$
Wheat handling charges	26 993 101	24 036 441
Barley handling charges	3 518 399	3 603 069
Other grain handling recoveries	4 914 426	1 938 955
Interest on investments	2 029 650	2 521 653
	<hr/>	<hr/>
	37 455 576	32 100 118
	<hr/>	<hr/>

Expenditure

Expenditure for 1979-80 and 1978-79 consisted of the following items:

	1979-80	1978-79
	\$	\$
Head Office expenses (net)	2 679 461	2 033 094
Maintenance and operating expenses	19 353 296	13 467 682
Pesticides	2 003 991	1 360 277
Depreciation	3 055 022	1 318 001
Interest	2 839 248	2 446 495
Board fees	54 489	47 749
Audit fees	13 250	10 000
	<hr/>	<hr/>
	29 998 757	20 683 298
	<hr/>	<hr/>

Profit and Loss Account

The Board's profit and loss account for the years ended 31 October 1980 and 1979 follows:

	1979-80	1978-79
	\$	\$
Revenue	37 455 576	32 100 118
Expenditure	<u>29 998 757</u>	<u>20 683 298</u>
Operating Surplus	7 456 819	11 416 820
Less Write-off of contribution to Vic Rail rolling stock conversion program	725 000	..
Net Surplus	<u>6 731 819</u>	<u>11 416 820</u>
Add		
Accumulated Revenue 1 November	18 284 385	9 860 082
Inscribed Stock Sinking Fund	443 614	347 424
	<u>25 459 818</u>	<u>21 624 326</u>
Less Appropriations		
General Reserve (Handling Charges Equalisation) Fund	3 000 000	3 000 916
Inscribed Stock Sinking Fund	350 295	339 025
Transfer to provision for depreciation (being additional depreciation relating to 1978-79 year)	380 870	..
	<u>3 731 165</u>	<u>3 339 941</u>
Accumulated Revenue 31 October	<u>21 728 653</u>	<u>18 284 385</u>

Although revenue increased during the year, due to:

(a) an increase in grain handled both within Victoria and on behalf of the N.S.W. Grain Handling Authority; and

(b) an increase in the handling charge of 20 cents per tonne,

the operating surplus decreased by approximately \$4 million due mainly to:

(a) increased wages and salaries associated with higher throughput and general salary increases;

(b) increased depreciation charges due to assets valued at \$25 million being depreciated for the first time;

(c) higher interest rates on new loans;

- (d) an additional \$700 000 being expended on major maintenance works at Geelong and with prestressing E.P.T. bins; and
- (e) income accrued being brought to account for the first time in 1978-79.

Balance Sheet

The following is a statement of the Board's balance sheets at 31 October 1980 and 1979. The 1978-79 figures, have been recast to incorporate minor classification changes introduced during 1979-80.

	31.10.80	31.10.79
	\$	\$
FIXED ASSETS		
at cost	63 724 020	51 134 172
at valuation	13 147 061	13 147 061
	<u>76 871 081</u>	<u>64 281 233</u>
Provision for depreciation	(15 879 318)	(12 314 511)
	<u>60 991 763</u>	<u>51 966 722</u>
CURRENT ASSETS		
Cash on hand and at bank	329 530	321 783
Short-term deposits	11 300 000	5 694 396
Debtors	2 901 142	8 554 839
Interest receivable	617 559	567 331
Investments	2 966 900	1 750 000
Stores	1 089 545	792 059
	<u>19 204 676</u>	<u>17 680 408</u>
NON-CURRENT ASSETS		
Deposits	37 047	44 110
Investments	14 236 600	17 013 500
	<u>14 273 647</u>	<u>17 057 610</u>
	<u>94 470 086</u>	<u>86 704 740</u>
LOAN LIABILITY		
Government of Victoria	1 210 050	1 261 241
Inscribed stock	29 274 041	29 664 629
Portland Harbor Trust loan	1 701 400	1 799 600
	<u>32 185 491</u>	<u>32 725 470</u>

	31.10.80	31.10.79
	\$	\$
RESERVES AND FUNDS		
Inscribed Stock Sinking Fund	1 863 704	1 957 023
Depreciation Reserve Fund	7 715 173	7 715 173
General Reserve (Handling Charges Equalisation) Fund	10 000 000	7 000 000
Renewals Reserve Fund	1 555 821	1 555 821
Asset Revaluation Reserve	10 773 121	10 773 121
Insurance Reserve Fund	103 199	103 199
	<u>32 011 018</u>	<u>29 104 337</u>
ACCUMULATED REVENUE	<u>21 728 653</u>	<u>18 284 385</u>
CURRENT LIABILITIES		
Provisions	4 051 050	3 331 078
Sundry creditors	2 722 115	1 852 046
Bank overdraft	1 771 759	1 407 424
	<u>8 544 924</u>	<u>6 590 548</u>
	<u>94 470 086</u>	<u>86 704 740</u>

Fixed Assets

The following statement shows details of fixed assets at 31 October 1980 and 1979:

	31.10.80	31.10.79
	\$	\$
(a) At cost:		
Country Elevators - construction	29 900 655	26 864 192
equipment	8 973 812	6 955 913
Geelong Terminal - construction	3 982 785	3 942 088
equipment	1 964 940	1 912 183
Sunshine sub-terminal - construction	1 787 199	1 785 182
equipment	601 641	369 061
Portland facilities	3 882 993	2 643 993
Oat storages and handling equipment	2 327 673	2 106 133
Warracknabeal land, buildings and equipment	282 810	272 759
Land and buildings	2 267 965	2 087 794
Office furniture, fittings and equipment	676 089	501 839
Motor vehicles	1 020 846	791 610
Murtoa, Dunolly sub-terminals	3 800 335	669 592
Earthen wall storages	2 254 277	231 833
	<u>63 724 020</u>	<u>51 134 172</u>

	31.10.80	31.10.79
	\$	\$
(b) At valuation:		
Murtoa, Dunolly sub-terminals	3 048 615	3 048 615
Sunshine terminal, conveyor	337 688	337 688
Emergency storages	9 608 340	9 608 340
Warracknabeal, Dunolly storages	152 418	152 418
	<hr/>	<hr/>
	13 147 061	13 147 061
	<hr/>	<hr/>
Total Fixed Assets	76 871 081	64 281 233
Provision for depreciation	(15 879 318)	(12 314 511)
	<hr/>	<hr/>
	60 991 763	51 966 722
	<hr/>	<hr/>

Investments

Investments at 31 October 1980 and 1979 consisted of:

	31.10.80	31.10.79
	\$	\$
Inscribed stock in semi and local government authorities	14 640 000	15 800 000
Grain Elevators Board inscribed stock	2 188 500	2 588 500
Debentures in semi-government authorities	250 000	250 000
Loan secured by mortgage deed	125 000	125 000
	<hr/>	<hr/>
	17 203 500	18 763 500
	<hr/>	<hr/>

Provisions

Provisions at 31 October 1980 and 1979 were:

	31.10.80	31.10.79
	\$	\$
Provision for interest payable	565 298	492 282
Provision for long service leave	698 588	480 341
Provision for annual leave	575 544	459 369
Provision for superannuation	2 211 620	1 899 086
	<hr/>	<hr/>
	4 051 050	3 331 078
	<hr/>	<hr/>

Capital Contracts

During the year the Board expended in excess of \$12.3 million on capital works. An audit appraisal of capital contracts disclosed the following shortcomings:

- (a) ministerial approval was not obtained for many of the contracts (the value of which exceeded \$50 000), as required by Section 36 of the Grain Elevators Act 1958;

- (b) specific Board approval was not given for several contracts and/or variations to contracts;
- (c) several contracts were never formally signed by or on behalf of the Board; and
- (d) contract registers were not maintained.

The Board took action in June 1980 to rectify the deficiencies mentioned in paragraphs (b), (c) and (d) to avoid similar deficiencies in respect of future contracts entered.

The Board resolved at its meeting in November 1980 to seek ministerial approval for those contracts where such approval was required but not obtained. However, at the date of preparation of this report a formal application had not been forwarded to the Minister.

GRAIN HANDLING IMPROVEMENT AUTHORITIES

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

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

The main functions of the respective Authorities are to assist in the promotion and financing of improvements at the Geelong and Portland grain terminals and to assist in the establishment of a grain terminal in north-eastern Victoria.

To this end, the Authorities are empowered under Section 5 of the Grain Handling Improvement Authorities Act 1979 to enter into arrangements and contracts with the Country Roads Board, the Geelong and Portland Harbor Trusts, the Grain Elevators Board, the Railway Construction and Property Board and the Victorian Railways Board for the financing of construction or the carrying out of works deemed necessary. The land on which the Authority constructs or finances the construction of assets is neither owned by nor leased to the Authorities.

Given these circumstances doubt is expressed as to the ownership of assets constructed or financed by the Authorities. Whilst provision is made in the Act for the Authorities to divest themselves of assets, there is no facility for them to generate income and so be assured of their ability to repay moneys borrowed.

Administrative support services for each of the Authorities is provided by the Grain Elevators Board. The arrangement requires each of the Authorities to pay the costs of this service. These and other costs, such as interest payments, have been financed out of loans made to the Authorities.

Statements of accounts for each of the Authorities for the period 22 December 1979 to 31 October 1980 are shown hereunder:

Geelong

Profit and Loss Account

	Period 22.12.79 to 31.10.80
REVENUE	
Income from investments	55 757
	<hr/>

	Period 22.12.79 to 31.10.80 \$
EXPENDITURE	
Interest on loan borrowings	69 863
Operating expenses	26 137
	<u>96 000</u>
Deficit for period	(40 243)
 <i>Balance Sheet</i>	
	31.10.80
	\$
ACCUMULATED DEFICIT	(40 243)
	<u>(40 243)</u>
Represented by:	
CURRENT LIABILITIES	
Bank overdraft	17 097
Creditors	26 125
Interest payable	69 863
	<u>113 085</u>
NON-CURRENT LIABILITIES	
Loans	1 200 000
Total Liabilities	<u>1 313 085</u>
Less	
CURRENT ASSETS	
Short-term deposits	805 000
Interest receivable	6 842
	<u>811 842</u>
FIXED ASSETS (at cost)	461 000
Total Assets	<u>1 272 842</u>
	<u>(40 243)</u>

Portland

Profit and Loss Account

	Period 22.12.79 to 31.10.80 \$
REVENUE	
Income from investments	62 992
EXPENDITURE	
Interest on loan borrowings	63 699
Operating expenses	30 304
	<u>94 003</u>
Deficit for period	<u>(31 011)</u>

Balance Sheet

	31.10.80 \$
ACCUMULATED DEFICIT	<u>(31 011)</u>
	<u>(31 011)</u>
Represented by:	
CURRENT LIABILITIES	
Creditors	30 289
Interest payable	63 699
	<u>93 988</u>
NON-CURRENT LIABILITIES	
Loans	1 200 000
Total Liabilities	<u>1 293 988</u>
Less	
CURRENT ASSETS	
Bank	1 788
Short-term deposits	1 230 000
Interest receivable	23 589
	<u>1 255 377</u>
FIXED ASSETS (at cost)	<u>7 600</u>
Total Assets	<u>1 262 977</u>
	<u>(31 011)</u>

Country

Profit and Loss Account

Period 22.12.79
to 31.10.80
\$

REVENUE	
Income from investment	54 838
EXPENDITURE	
Interest on loan borrowings	56 301
Operating expenses	9 224
	<hr/>
	65 525
	<hr/>
Deficit for period	(10 687)
	<hr/>

Balance Sheet

	31.10.80
	\$
ACCUMULATED DEFICIT	(10 687)
	<hr/>
	(10 687)
	<hr/>
Represented by:	
CURRENT LIABILITIES	
Creditors	9 315
Interest payable	56 301
	<hr/>
	65 616
	<hr/>
NON-CURRENT LIABILITIES	
Loans	1 200 000
	<hr/>
Total Liabilities	1 265 616
	<hr/>
Less	
CURRENT ASSETS	
Bank	38 655
Short-term deposits	1 200 000
Interest receivable	16 274
	<hr/>
Total Assets	1 254 929
	<hr/>
	(10 687)
	<hr/>

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 1958 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.

Income and Expenditure

The Board's statement of income and expenditure for 1980-81 and 1979-80 is summarised hereunder.

	1980-81	1979-80
	\$	\$
INCOME		
Totalizator Agency Board	341 600	213 161
Statutory contributions by Clubs	58 209	46 051
Registration fees	108 011	81 938
Other income	9 842	13 339
	<hr/>	<hr/>
	517 662	354 489
EXPENDITURE		
Board members-salaries and expenses	15 603	17 536
Supervision fees-stewards	137 962	123 293
Salaries	113 415	115 558
Publication of journal	29 765	35 723
Office expenses	54 735	48 494
National Coursing Association of Victoria	38 757	30 452
Advertising	89 900	..
Legal fees	30 284	1 196
Miscellaneous	43 365	38 626
	<hr/>	<hr/>
	553 786	410 878
Deficit	<hr/>	<hr/>
	(36 124)	(56 388)
Net Accumulated Deficit 1 August	<hr/>	<hr/>
Prior years' adjustments	(62 394)	(6 006)
	232 247	..
	<hr/>	<hr/>
Net Accumulation (Deficit) 31 July	133 729	(62 394)
	<hr/>	<hr/>

Prior years' adjustments totalling \$232 247 to the accumulated deficit were required as a result of the Board's decision to alter the accounting treatment of the Totalizator Agency Board administration grant. As from the 1980-81 financial year this income is brought to account in the year it is earned rather than in the year it is received by the Board. Thus the \$341 600 shown in the current year's accounts represents the Board's share of surplus funds available for distribution by the Totalizator Agency Board in respect of the year ended 31 July 1981.

The adjustments required because of this change in accounting policy have significantly affected the Board's financial position.

Advertising

The contributions from the Totalizator Agency Board amounting to \$341 600 included the sum of \$89 900 which was to be distributed to various greyhound clubs to reimburse them for advertising costs incurred in respect of Totalizator Agency Board meetings.

The amount of \$89 900 shown as advertising expenditure during the year is the total of reimbursements to the clubs so made.

Balance Sheet

The following is a summary of the balance sheets for the years ended 31 July 1981 and 1980.

	31.7.81	31.7.80
	\$	\$
FIXED ASSETS	24 185	21 355
Provision for depreciation	8 922	8 342
	<hr/> 15 263	<hr/> 13 013
CURRENT ASSETS		
Sundry debtors	362 268	11 936
Stock on hand	3 470	4 209
Deposits	100	100
Cash in hand	100	100
	<hr/> 365 938	<hr/> 16 345
LOANS TO CLUBS	35 000	50 000
	<hr/> 416 201	<hr/> 79 358
Less		
CURRENT LIABILITIES		
Sundry creditors	139 249	23 963
Accruals	..	200
Registration fees in advance	56 227	61 589
Bank overdraft	86 996	56 000
	<hr/> 282 472	<hr/> 141 752
ACCUMULATED SURPLUS (DEFICIT)	<hr/> 133 729	<hr/> (62 394)

HOME FINANCE TRUST

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

Funds made available from lending institutions at 30 June 1981 totalled \$47 474 200 (30 June 1980, \$44 974 200), of which the sum of \$22 773 200 was allocated by the Trust for the purpose of second mortgage loans. Details are:

	\$
State Bank	9 051 000
Other savings banks	15 433 200
Trading banks-overdraft accommodation	18 150 000
	42 634 200
Insurance companies	3 340 000
Other	1 500 000
	47 474 200

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

	\$
Agreed Loans	47 474 200
Less Amount repaid to lending institutions (or overdraft accommodation not taken up)	12 923 323
	34 550 877

Loans approved to date by the Trust to borrowers amounted to \$69 482 550, of which sum \$23 951 990 related to second mortgages. Discharged mortgages, including mortgages on repossessed properties sold under contracts of sale, amounted to \$29 611 189. Advances secured by first mortgage at 30 June 1981 amounted to \$16 233 855 (net) and, by second mortgage, to \$16 257 330 (net).

Income and Expenditure

A summary of the income and expenditure of the Trust for 1980-81 and 1979-80 is furnished below.

	1980-81	1979-80
	\$	\$
INCOME		
Interest receivable from mortgagors and on sales etc.	3 142 346	2 854 259
Less Interest payable to depositors (including overdraft interest)	3 395 412	2 907 475
	<u>(253 066)</u>	<u>(53 216)</u>
Interest Subsidy - Treasurer of Victoria	384 700	93 142
Insurance commission	14 985	15 949
Other	552	900
	<u>147 171</u>	<u>56 775</u>
EXPENDITURE*		
Fees-Members of Trust	13 390 ✓	12 535
Printing and stationery	296	1 914
Postage and telephone	3 101	3 204
Contribution to Treasury	126 805 ✓	90 975
Provision for doubtful debts	50 000 ✓	..
Bad debts	11 534	..
Sundry	5 513	3 278
	<u>210 639</u>	<u>111 906</u>
Operating Deficit	<u>63 468</u>	<u>55 131</u>

* Salaries are not charged in the accounts of the Trust

The substantial increase in the interest subsidy paid by the Treasurer in 1981 was attributable to higher bank overdraft charges being incurred on second mortgage funds whilst the interest rate charged by the Trust to mortgagors remained unchanged.

Balance Sheet

Set out hereunder are particulars of the Trust's assets and liabilities at 30 June 1981 and 1980.

	30.6.81	30.6.80
	\$	\$
NON-CURRENT ASSETS		
Loans secured by mortgage		
First mortgage	16 233 855	18 133 766
Second mortgage	16 257 330	13 791 088
Contracts of sale on repossessed properties	19 880	21 337
	<u>32 511 065</u>	<u>31 946 191</u>

	30.6.81	30.6.80
	\$	\$
FIXED ASSETS		
Office Equipment	2 213	2 604
	<hr/>	<hr/>
INVESTMENT	100 000	100 000
	<hr/>	<hr/>
CURRENT ASSETS		
Arrears under mortgages	291 570	388 680
Sundry debtors	260 250	52 674
Cash on fixed deposit	3 495 000	3 280 000
Cash on hand	40	40
	<hr/>	<hr/>
	4 046 860	3 721 394
	<hr/>	<hr/>
	36 660 138	35 770 189
	<hr/>	<hr/>
DEFERRED LIABILITIES		
Deposits by lending institutions and accommodation by way of overdraft	34 550 877	33 632 743
Mortgagors' equities in properties repossessed and sold	2 508	9 221
	<hr/>	<hr/>
	34 553 385	33 641 964
	<hr/>	<hr/>
PROVISIONS		
Doubtful debts	175 000	125 000
Interest fluctuation	150 000	150 000
	<hr/>	<hr/>
	325 000	275 000
	<hr/>	<hr/>
CURRENT LIABILITIES		
Sundry creditors	513 590	399 628
Prepayments by mortgagors	178 158	300 124
	<hr/>	<hr/>
	691 748	699 752
	<hr/>	<hr/>
Accumulated Surplus		
Home Finance Funds Nos 1 and 2	1 090 005	1 153 473
	<hr/>	<hr/>
	36 660 138	35 770 189
	<hr/>	<hr/>

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 1980-81, 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 1980-81, loan advances totalling \$31 090 000 were received from the Commonwealth consisting of \$30 690 000 for housing generally under the 1978 Housing Agreement and the Commonwealth's Housing Assistance Act 1978, and \$400 000 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 \$23 079 000 for rental assistance for pensioners and other persons in need.

In addition, the Commonwealth provided grants of \$943 250 as an interest subsidy pursuant to the provisions of the States Grants (Housing) Act 1971 and \$346 000 for aboriginal housing under the State Grants (Aboriginal Assistance) Housing Agreement 1978.

Loan advances amounting to \$7 999 995 were received from the Treasurer of Victoria from the Works and Services Account for housing in the La Trobe Valley and at Portland.

A summary of the Commission's revenue and expenditure for 1980-81 and 1979-80 is furnished below:

	1980-81	1979-80
	\$	\$
REVENUE		
Rentals	57 041 874	54 546 708
Gross Surplus		
House sales	5 297 613	8 227 131
Land sales	869 403	76 098
Interest		
House sales (net)	3 698 204	4 162 828
Sundry	5 786 706	3 794 925
Urban renewal subsidy	578 067	495 231
Certificate fees	577 578	422 978
Miscellaneous	257 612	252 395
	<hr/>	<hr/>
Total Revenue	74 107 057	71 978 294
	<hr/>	<hr/>
EXPENDITURE		
Interest-less amounts capitalised and applied to house sales	15 759 879	15 696 560
Loan redemption-Commonwealth-State Agreements	3 759 006	3 410 316
	<hr/>	<hr/>
	19 518 885	19 106 876
Less Interest and redemption included in operating costs of parking bays and hot water services	429 250	429 250
	<hr/>	<hr/>
	19 089 635	18 677 626
Contribution to		
National Debt Sinking Fund	16 611	18 888
Debenture Loan Sinking Fund	7 000	7 000
Administration		
General	6 893 660	5 887 651
House sales	1 987 851	2 125 450
Land sales	591 931	138 669
Cost of rent collection in country areas etc.	468 509	525 207
Rates-less amount capitalised	10 580 728	9 679 191
Insurable risks	467 498	333 878
Loan conversion expenses	14 645	1 189
Maintenance	17 967 521	17 052 612
Provision for irrecoverable rents	486 089	392 923
Cost of communal services-flats and garden maintenance	5 216 814	4 527 566
Operating costs		
Laundries	392 272	290 545
Parking bays	359 815	338 053
Appropriation to House Purchasers' Death Benefit Fund	493 233	475 709
Maintenance and repairs on houses sold	622 657	685 617
Maintenance (Rental) bad debts written off	100 358	125 447
Central heating and hot water services	2 201 714	1 937 842
Preparation of "Green Paper" on Housing	229 666	160 823
Land enquiry costs	580 087	534 769
Miscellaneous	557 039	251 954
	<hr/>	<hr/>
	69 325 333	64 168 609
Less Transfer from Land (Residential)		
Unrealised Profit Suspense Account	229 659	342 527
Transfer from House Sales Unrealised Profit Suspense Account	2 886 806	2 758 337
	<hr/>	<hr/>
Total Expenditure	66 208 868	61 067 745
	<hr/>	<hr/>

	1980-81	1979-80
	\$	\$
Operational profit for the year	7 898 189	10 910 549
Less Appropriation to House Purchasers' Interest Receivable Reserve	1 208 564	1 702 413
	<u>6 689 625</u>	<u>9 208 136</u>
Profit-transferred to Accumulated Surplus Account		

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

	1980-81	1979-80
	\$	\$
Surplus-miscellaneous funds	*4 437 936	*2 694 643
Net profit lands		
sales	732 246	343 797
Realised profit-house sales	7 595 535	10 337 569
	<u>12 765 717</u>	<u>13 376 009</u>
Less		
Loss-rental operations	6 004 852	4 006 224
Cost of statutory functions- non-revenue producing	71 240	161 648
	<u>6 076 092</u>	<u>4 167 872</u>
Profits-transferred to Accumulated Surplus Account	6 689 625	9 208 137

* Includes notional interest on interest-free loans-1980-81 \$115 061, 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:

	1980-81	1979-80
	\$	\$
Gross rental charges	73 036 004	69 055 155
Deduct		
Rental rebates allowed	14 259 010	12 766 179
Losses from vacancies	1 735 120	1 742 268
	<u>15 994 130</u>	<u>14 508 447</u>
Credit for rentals-General Revenue Account	57 041 874	54 546 708

Although rents charged increased by \$3 980 849 due to a general rise in rents effective from November 1980, the gain from this was substantially offset by an increase in rebates of \$1 492 831.

The main factors contributing to the loss on rental operations of \$6 004 852 were increased maintenance costs of \$914 909 and increases in rates of \$901 537.

Sales of Houses

For the year, 832 units costing \$20 698 410 were sold for a total sum of \$25 996 023, giving a gross surplus of \$5 297 613.

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	5 297 613	
Add Transfer from House Sales Unrealised Profit Suspense Account	2 886 806	
	<hr/>	8 184 419
Interest receivable on terms sales	18 581 180	
Less Interest payable on houses sold	15 228 068	
	<hr/>	
Interest on house sales (net)	3 353 112	
Less Appropriation to House Purchasers' Death Benefit Fund	493 233	
	<hr/>	2 859 879
Other house sales revenue		431 428
		<hr/>
		11 475 726
Less Administration-house sales	1 987 851	
Maintenance and repairs on houses sold	622 657	
Miscellaneous	61 119	
	<hr/>	2 671 627
		<hr/>
		8 804 099
Less Appropriation to Interest Receivable Reserve- house purchasers		1 208 564
		<hr/>
Net credit to general revenue-realised profit on house sales		7 595 535
		<hr/>

Land Sales

In previous years profits from sales of residential land were credited to revenue, whereas profits on sales of land for purposes other than residential were treated as capital profits and credited to a Land Realised Profit Reserve Account.

As from 1 July 1980 there has been a change in policy and all profits from sales of land have been credited to revenue from that date.

Realised profit on sales of land for the year amounted to \$732 246.

Balance Sheet

The financial position of the Commission at 30 June 1981 and 1980 is summarised hereunder:

	30.6.81	30.6.80
	\$	\$
FIXED ASSETS		
Estates-cost of land, developmental and incidental expenses	186 849 387	169 237 423
Dwellings and shops	533 888 679	489 194 072
Holmesglen construction-land and buildings etc.	447 645	1 281 213
Urban renewal-properties acquired	652 358	468 727
Properties acquired for slum reclamation	21 143 248	23 342 807
Store-rooms, offices etc.	3 575 347	3 375 524
Plant, vehicles, office furniture and equipment	2 421 332	2 213 755
Shares-31 Melrose Street Pty. Ltd.	400	400
	<hr/>	<hr/>
	748 978 396	689 113 921
	<hr/>	<hr/>
DEFERRED ASSETS		
House purchase debtors	439 193 535	438 365 627
	<hr/>	<hr/>
INVESTMENTS		
	28 793 221	23 752 095
	<hr/>	<hr/>
CURRENT ASSETS		
Sundry debtors	11 693 092	8 806 013
Cash at bank and in transit	2 647 808	3 729 207
Home Purchase Assistance Suspense Account	846 274	511 042
	<hr/>	<hr/>
	15 187 174	13 046 262
	<hr/>	<hr/>
DEPOSIT AND TRUST ACCOUNT		
Cash at bank and securities	2 167 089	1 352 720
	<hr/>	<hr/>
INTANGIBLES		
Plans and designs etc.	1 126 477	784 252
	<hr/>	<hr/>
Total Assets	1 235 445 892	1 166 414 841
	<hr/>	<hr/>
LOANS		
Government advances	894 851 915	864 747 542
Debenture issues	3 641 404	2 570 160
Death Benefit Fund advances	9 823 387	8 696 902
	<hr/>	<hr/>
	908 316 706	876 014 604
	<hr/>	<hr/>
ADVANCES AND SUBSIDIES		
Subsidy from loan for slum reclamation	2 465 562	2 465 562
Subsidy from municipalities	1 725 650	1 725 650
Gift of flats-City of Prahran	84 316	84 316
Commonwealth grant-Rental assistance to pensioners and other persons in need	65 318 000	42 239 000

	30.6.81	30.6.80
	\$	\$
Advance for urban renewal	535 566	656 235
Advance for aboriginal housing	6 693 278	6 352 975
Advance for apprenticeship scheme	152 213	75 883
	<u>76 974 585</u>	<u>53 599 621</u>
CURRENT LIABILITIES		
Sundry creditors	<u>4 415 696</u>	<u>3 812 735</u>
RESERVES AND SINKING FUND etc.		
Interest equalisation reserve	1 927 222	1 680 961
Debenture loans redemption	100 000	100 000
Cancelled securities-National Debt Sinking Fund	2 372 485	2 164 842
Debenture loan sinking fund	353 586	321 510
Loan redemption-Commonwealth-State agreements	41 427 080	37 864 290
Irrecoverable rents provision	400 000	250 000
Unrealised profit suspense account-house sales	58 187 290	62 033 146
Unrealised profit suspense accounts- land and shops	761 095	991 879
House Purchasers' Death Benefit Fund	16 918 291	15 838 683
Realised profit reserves	8 992 785	9 017 713
Interest receivable reserve-house purchasers	37 754 352	33 972 987
Appropriation of house sales profits for slum reclamation works	2 700 000	2 700 000
Provision for long service leave and retiring gratuities	107 111	149 527
Provision for loan flotation expenses	5 000	5 000
	<u>172 006 297</u>	<u>167 090 538</u>
ACCUMULATED SURPLUS	<u>71 565 519</u>	<u>64 544 623</u>
DEPOSIT AND TRUST ACCOUNT		
Contractors' deposits and other trust moneys	<u>2 167 089</u>	<u>1 352 720</u>
Net Assets	<u>1 235 445 892</u>	<u>1 166 414 841</u>

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

Fixed Assets - Estates

This item includes land at cost plus development expenses and capitalised expenses such as interest, rates and administration.

Sundry Debtors

Details at 30 June 1981 were:

	\$
Rental arrears	3 666 235
Tenants' maintenance arrears	361 522
Works and materials etc. for other bodies and adjoining owners etc.	3 417 499
Debtors on account of shop and land sales (net)	3 166 813
Revenue accruals, prepayments and advances etc.	1 081 023
	<hr/>
	11 693 092
	<hr/>

Rental arrears increased from \$2 828 621 to \$3 666 235 during the year, an increase of 29.6 per cent. Of these, tenants in arrears 10 weeks and over increased from \$963 068 to \$1 297 029, an increase of 34.6 per cent.

An amount of \$344 740 was written off as uncollectable for the year 1980-81 compared to \$246 985 for the previous financial year, an increase of 39.6 per cent.

Investments

The book value of investments increased during the year from \$23 752 059 to \$28 793 221. Relevant details at 30 June 1981 are:

	\$
Interest-free advances to other public authorities	3 395 523
Investments-Sinking Fund	*353 586
Investments-Death Benefit Fund	+16 785 982
Short-term investments	++5 856 087
Community facilities	2 402 043
	<hr/>
	28 793 221
	<hr/>

* Consisting of inscribed stock

+ Consisting of investments in public authorities \$6 962 595 and invested in the Commission's undertaking \$9 823 387 (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.

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. Operations of the organisation are scheduled to cease on 17 December 1981.

A summary of the balance sheet of Holmesglen Constructions at 30 June 1981 is as follows:

	30.6.81
	\$
ASSETS	
Fixed assets (at cost less depreciation)	
Factory and field equipment	1 123 617
Office equipment	31 365
Canteen	5 320
Loose tools	16 018
	1 176 320
Materials on hand	317 212
Returnable containers	7 167
Sundry debtors	
Trade	72 491
Housing Commission	521 150
Other	124 219
	2 218 559
LIABILITIES	
Provision for long service leave	1 435 593
Sundry creditors	322 251
Accruals - salaries and wages etc.	460 665
Bank overdraft	50
	2 218 559

Additional employee benefits arising from the proposed closedown on 17 December 1981 not included in the balance sheet and which will be charged directly to the Housing Commission are:

	\$
Severance pay	2 958 537
Long Service Leave	193 317
Retiring Gratuity	461 784
Superannuation Staff	1 000 000
	4 613 638

Loan Liability

As mentioned earlier, \$30 690 000 was provided by the Commonwealth during the year by way of loan advances. At 30 June 1981, the liability in respect of loans was \$908 316 706. Details are:

	\$	\$
STATE HOUSING		
From the Government of Victoria		
Housing	62 169 133	
Slum reclamation	26 009 274	
	<hr/>	
	88 178 407	
From debenture issues of the Commission	4 540 000	
	<hr/>	
	92 718 407	
Government loan transferred to the Commission	60 000	
	<hr/>	92 778 407
Less		
Securities purchased out of National Debt Sinking Fund and cancelled	4 891 949	
Debentures redeemed under Housing Act	898 596	
Repayments on slum reclamation	8 344 365	
	<hr/>	14 134 910
		<hr/>
		78 643 497
COMMONWEALTH-STATE HOUSING AGREEMENT		
Loan advances received from the Commonwealth of Australia	937 877 896	
Less Repayments	118 028 074	
	<hr/>	819 849 822
HOUSE PURCHASERS' DEATH BENEFIT FUND		
Loan to Commission		9 823 387
		<hr/>
		908 316 706
		<hr/>

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

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 1980-81 are summarised below:

	\$
Balance 1 July	62 033 147
Less	
Transfer to General Revenue Account	2 886 806
Sundry adjustments arising from cancellation of sales reduction of sale prices, changes in capital costs etc.	959 051
	<hr/>
Balance 30 June	58 187 290
	<hr/>

House Purchasers' Death Benefit Fund

House purchasers, unless disqualified by age, may be admitted to participation in the House Purchasers' Death Benefit Scheme, for the purposes of which an appropriation is made from interest receivable under contracts for the sale of houses on terms. Operations during the year and the position of the fund at 30 June 1981 are summarised below:

	\$
Balance 1 July	15 838 683
Add	
Appropriation for year (Section 109 Housing Act 1958)	493 233
Income from investments	1 318 820
	<hr/>
	17 650 736
Deduct	
Payments on account of deceased purchasers	625 774
Administration expenses	106 671
	<hr/>
	732 445
	<hr/>
Balance 30 June	16 918 291
	<hr/>

The sum of the investments of the fund, \$16 785 982, includes an amount of \$9 823 387 set aside in an account in the Commission's books styled "Loan Advance-Death Benefit Fund".

The amount of \$9 823 387 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 1981. The fund's investments are included in the Commission's balance sheet item-"Investments \$28 793 221". 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 1980-81 are as follows:

	\$
Balance 1 July	33 972 987
Add	
Appropriation-House Sales Trading Account	1 208 564
Interest received-Rental Revenue Account	2 572 801
	<hr/>
Balance 30 June	37 754 352
	<hr/>

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 movements in this account during 1980-81 were as follows:

	\$
Balance 1 July	64 544 623
Add	
Surplus-house purchase assistance	450 441
Amount written back to revenue from Loan Redemption Reserve	405 468
Credit balance, General Revenue Account	6 689 625
	<hr/>
	72 090 157
Less	
Net adjustment of realised profit of former years due to capital cost variations and cancellation of sales contracts etc.	524 638
	<hr/>
Balance 30 June	71 565 519
	<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 1981 was \$4 621 909.

At 30 June 1981, a deficit of \$1 178 170 had been accumulated in the running account mainly because rental charges have been insufficient to cover interest charges and other expenses.

Goonawarra (Sunbury) Project

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 1981, the Commission had spent \$16 495 967 on the estate, of which \$6 269 147 was for land and \$10 226 820 for development.

An amount of \$3 055 798 was spent developing the estate in the financial year 1980-81.

The estate was officially opened on 24 April 1980, and to 30 June 1981, 131 lots have been sold for a sum of \$1 815 444.

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.

To 30 June 1981 a sum of \$1 148 578 had been spent out of the Public Account under the Attorney-General's Vote item "Other Services - Commissions and Boards of Enquiry" in respect of the inquiry. In addition, the Housing Commission has expended \$1 114 856 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

The Latrobe Valley Water and Sewerage Board was constituted under the Latrobe Valley Act 1958. The functions of the Board include the maintenance of adequate supplies of water and the disposal of industrial and domestic waste in the Latrobe Valley.

Changes in Accounting Treatment

The following items, shown separately in the General Revenue Account in 1979-80 have been allocated to specific cost centres in 1980-81:

Interest on loans - government
 private
 Provision for depreciation
 Payroll overhead recoups

The 1979-80 figures have been adjusted for comparative purposes.

There was no effect on the net surplus of the Board as a result of these changes.

Revenue Accounts

A summary of the Board's revenue accounts for the past two years are shown hereunder:

DISPOSAL FARM REVENUE ACCOUNT

	1980-81	1979-80
	\$	\$
INCOME		
Rental Board properties	6 504	6 630
Profit-Cattle Trading Account	153 803	102 463
Profit-Sheep Trading Account	55 717	107 496
Payroll overhead recoups	12 890	18 289
Sundry	2 464	3 669
	231 378	238 547
EXPENDITURE		
Farm operation and maintenance	387 676	297 376
Interest on loans and overdraft	234 658	148 768
Maintenance farm dwellings	19 252	20 583
Depreciation	22 097	21 377
	663 683	488 104
Deficit transferred to General Revenue Account	432 305	249 557

GENERAL REVENUE ACCOUNT

	1980-81	1979-80
	\$	\$
INCOME		
Water charges	1 651 909	1 495 559
Disposal charges	1 065 694	932 844
Recoup from Environment Protection Authority	632 823	566 527
Licence fees	879	3 461
Recoups on capital works including S.E.C. projects	1 617 425	756 383
Recoups on works for other authorities	325 489	166 178
Interest subsidy-Treasurer of Victoria	265 404	168 867
Other	94 404	111 107
	5 654 027	4 200 926
EXPENDITURE		
Net costs of:		
Maintenance and operations of works	1 649 074	1 474 587
Administration	64 957	110 651
Engineering	261 071	127 840
Hydrography	91 029	77 989
Depot and workshops	135 957	136 833
Laboratory	263 820	234 686
Works other authorities	297 573	168 332
Interest on State Electricity Commission advances	1 433 742	573 029
Environment Protection Authority	632 823	566 527
Licence fees	879	3 461
	4 830 925	3 473 935
Surplus for year	823 102	726 991
Deficit on Disposal Farm Revenue Account	(432 305)	(249 557)
	390 797	477 434
Net Surplus for Year	390 797	477 434

ACCUMULATED REVENUE ACCOUNT

Balance 1 July	312 029	363 250
Surplus for year	390 797	477 434
Transfer from water re-use study at Dutson Reserve	..	15 000
Cattle on hand adjustment 1 July	500	..
	703 326	855 684
Appropriations to Reserves		
Depreciation	..	181 606
Government loan redemption	150 793	146 425
Farm trading equalisation	53 089	107 758
Private loan redemption	84 627	68 875
Sinking fund	40 551	21 491
Pine plantation	48 800	17 500
	377 860	543 655
Balance 30 June	325 466	312 029

Balance Sheet

The Board's balance sheets at 30 June 1981 and 1980, are summarised hereunder:

	30.6.81	30.6.80
	\$	\$
CURRENT ASSETS		
Cash at bank	105 706	205 780
Short-term deposit	780 000	900 000
Stores, tools etc. (at cost)	17 586	19 308
Livestock, wool and ensilage on hand (at valuation)	133 288	128 739
Debtors and prepayments etc.	2 429 197	1 990 511
	<u>3 465 777</u>	<u>3 244 338</u>
INVESTMENTS	<u>4 941 554</u>	<u>4 289 680</u>
FIXED ASSETS (at cost)		
Works (including works in progress)	40 128 673	33 650 748
Plant and equipment	802 655	732 096
Land, buildings, residences	574 480	573 649
Office and laboratory equipment	227 297	179 612
Environment Protection-land, buildings, equipment etc.	375 529	329 326
	<u>42 108 634</u>	<u>35 465 431</u>
Provision for depreciation	(4 825 256)	(4 238 274)
	<u>37 283 378</u>	<u>31 227 157</u>
INTANGIBLE ASSETS		
Capitalised interest on works during construction	523 709	523 709
	<u>46 214 418</u>	<u>39 284 884</u>
CURRENT LIABILITIES		
Bank overdraft	135 032	1 060 034
Sundry creditors, payments in advance etc.	898 348	417 701
Advances from State Electricity Commission	650 000	650 000
Unexpended flood grant	91 240	91 240
	<u>1 774 620</u>	<u>2 218 975</u>
LOAN LIABILITY		
Treasurer of Victoria	16 280 062	16 431 168
Private mortgage loans	6 060 033	4 944 660
State Electricity Commission	16 605 295	10 744 697
	<u>38 945 390</u>	<u>32 120 525</u>

	30.6.81	30.6.80
	\$	\$
EXCESS OF ASSETS OVER LIABILITIES		
Represented by:		
Provisions		
Long service leave	364 653	312 723
Staff training	7 500	7 500
Reserves		
Capital expenditure borne by state	155 001	155 001
Grants from government of Victoria	655 000	655 000
Plant and fixed asset renewal	399 004	381 589
Plant operating	68 710	31 634
Special maintenance	175 000	175 000
Loans redeemed	2 369 038	2 133 618
Capital facility	136 000	136 000
Pine plantation	158 100	109 300
Loan sinking fund	94 559	48 906
Farm trading equalisation	210 848	157 758
Contributions for Environment Protection Agency assets	375 529	329 326
Accumulated surplus	325 466	312 029
	<hr/>	<hr/>
	5 494 408	4 945 384
	<hr/>	<hr/>
	46 214 418	39 284 884
	<hr/>	<hr/>

Investments

Investments held in respect of specific funds (depreciation, sinking fund etc.) at 30 June 1981 and 1980 consisted of:

	30.6.81	30.6.80
	\$	\$
Inscribed stock	1 936 100	1 926 100
Mortgage loan	1 785 000	1 520 000
Debenture stock	760 000	420 000
Short-term deposits	244 211	198 300
Other	216 243	225 280
	<hr/>	<hr/>
	4 941 554	4 289 680
	<hr/>	<hr/>

Advances from State Electricity Commission

During 1980-81 the State Electricity Commission advanced a further \$5 860 598 to the Board bringing the total advanced, at 30 June 1981, to \$17 255 295 including working advances totalling \$650 000.

These advances are provided to enable the Board to:

- (a) construct a pipeline to remove salinated water from the Commission's power stations to the Board's Bass Strait disposal area; and
- (b) construct, maintain and operate a high quality water system to the Loy Yang power station.

Agreements, entered into with the Commission, provide for the repayment of advances over a period of 15 years, commencing after construction is completed and the works have been brought into commission.

Other Advances

Total funds advanced to the Board by the State to 30 June 1981 for expenditure on capital works amounted to \$19 962 556, of which \$19 152 555 is required to be repaid. Repayments to 30 June 1981 totalled \$2 872 493.

Further amounts totalling \$6 350 000 have been raised by way of private loans, including \$1 200 000 during 1980-81. \$6 060 033 was outstanding at 30 June 1981.

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, disability and other benefits for permanent employees of local governing bodies. Details of the schemes controlled by the Board have been outlined in previous reports.

The Local Authorities Superannuation (Amendment) Act 1980 received Royal Assent on 13 May 1980. Section 1(3) deemed the Act to have come into operation on 1 March 1980.

The Act guarantees a minimum level of lump sum benefit in respect of contributors who retire having attained the age of 60 years, die, or are retired on account of disability. The Act applies to lump sum benefits only and does not alter pension entitlements in any way.

MANAGEMENT ACCOUNT

	1980-81	1979-80
	\$	\$
INCOME		
Interest on investments	218 767	111 113
Contribution to Administration		
From Benefit Contracts Account and Disability Fund	588 825	900 000
From Local Authorities (Pensions) Authorities Fund	302 860	287 870
Rent	33 253	27 848
Computer bureau fees	2 656 626	2 290 231
Other income	15 942	17 014
	<u>3 816 273</u>	<u>3 634 076</u>
EXPENDITURE		
Board members' fees, salaries and associated expenses	2 157 930	1 919 239
Hire of computer and other services	927 492	703 211
Medical examination fees	97 377	80 402
Printing and stationery	93 204	82 611
Postage and telephone	60 701	63 455
Superannuation	143 258	97 556
Other administration charges	294 640	285 025
Rates etc.	22 876	20 955
Depreciation	69 795	63 968
	<u>3 867 273</u>	<u>3 316 422</u>
Less Systems development costs capitalised	51 000	..
	<u>3 816 273</u>	<u>3 316 422</u>
Surplus	<u>*NIL</u>	<u>317 654</u>

* The Board has resolved to transfer from other funds as contributions to administration only those funds required to equalise the total expenditure for the year against income.

Accumulated funds of the Management Account at 28 February 1981 and 29 February 1980 were:

	1981 \$	1980 \$
Accumulated Funds	4 714 612	4 841 316
Asset Replacement Reserve	463 647	401 713
	<u>5 178 259</u>	<u>5 243 029</u>
Represented by:		
Investments	*1 719 706	2 021 999
Freehold property (at cost less depreciation)	1 196 273	1 213 511
Furniture, equipment and office machines (at cost less depreciation)	173 097	184 891
Motor vehicles (at cost less depreciation)	47 094	37 302
System development costs	51 000	..
Current Assets		
Cash	243 223	399 994
Debtors	1 809 908	1 556 875
Accruals and prepayments	56 847	89 145
	<u>5 297 148</u>	<u>5 503 717</u>
Sundry creditors and accruals	(118 889)	(260 688)
Total Net Assets	<u>5 178 259</u>	<u>5 243 029</u>

* Consisting of local and semi-government securities \$696 706 and short-term deposits \$1 023 000

PROVIDENT FUND

	1980-81 \$	1979-80 \$
INCOME		
Interest on investments	110 928	119 749
EXPENDITURE		
Death claims	7 283	5 085
Withdrawal benefits	198 617	122 640
Retirement benefits	32 721	92 939
	<u>238 621</u>	<u>220 664</u>
Deficit	<u>127 693</u>	<u>100 915</u>

The balance of the Provident Fund at 28 February 1981 and 29 February 1980 comprised:

	1981	1980
	\$	\$
Contributors' credits	1 390 920	1 488 155
Unallotted interest	170 104	208 867
Sundry creditors	24 393	38 856
	<u>1 585 417</u>	<u>1 735 878</u>
Represented by:		
Cash	24 691	29 182
Investments	*1 530 704	1 672 002
Accrued interest	30 022	34 694
	<u>1 585 417</u>	<u>1 735 878</u>

* Consisting of local and semi-government securities \$1 201 704 and short-term deposits \$329 000

BENEFIT CONTRACTS ACCOUNT AND DISABILITY FUND ACCOUNT

	1980-81	1979-80
	\$	\$
INCOME		
Contract premiums	26 061 643	24 111 677
Interest on investments and rents	15 793 378	13 002 682
Withdrawal benefits-disability beneficiaries	659 719	35 895
	<u>42 514 740</u>	<u>37 150 254</u>
EXPENDITURE		
Benefits		
Death	1 539 162	1 229 811
Withdrawal	7 239 979	5 735 589
Retirement	1 845 102	1 996 126
Death - credited to disability beneficiaries	3 554 084	3 610 570
Contribution to administration	588 825	900 000
Other	637 480	427 257
	<u>15 404 632</u>	<u>13 899 353</u>
Surplus	<u>27 110 108</u>	<u>23 250 901</u>

At 28 February 1981 and 29 February 1980, the funds of the Benefit Contracts Account amounted to \$164 408 401 and \$137 298 293 respectively, and were represented by:

	1981	1980
	\$	\$
Cash	404 300	514 081
Investments	*169 470 815	140 233 462
Less Mortgage Reserve and Asset Revaluation Reserve Accounts	1 146 281	130 328
	<u>168 728 834</u>	<u>140 617 215</u>
Net Current Liabilities	(4 320 433)	(3 318 922)
	<u>164 408 401</u>	<u>137 298 293</u>

* Consisting of local government securities \$75 053 013, semi-government securities \$21 673 158, Government guaranteed loans \$18 300 000, real estate mortgages \$11 847 000, property \$21 406 114, other instrumentalities \$12 642 807, and short-term deposits \$8 548 723.

The Board revalued its investment properties as at 1 March 1980, resulting in an increase of \$993 159. This amount has been credited to the Asset Revaluation Reserve Account.

LOCAL AUTHORITIES PENSIONS (AUTHORITIES) FUND ACCOUNT

	1980-81	1979-80
	\$	\$
INCOME		
Contributions	9 175 578	4 259 887
Investment income	618 132	312 433
	<u>9 793 710</u>	<u>4 572 320</u>
EXPENDITURE		
Withdrawals-refund contributions	225 104	209 033
Pensions paid	4 674 678	3 347 393
Contribution to administration*	302 860	287 870
Contribution refunds-miscellaneous	8 155	2 349
Lump Sum Payments		
Deaths	221 539	..
Retirements	1 154 093	..
Early retirements	1 263 781	..
Disability	617 902	..
Withdrawals	99 857	..
	<u>8 567 969</u>	<u>3 846 645</u>
Surplus	<u>1 225 741</u>	<u>725 675</u>

* Amounts determined by the Board after considering the actuary's report.

The balance of the fund at 28 February 1981 and 29 February 1980, was represented by:

	1981	1980
	\$	\$
Cash	22 032	60 857
Debtors	256 041	47 559
Investments	*3 460 616	2 356 033
	<hr/>	<hr/>
Less Creditors	3 738 689	2 464 449
	<hr/>	<hr/>
Accumulated Funds	572 359	523 860
	<hr/>	<hr/>
	3 166 330	1 940 589

* Consisting of interest bearing term deposits \$200 000, bills of exchange \$3 020 616 and short-term deposits \$240 000.

LOCAL AUTHORITIES PENSIONS (EMPLOYEES) FUND ACCOUNT

	1980-81	1979-80
	\$	\$
INCOME		
Contributions	7 070 302	6 098 842
Investment income	3 035 118	2 155 759
	<hr/>	<hr/>
	10 105 420	8 254 601
EXPENDITURE		
Withdrawals-refund of contributions	1 532 908	1 275 741
Pensions paid	170 608	124 130
Contribution refunds-miscellaneous	12 965	5 601
	<hr/>	<hr/>
	1 716 481	1 405 472
	<hr/>	<hr/>
Surplus	8 388 939	6 849 129

The balance of the fund at 28 February 1981 and 29 February 1980 was represented by:

	1981	1980
	\$	\$
Cash	31 264	69 299
Investments	*30 478 783	22 282 296
Debtors		
Contributions	57 847	15 291
Other	947 479	772 122
	<hr/>	<hr/>
Less Creditors	31 515 373	23 139 008
	<hr/>	<hr/>
Accumulated Funds and Reserves	69 001	86 207
	<hr/>	<hr/>
	31 446 372	23 052 801

* Consisting of local government securities \$20 107 169, semi-government securities \$3 180 234, Government guaranteed loans \$1 200 000, real estate mortgages \$2 380 000, property \$1 670 352 and short-term deposits \$1 941 028

Insurance Account

No new policies are being written under this Scheme as it has been superseded by the Benefit Contracts Scheme.

Receipts and payments of the fund consisted mainly of surrender values and matured policies and the payment of these to the beneficiaries.

The balance of the fund at 28 February 1981 was \$1 313 (1980 \$1 436).

Other Matter

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 two reports 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 4 Boards, namely, the Citrus Fruit, Egg, Onion, and Tobacco Leaf Marketing Boards follow.

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.

A summarised statement of the operations of the Board for the years ended 31 December 1980 and 1979 follows:

	1980	1979
	\$	\$
INCOME		
Service fees	75 327	65 478
EXPENDITURE		
Board Members' fees and allowances	23 207	20 180
Administration charge paid to Citrus Management Co. Ltd.	19 596	17 040
Consulting fees	1 604	..
Amortisation of establishment expenses	..	2 830
Postage, telephone and telex	551	260
Legal fees	2 300	106
Bank interest and charges	639	1 973
General expenses	2 481	1 542
	50 378	43 931
Surplus for year	24 949	21 547

The operating surplus for the year \$24 949, together with a prior year adjustment of \$120, resulted in an accumulated surplus of \$29 208 at 31 December 1980 (\$4 139, 31 December 1979). The accumulated balance was represented as follows:

	31.12.80	31.12.79
	\$	\$
ASSETS		
Cash at bank	3 708	..
Debtor-Citrus Management Co. Ltd.	25 500	21 848
	<u>29 208</u>	<u>21 848</u>
Less		
LIABILITIES		
Bank overdraft	..	17 324
Creditors	..	385
	<u>..</u>	<u>17 709</u>
Accumulated Surplus	<u>29 208</u>	<u>4 139</u>

The agreements whereby the Board, together with the Murray Valley (N.S.W.) Citrus Marketing Board, jointly and severally agreed to guarantee to an amount of \$60 000 the advances made by a bank to both the Citrus Management Co. Ltd. and the Citrus Marketing Co. Pty. Ltd., are still current.

Onion Marketing Board

Pursuant to sub-section (5) of Section 13 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. 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.

Distribution of Sales

A summary of the distribution of Board tobacco sales financed by the Agency for the years ended 31 March 1980 and 1981 is shown hereunder:

	1980-81	1979-80
	\$	\$
Gross proceeds from sales of tobacco leaf	22 601 919	22 031 197
<i>Applied to:</i>		
Broker's commission	416 071	413 085
Freight	118 095	112 408
Rehandling charges	31 170	28 478
Commonwealth tax levy	61 496	65 616
Insurance	295 621	365 354
Marketing Board charge	339 029	329 985
Tobacco Growers of Victoria Trust Account	25 443	..
Growers' liens, orders etc.	3 009 208	2 354 812
Net proceeds to growers	18 305 786	18 361 459
	22 601 919	22 031 197

Income and Expenditure

The Board's income and expenditure accounts for the past two years are summarised hereunder. Extraordinary items have been incorporated in this account in 1980-81 and for comparative purposes amendments have been made to the 1979-80 figures.

	1980-81	1979-80
	\$	\$
INCOME		
Board charges		
Quota sales and burley	339 029	329 985
Non-quota	..	682
Superannuation refund	408	7 579
Interest on investments	57 748	47 598
Rent	2 980	4 892
Miscellaneous recoveries etc.	104	2 938
	400 269	393 674

	1980-81	1979-80
	\$	\$
EXPENDITURE		
Board staff-salaries etc.	106 065	101 364
Accounting and secretarial services	13 205	21 139
Travelling expenses-other than Board members	13 425	14 906
Board members-allowances and travel expenses	43 923	40 135
Expenses of Tobacco Quota Committee and Tobacco Quota Appeals Tribunal	20 367	17 549
Appraisers' fees and allowances	16 807	28 570
Depreciation	4 735	16 693
Industry surveys	16 891	17 164
Packaging trials	..	2 942
Administrative and general expenses	53 134	55 598
	<hr/>	<hr/>
	288 552	316 060
Operating Surplus	111 717	77 614
Add Extraordinary items		
Profit on sale of Argus Street	..	109 590
	<hr/>	<hr/>
	111 717	187 204
Less Extraordinary items		
Retirement allowance	..	108 561
Transfer to Superannuation Fund	3 000	..
Loss on Jervis Scheme	9 924	..
Return of rents (1970-81) collected on behalf of the Trustees of the Victorian Tobacco Growers' Association	8 421	..
	<hr/>	<hr/>
	21 345	108 561
Surplus	<hr/>	<hr/>
	90 372	78 643
 <i>Accumulated Funds Account</i>		
	1980-81	1979-80
	\$	\$
Balance 1 April	545 826	767 183
Surplus for year	90 372	78 643
	<hr/>	<hr/>
	636 198	845 826
Less		
Distribution to Growers	..	300 000
	<hr/>	<hr/>
Balance 31 March	636 198	545 826
	<hr/>	<hr/>

Balance Sheet

The Board's balances are summarised hereunder:

	31.3.81	31.3.80
	\$	\$
CURRENT ASSETS		
Cash at bank and on hand	42 035	15 947
Advances	16 499	10 796
Sundry debtors and other	5 625	11 457
Insurance Equalisation Account	..	7 289
	<hr/>	<hr/>
	64 159	45 489
	<hr/>	<hr/>
INVESTMENTS		
Short-term	550 000	1 270 000
Long Service Leave Fund	22 945	20 197
	<hr/>	<hr/>
	572 945	1 290 197
	<hr/>	<hr/>
FIXED ASSETS		
Motor vehicles, furniture, plant and equipment (at cost less depreciation)	31 153	26 627
	<hr/>	<hr/>
ENERGY RESEARCH PROGRAM	26 967	..
	<hr/>	<hr/>
	695 224	1 362 313
	<hr/>	<hr/>
CURRENT LIABILITIES		
Sundry creditors	26 193	40
Funds accumulated in respect of Jervis leaf sold	..	796 250
	<hr/>	<hr/>
	26 193	796 290
	<hr/>	<hr/>
RESERVES		
Insurance Equalisation Account	9 889	..
Long service leave	22 944	20 197
Growers' Fund	636 198	545 826
	<hr/>	<hr/>
	669 031	566 023
	<hr/>	<hr/>
	695 224	1 362 313
	<hr/>	<hr/>

Contingent Liability

At 31 March 1981 the Board has a contingent liability of \$122 000 under an executive superannuation scheme entered into in respect of its general manager.

Jervis Scheme Distribution

Following advice from the Solicitor-General the balance of the proceeds from the sale of the "Jervis" stock, \$796 250, was distributed in accordance with sub-section (1) of Section 25 of the Marketing of Primary Products Act 1958. As a result of advance payments made several years ago overpayments totalling \$9 924 have occurred and these have been charged to the income and expenditure account of the Board.

Victorian Egg Marketing Board

The Victorian Egg Marketing Board administers the marketing of eggs and egg products in Victoria. It operates a grading floor at Keysborough in addition to a number of receiving and selling depots which are situated in both metropolitan and country areas. Grading and selling operations are also conducted on behalf of the Board by its authorised agents, producer agents and distributors. Pulp is manufactured by the Board in its factory at Keysborough.

Income

Income of the Board for the past two accounting periods consisted of the following items:

	1980-81	1979-80
	\$	\$
Egg and egg product sales	61 011 516	52 625 341
Charges on producers		
Board costs	*1 050 708	..
Packing materials	+1 949 432	..
Poultry Industry Trust Fund	4 457 020	3 488 357
Other	34 612	44 369
	<hr/>	<hr/>
	68 503 288	56 158 067
	<hr/>	<hr/>

* represents the charge made on producers from 23 March 1981 in respect of all costs incurred by the Board

+ represents the charge made on producers from 28 July 1980 in respect of eggs not packed for sale by producers

Cost of Sales

The cost of sales of the Board for the past two accounting periods consisted of the following items:

	1980-81	1979-80
	\$	\$
Payments to producers	59 768 769	44 391 708
Flock reduction compensation	3 641	230 242
Interstate purchases of eggs	265 862	19 515
Receiving, transportation and quality department costs	164 288	161 204
Grading fees and costs	198 726	3 185 852

	1980-81	1979-80
	\$	\$
Packaging	1 504 126	2 508 147
Egg products manufacturing	1 959 120	1 539 781
Cold storage	131 498	112 611
Export	20 443	12 674
Net stock movements	(26 203)	(92 935)
	<u>63 990 270</u>	<u>52 068 799</u>

Producers became responsible for the payment of grading fees, from 2 June 1980, and for the payment of consignment and other fees, from 23 March 1981, to Board agents operating grading floors. As a result grading fees and costs shown in the Board's accounts declined from \$3 185 852 in 1979-80 to \$198 726 in 1980-81.

The Board also introduced charges on producers in respect of packing materials where the producer has not packed the eggs prior to sale, and for Board costs. These charges operated from 28 July 1980 and 23 March 1981, respectively and are recovered by way of deduction from the amount available for payment to the producer. From 28 July 1980 the Board also ceased to reimburse the agents and producer agents the costs of packing materials.

Each of these changes was a contributing factor to the increase of \$15 377 061 in payments to producers, from \$44 391 708 in 1979-80 to \$59 768 769 in 1980-81.

Summary of Operations

The operations of the Board during the last two accounting periods follows:

	1980-81	1979-80
	\$	\$
Income	68 503 288	56 158 067
Cost of Sales	63 990 270	52 068 799
Gross Operating Surplus	<u>4 513 018</u>	<u>4 089 268</u>
Selling and administrative costs	4 110 073	3 851 836
Net Operating Surplus	402 945	237 432
Extraordinary items	(8 149)	421 049
Net Operating Surplus and extraordinary items	<u>394 796</u>	<u>658 481</u>
Accumulated Surplus brought forward	145 614	187 133
Transfer to Reserve	(300 000)	(700 000)
Accumulated Surplus at close of period	<u>240 410</u>	<u>145 614</u>

Balance Sheet

The following is a statement of the Board's balances. Comparative figures at the end of the preceding period are also given.

	4.7.81	5.7.80
	\$	\$
Board Funds		
Reserve	4 016 622	3 716 622
Accumulated Surplus	240 410	145 614
	<u>4 257 032</u>	<u>3 862 236</u>
Represented by:		
Fixed Assets	6 212 514	6 297 285
Other Non-Current Assets	18 595	20 375
Current Assets	4 402 201	4 162 067
	<u>10 633 310</u>	<u>10 479 727</u>
Less:		
Non-Current Liabilities	2 734 080	2 751 587
Current Liabilities and provisions	3 642 198	3 865 904
	<u>6 376 278</u>	<u>6 617 491</u>
Net Assets	<u>4 257 032</u>	<u>3 862 236</u>

Further details of these balances are given below:

Reserve

	4.7.81	5.7.80
	\$	\$
Opening balance brought forward	3 716 622	3 016 622
Transfers from operations by order of the Governor-in-Council	300 000	700 000
Closing balance	<u>4 016 622</u>	<u>3 716 622</u>

The Governor-in-Council, in accordance with the provisions of sub-section (1) of Section 20 of the Marketing of Primary Products Act 1958, approved the transfer to the reserve of \$300 000.

Fixed Assets (at cost)

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

	4.7.81	5.7.80
	\$	\$
Freehold land	459 020	459 020
Freehold buildings	4 825 896	4 678 684
Provision for depreciation	(322 441)	(117 471)
Plant and equipment	2 123 415	1 949 634
Provision for depreciation	(1 152 044)	(886 689)
Motor vehicles	254 806	209 638
Provision for depreciation	(103 094)	(125 383)
Office machinery and equipment	195 758	181 938
Provision for depreciation	(68 802)	(52 086)
	<u>6 212 514</u>	<u>6 297 285</u>

Included in the provision for depreciation of freehold buildings are charges for electrical and mechanical services and office facilities which have been separately identified as a part of freehold buildings and are now depreciated at the following rates:

	%
Cafeteria equipment	33.3
Carpet	20
Floor coverings and time controls	10
Airconditioning	7.5
Balance of items	5

Non-current Assets

Non-current assets were represented by:

	4.7.81	5.7.80
	\$	\$
Term deposit recoverable over 7 years from the end of the 1980-81 period	*18 595	20 375
	<u> </u>	<u> </u>

* The current portion of this deposit, \$1 780 is included in current assets.

Current Assets

Current assets at the close of the past two periods were:

	4.7.81	5.7.80
	\$	\$
Cash on hand	963	1 183
Cash at banks	10 800	10 900
Term deposits	1 780	1 909
Claims on Poultry Industry Trust Fund	284 009	248 664
Stock on hand*	1 702 134	1 667 217
Trade and other debtors+	2 437 325	2 186 871
Provision for doubtful debts	(165 110)	(30 000)
Australian Egg Board++	125 263	75 323
Prepayments	5 037	..
	<u>4 402 201</u>	<u>4 162 067</u>

* Stock consists of:

Egg and egg products (at net realisable value)	1 302 987	*1 276 784
Packing material	348 809	305 387
Consumable stores	50 338	85 046
	<u>1 702 134</u>	<u>1 667 217</u>

* After deduction of \$100 000

+ Trade and other debtors

Included in trade and other debtors is an amount of \$135 110 in respect of the loss on damaged stock of egg pulp on hand at 5 July 1975 which is subject to further litigation. Provision has been made in the current period.

++ Australian Egg Board

Final distribution of export proceeds is expected to be made within 12 months after the end of the financial year. This indebtedness may be subject to minor adjustment, when the final realisation is received from the Australian Egg Board and such adjustments are included in gross sales in the period in which they are received.

Non-current Liabilities

	4.7.81	5.7.80
	\$	\$
Term loans - fully secured by Victorian government guarantees	2 734 080	2 751 587
	<u>2 734 080</u>	<u>2 751 587</u>

The current portion of these loans \$17 507 is included in current liabilities and provisions.

Current Liabilities and Provisions

Comparative figures at the close of the past two periods were:

	4.7.81	5.7.80
	\$	\$
Reserve Bank of Australia overdraft*	1 650 167	977 813
Term loan	17 507	15 729
Hen levy collections due to the Department of Primary Industry	69 873	76 096
Trade creditors and accruals	1 476 812	1 713 659
Provision for long service, annual and sick leave	427 839	417 330
Hen levy repayable to producers	..	665 277
	<hr/>	<hr/>
	3 642 198	3 865 904
	<hr/>	<hr/>

* The overdraft is secured by Victorian government guarantees to the extent of \$2 400 000.

Poultry Industry Trust Fund

Pursuant to the provisions of the Poultry Levy (Collection Arrangement) Act 1965, the Board is responsible for the collection of a hen levy on behalf of the Commonwealth. The following statement summarises the periods transactions:

	1981	1980
	\$	\$
Due at beginning of year	76 096	55 352
Net cash collections	5 074 372	4 530 315
	<hr/>	<hr/>
	5 150 468	4 585 667
Amount paid to Commonwealth	5 080 595	4 509 571
	<hr/>	<hr/>
Due at end of year	69 873	76 096
	<hr/>	<hr/>

An amount of \$5 050 758 (subject to final adjustment) was made available by the Commonwealth to the State, under the provisions of the Commonwealth's Poultry Industry Assistance Act 1965, for the assistance of the poultry industry in respect of the 1980-81 period.

This amount was applied by the Board as follows:

	\$
Equalisation of export losses	2 954 058
Equalisation of local losses	1 507 955
	<hr/>
	4 462 013
Administration costs	309 924
	<hr/>
	4 771 937
Refunded to producers in 1980-81	278 821
	<hr/>
	5 050 758
	<hr/>

Computer Facilities - Lease Commitments

Lease commitments for computer facilities at 4 July 1981 amount to \$602 154, of which \$161 508 is payable within the next 12 months.

Poultry Farmer Licensing Committees

The Poultry Farmer Licensing and the Poultry Farmer Licensing Review Committees were established under the Egg Industry Stabilization Act 1973. All moneys received by the Licensing Committee in the form of fees on account of applications for licences, transfers etc. amounting to \$5 215 in 1980-81 (\$6 891 in 1979-80) are paid to the Victorian Egg Marketing Board. The remuneration and allowances paid to the members of the two Committees, together with all other administrative costs, totalling \$25 983 in 1980-81 (\$62 913 in 1979-80) were met from the funds of the Board. The net amount is recorded in the Board's accounts under the heading selling and administration costs.

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.

Metropolitan General Fund

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

	1980-81	1979-80
	\$	\$
Rates and Charges		
Water supply	132 291 379	111 451 566
Sewerage	148 432 190	135 816 617
Drainage and rivers	20 204 794	18 620 889
	300 928 363	265 889 072
Farm		
Profit on cattle and sheep trading	1 343 141	2 373 912
Sundry income	3 323	2 993
	1 346 464	2 376 905
Total Revenue	302 274 827	268 265 977
Less		
Working Expenses		
Management	40 740 044	34 177 904
Maintenance	74 115 997	60 706 777
Interest (net)	118 747 145	118 817 953
	233 603 186	213 702 634
	68 671 641	54 563 343

	1980-81 \$	1979-80 \$
Less		
General and Statutory Expenditure		
Contributions to Superannuation Account	6 289 392	5 449 950
Contribution to Provident Fund	2 000 000	..
Loan flotation expenses	2 693 043	2 429 970
Contributions to Insurance Fund	2 292 144	2 000 000
Loans redeemed from Revenue Reserve	8 698 613	8 378 113
Depreciation-furniture and fittings, works temporarily capitalised etc.	1 094 454	1 351 203
Fees for municipal valuations	448 199	441 010
Renewals Fund	6 519 693	5 631 773
Fund for the repayment of loans	4 554 911	4 074 041
Repayments of funds invested in Board's buildings	1 193 750	859 498
	<hr/>	<hr/>
	35 784 199	30 615 558
	<hr/>	<hr/>
Surplus available for Appropriation	32 887 442	23 947 785
	<hr/>	<hr/>
Less		
Appropriations		
General Reserve		
Capital Works financed from revenue	11 900 000	9 400 000
Reserve Fund for future capital works	16 300 000	9 000 000
Additional contribution to Insurance Fund	2 000 000	2 500 000
Fund for replacement of interior fittings-head office building	95 500	96 000
Provision for accrued interest	5 000 000	..
	<hr/>	<hr/>
	35 295 500	20 996 000
	<hr/>	<hr/>
Net (Deficit) Surplus	(2 408 058)	2 951 785
Transferred from rates		
Equalisation Fund Metropolitan General Fund	2 408 058	..
Transferred to rates		
Equalisation Fund Metropolitan General Fund	..	(2 951 785)
	<hr/>	<hr/>

	<hr/>	<hr/>

Interest

Net interest charges amounted to \$118 747 145 being \$70 808 lower than the previous year. The reduction in net interest paid was due to the receipt of an amount of \$14 046 019 from the State government being interest on the amount due to the Board in respect of expenditure on the Thompson/Cardinia Water Supply Schemes. The percentage of rates and charges absorbed by interest was 39.46 compared with 44.69 in 1979-80.

A statement detailing interest transactions during the past two years is set out hereunder:

	1980-81	1979-80
	\$	\$
Interest paid		
Loans	146 983 768	126 811 262
Superannuation Account	6 653 127	4 518 960
Renewals Fund	1 112 670	920 767
Fund for the Repayment of Loans	3 287 108	2 946 272
Land purchases	32 425	60 371
Insurance Fund	2 333 490	1 215 112
	<u>160 402 588</u>	<u>136 472 744</u>
Less interest received		
Investments	27 148 698	17 245 056
Property sales	32 848	20 292
Water Supply Thompson/Cardinia Schemes	14 046 019	..
Sewerage		
House connection advances	426 450	389 326
Section 142A repayments	1 428	117
	<u>41 655 443</u>	<u>17 654 791</u>
Net interest paid	<u>118 747 145</u>	<u>118 817 953</u>

Farm Operations

The decrease in profit on farm operations of \$1 030 771 resulted mainly from:

- (a) the effect of the revaluation of cattle at 30 June 1980;
- (b) a decrease in the average selling price of cattle during the year; and
- (c) an increase in direct operating costs.

Metropolitan Improvement Fund

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

	1980-81	1979-80
	\$	\$
Revenue		
Metropolitan improvement rate	15 248 348	15 071 769
Profit on land sales	1 409 374	1 351 674
Property and sundry income	1 946 891	1 058 587
Interest on investments	2 261 845	1 964 983
	<u>20 866 458</u>	<u>19 447 013</u>

	1980-81	1979-80
	\$	\$
Less Working Expenses		
Management	7 531 532	6 452 821
Maintenance	1 579 619	1 027 107
Interest	51 200	51 200
Less General and Statutory Expenditure		
Contribution to Superannuation Account	439 165	394 375
Fees for valuations	29 574	35 567
Contribution to Melbourne Underground Rail Loop Authority	5 224 540	3 900 000
Repayment of funds invested in Board buildings	56 250	40 502
Contribution to Insurance Fund	108 007	..
	<u>15 019 887</u>	<u>11 901 572</u>
	5 846 571	7 545 441
Less Capital Expenditure		
Planning		
Reserved land and acquisitions	1 871 527	2 415 085
Metropolitan Parks		
Land acquisitions	2 663 480	6 676 396
Construction works	1 869 181	1 847 011
	<u>6 404 188</u>	<u>10 938 492</u>
Less amount reimbursed to the Board for sales of land	2 071 002	2 565 174
	<u>4 333 186</u>	<u>8 373 318</u>
Net Surplus (Deficit) transferred to (from) Rates Equalisation Fund-Metropolitan Improvement Fund	1 513 385	(827 877)

Assets, Liabilities and Funds

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

	30.6.81	30.6.80
	\$	\$
LOAN LIABILITY		
State	192 909 224	193 879 633
Commonwealth	64 105 418	64 346 898
Other	1 369 823 702	1 262 621 559
	<u>1 626 838 344</u>	<u>1 520 848 090</u>
DEFERRED LIABILITIES		
Superannuation Account	..	47 941 642
Provision for long service leave	15 547 218	11 571 596
Advances for capital works	5 673 242	4 797 156
	<u>21 220 460</u>	<u>64 310 394</u>

	30.6.81	30.6.80
	\$	\$
RESERVES AND FUNDS		
Metropolitan General Fund		
Contribution to works	178 246 344	155 389 095
General Reserve	107 364 661	83 913 695
Fund for the Repayment of Loans	74 157 832	72 931 458
Rates Equalisation Fund	5 532 917	7 940 975
Metropolitan Improvement Fund		
General Reserve	87 449 325	83 116 139
Rates Equalisation Fund	11 841 251	10 327 866
Contribution to works	2 498 376	2 498 376
Fund for the Repayment of Loans	800 000	800 000
Loans Redeemed from Revenue Reserve	73 575 125	64 876 522
Replacement Fund-interior fittings, head office building	780 211	671 370
Special Reserve-head office building	5 607 904	5 607 904
Insurance Fund	25 713 664	18 230 409
Sewerage Disposal Contributions Reserve	28 884 766	25 082 041
Water Supply Contributions Reserve	18 037 494	15 690 730
Main Drainage Contributions Reserve	5 950 674	5 388 905
Loans Redeemed from Fund for Repayment of Loans Reserve	25 078 938	18 140 058
Reserve Fund for future Capital Works	16 300 000	9 000 000
Reserve-Water Supply Schemes payable by State	126 138 468	111 461 000
	<u>793 957 950</u>	<u>691 066 543</u>
	<u>2 442 016 754</u>	<u>2 276 225 027</u>
FIXED ASSETS (at cost)		
Water supply works	913 234 006	817 789 011
Sewerage works	983 953 113	903 000 764
Main drainage and river improvement works	114 152 981	102 348 684
Metropolitan parks	42 808 162	38 362 336
Buildings, water meters and other items	88 397 547	83 990 929
	<u>*2 142 545 809</u>	<u>1 945 491 724</u>
Less Renewals Fund	46 569 349	39 444 133
	<u>2 095 976 460</u>	<u>1 906 047 591</u>

* Includes works in progress \$597 636 931 (\$565 178 621, 30 June 1980)

	30.6.81	30.6.80
	\$	\$
Plant and tools (less depreciation)	16 957 351	14 465 509
Motor vehicles (less depreciation)	11 925 814	10 890 382
Furniture and fittings (less depreciation)	1 639 020	1 705 837
	<u>2 126 498 645</u>	<u>1 933 109 319</u>
RESERVED LAND—METROPOLITAN IMPROVEMENT FUND		
Acquired land (at cost)	35 321 951	34 839 860
Compensation for loss	2 655 737	2 513 201
	<u>37 977 688</u>	<u>37 353 061</u>
DEFERRED ASSET		
Contribution due by State for works not for the benefit of the Metropolitan Area	126 138 468	111 461 000
	<u>126 138 468</u>	<u>111 461 000</u>
INVESTMENTS (at cost) (face value \$170 361 611)		
Australian government inscribed stock	2 491 000	2 491 000
Securities—public authorities	29 766 357	42 015 970
Short-term securities	131 950 555	140 614 845
	<u>164 207 912</u>	<u>185 121 815</u>
CURRENT ASSETS		
Cash at bank		
Metropolitan Improvement Fund	61 921	..
Special accounts	371 479	301 236
Cash on hand	802 002	693 986
Advances to contractors etc.	1 220 529	1 177 919
Arrears of rates and charges	13 576 829	11 430 886
Debtors		
Land sales	7 316 480	7 699 145
Accrued interest	7 585 847	4 684 235
Advances—house connections	6 121 152	5 500 638
Sundry	4 187 985	2 452 201
	<u>41 244 224</u>	<u>33 940 246</u>
Less Provision for doubtful debts	61 903	61 903
	<u>41 182 321</u>	<u>33 878 343</u>
Stores and materials on hand (at cost)	13 412 900	11 602 187
Livestock on hand (at cost)	2 025 470	2 045 828
	<u>56 620 691</u>	<u>47 526 358</u>
	<u>2 511 443 404</u>	<u>2 314 571 553</u>

	30.6.81	30.6.80
	\$	\$
Less		
CURRENT LIABILITIES		
Metropolitan General Fund-bank overdraft	3 779 904	2 673 870
Metropolitan Improvement Fund-bank overdraft	..	90 920
Sundry creditors advances to the Board	46 004 177	28 187 742
Loan Interest		
Matured debentures, inscribed stock	18 594 692	14 865 804
Provision for accrued interest	5 000 000	..
	<u>73 378 773</u>	<u>45 818 336</u>
	<u>2 438 064 631</u>	<u>2 268 753 217</u>
Plus		
DEFERRED CHARGES		
Expenditure on remedial works-Head Office building	8 518 952	5 886 097
Distributable Expense Variance Account	(4 566 829)	1 585 713
	<u>3 952 123</u>	<u>7 471 810</u>
	<u>2 442 016 754</u>	<u>2 276 225 027</u>

Changes in Accounting Treatment

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

- (a) Interest payable on dates subsequent to 1 July 1981 totalling \$24 789 151 has not been accrued as at 30 June 1981, but as part of a plan to move to full accrual accounting, an amount of \$5 000 000 has been appropriated in this year's accounts to a provision for accrued interest. As was the case in previous years interest payable on 1 July 1981 amounting to \$18 278 002 was accrued as at 30 June 1981.
- (b) Full accruals have been made in respect of salaries, wages, motor vehicle and movable plant costs.
- (c) The Superannuation Account and related assets were transferred to the control of five trustees on and from the 24 June 1981. The accounts no longer form part of the books and accounts of the Board.
- (d) Advances for capital works, which are included in deferred liabilities this year, are amounts which are repayable by the Board after defined periods have elapsed and/or specified development conditions met. These were formerly included as current liabilities.

Investments

The Board's investments amounting to \$164 207 912, comprising long-term Investments of \$31 403 357 and short-term \$132 804 555, are held as follows:

	1980-81	1979-80
	\$	\$
Funds for the repayment of loans	74 957 832	73 731 458
Superannuation Account	..	21 970 797
Insurance Fund	25 713 664	18 230 409
Rates Equalisation Funds	17 374 168	18 268 841
Provision for long service leave	15 547 218	11 571 596
Reserve Fund for future capital works	16 300 000	9 000 000
Fund for replacement of interior fittings-head office building	780 000	671 370
Loan moneys received as part of future Loan allocation	4 610 170	20 489 790
Balance representing working capital	8 924 860	11 187 554
	<hr/>	<hr/>
	164 207 912	185 121 815
	<hr/>	<hr/>

These funds were invested in the following securities:

	1980-81	1979-80
	\$	\$
Commonwealth government	2 491 000	2 491 000
Victorian local and semi-government authorities	*29 766 357	41 995 970
Bank term deposits	63 825 035	1 160 338
Bank accepted bills, promissory notes and convertible certificates of deposit	63 539 520	129 746 507
Official short-term money market	4 586 000	9 728 000
	<hr/>	<hr/>
	164 207 912	185 121 815
	<hr/>	<hr/>

* Includes \$854 000 maturing during 1981-82

Loans 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 1981 the Board's total liability in respect of such loans stood at \$1 369 023 702. 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 \$257 014 642 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 \$64 105 418, in respect of loans made by the Commonwealth under its Urban and Regional Development (Financial Assistance) Act 1974 and 1975, to assist the State to overcome a backlog of sewerage works.

Fixed Assets

Fixed assets of the Board increased by \$200 514 542 during the year. The major items were as follows:

	\$
WATER	
Thompson River development	35 386 000
Lower Yarra development including Winneke reservoir	32 173 000
Water reticulation	12 179 000
Cement lining	5 026 000
Distribution works	3 624 000
SEWERAGE	
Sewerage reticulation	52 480 000
Main sewers	9 647 000
Relieving and intercepting sewers	6 455 000
Dandenong Valley trunk sewer	4 534 000
South Eastern purification plant amplification	2 382 000
Werribee farm works	1 856 000
DRAINAGE	
Drainage works	11 805 000
OTHER	
Plant purchases	6 491 000
Depots and complexes	2 091 000
Motor vehicle purchases	2 015 000

Deferred Asset - 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 1981	88 638 000
Assumed interest to 30 June 1981 on borrowing to finance Capital Expenditure	37 056 000
Loan raising costs	428 000
Interest on loan raising costs	176 000
	<hr/>
	126 298 000
	<hr/>

The amount of \$126 298 000 is to be reimbursed to the Board by half-yearly instalments covering interest and principal over 40 years. This arrangement is subject to review every three years.

During the year, principal instalments of \$159 532 and interest of \$14 046 019 were brought to account by the Board. The balance outstanding at 30 June 1981 amounted to \$126 138 468.

Deferred Charges

Net deferred charges at 30 June 1981 amounted to \$3 952 123 and were represented by:

- (a) the temporarily capitalised amount of \$8 518 952, 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) a credit balance of \$4 566 829 in the Distributable Expense Variance Account due to the overrecovery of overhead accounts.

Funds and Reserves

The sum of the Board's funds and reserves at 30 June 1981 was \$861 747 759. Of this sum \$164 207 912 was invested, \$571 401 379 was utilised in the Board's undertakings and the balance of \$126 138 468 is represented by an amount due from the State.

Details of a number of these funds and reserves are as follows:

- (a) General Reserve - Metropolitan General Fund

The increase of \$23 450 966 in the General Reserve-Metropolitan General Fund was accounted for as follows:

Capital works financed from revenue (appropriation)	\$ 20 900 000
Repayment of superannuation funds invested in Board's building (appropriation)	1 250 000
Profit on sale of properties	797 755
Profit on sale of miscellaneous assets	323 626
National Debt Sinking Fund-Commonwealth contribution	14 125
Miscellaneous	165 460
	<hr/>
	23 450 966
	<hr/>

- (b) 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 \$2 000 000 and \$1 651 210 in 1979-80 to \$2 400 151 and \$1 683 050 respectively in 1980-81.

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:

	1980-81	1979-80
	\$	\$
Balance 1 July	18 230 409	11 639 004
RECEIPTS		
Annual contribution	2 400 151	2 000 000
Equivalent of premium	1 683 050	1 651 210
Additional contribution	2 000 000	2 500 000
Excess of legal liability-workers compensation	28 565	25 000
Interest on investment	2 333 490	1 215 112
	<hr/>	<hr/>
	26 675 665	19 030 326
PAYMENTS		
Premiums	109 510	62 671
Claims (net)	852 491	737 246
	<hr/>	<hr/>
	962 001	799 917
	<hr/>	<hr/>
Balance 30 June	25 713 664	18 230 409
	<hr/>	<hr/>

(c) Reserve - Water Supply Schemes payable by State

This reserve was created by the Board to recognise the contribution by the State to capital works carried out by the Board which are attributable to non-metropolitan water consumers.

(d) Reserve for Future Capital Works

An amount of \$16 300 000, which had not been provided for in the 1980-81 estimates of the Board, was appropriated to the Reserve for Future Capital Works.

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

(e) Other Reserves and Funds

The main credits during the year to other funds and the balances of those funds at 30 June 1981 are shown hereunder:

	Contributions from Revenue	Interest Credited	Total Revenue Additions	Credit Balance at 30 June 1981
	\$	\$	\$	\$
Fund for the repayment of loans*	4 554 911	3 287 108	8 165 254	74 157 832
Loans redeemed from Revenue Reserve	8 698 613	..	8 698 613	73 575 125
Renewals Fund	6 519 693	1 112 670	7 632 363	46 569 349
Superannuation Account+	6 728 557	6 653 127	13 381 684	..

* Inscribed stock to the value of \$6 938 880 was redeemed from the fund for the repayment of loans during 1980-81. A sum of \$323 235 being the surplus on redemption of stock was credited to the account.

+ Superannuation Account transferred from the books and accounts of the Board from and on 24 June 1981.

Deferred Liabilities - Long Service Leave Provision

The Board has fully provided for its liability in respect of long service leave at 30 June 1981. The amount provided for 1980-81 was \$3 975 622 compared with \$2 941 097 for 1979-80.

Other Matters

Superannuation

In pursuance of Section 42 of the Melbourne and Metropolitan Board of Works Act 1958, Statutory Rule No. 270 of 19 June 1981 constituted a new superannuation scheme which came into operation on 24 June 1981 and which replaced the previous schemes conducted by the Board.

Prior to the introduction of the new regulations, the books and accounts of the "prior schemes" formed part of the books and accounts of the Board and were subject to audit by the Auditor-General. The books and accounts of the "new scheme" are separate from the books and accounts of the Board and the Superannuation Account which recorded the transactions of the "prior schemes" were transferred from the books and accounts of the Board from and on 24 June 1981.

The "new scheme" which is controlled by 5 trustees consisting of the chairman of the Board, a Board representative, the secretary of the Board and two elected contributor representatives are required to keep proper books of record and accounts and to arrange for the audit of such accounts.

Without prior consultation, the trustees have appointed a firm of chartered accountants to carry out the audit of the account. In forwarding the report on the annual audit of the Board's accounts, I have drawn the attention of the Treasurer to the removal of my audit function by means of sub-ordinate legislation.

I have included the following summary of the Superannuation Account for 1980-81 with comparative figures for 1979-80:

	1980-81	1979-80
	\$	\$
Balance 1 July	47 941 642	38 729 030
RECEIPTS		
Contributions		
Board	6 728 557	5 844 325
Employees	2 485 443	2 158 318
Interest	6 653 127	4 518 960
	<hr/>	<hr/>
	63 808 769	51 250 633
PAYMENTS		
Pensions	157 564	229 804
Lump sum	2 477 535	2 407 003
Death-invalidity benefits	525 408	385 522
Refunds-resigned contributors	313 319	286 662
	<hr/>	<hr/>
	3 473 826	3 308 991
	<hr/>	<hr/>
Transferred to M.M.B.W. Superannuation Scheme	60 334 943	..
Balance 30 June	..	47 941 642
	<hr/>	<hr/>

Provident Fund

The Fund was established pursuant to Section 42 of the Melbourne and Metropolitan Board of Works Act 1958. The fund which came into operation on 1 January 1981, is designed to enable employees who are not contributors to the Board's superannuation scheme to obtain certain retirement benefits. Contributions from members did not commence until April 1981.

The fund is separate from the books and accounts of the Board and is managed by trustees, consisting of a chairman, two persons to represent the Board and two contributor representatives. The books and accounts of the trustees are not subject to audit by the Auditor-General.

The Board has made a contribution of \$2 000 000 to the Fund in 1980-81. This amount, as agreed to by the Board and the Trustees, was provided for in the 1980-81 estimates of the Board.

The actuary to the fund has been requested to report on the state of the fund. At the date of this report the matter has not been finalised.

Internal Audit

A review of the Board's internal audit function was carried out during the year. During the review, the work carried out by the audit services division, the accounting examiners and the field examiners was evaluated.

The report on the review was made available to the Board in November 1980 and it detailed the areas where it was considered that the effectiveness of the internal audit function could be improved.

Subsequently, the Board reviewed the role of the accounting examiners and made certain changes to their role and function.

It is proposed that a further review of the situation will be made by my officers during the current year.

MELBOURNE AND METROPOLITAN

TRAMWAYS BOARD

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

The Act empowers the Board to borrow up to a limit at any one time of \$100 million. At 30 June 1981, liability amounted to \$87 114 258 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 way of bank overdraft but the moneys borrowed may not at any time exceed such amount as is fixed by the Treasurer of Victoria. The Treasurer has fixed the overdraft limit at \$4 000 000.

Income and Expenditure

The Board's income and expenditure for the past two years appear hereunder:

	1980-81 \$	1979-80 \$
INCOME		
Traffic		
Tram*	39 336 953	32 840 440
Bus*	8 855 181	7 053 408
Drivers' Licence Suspense Account	2 000 000	1 900 000
Miscellaneous		
Operating	670 759	650 704
Non-operating	705 307	591 302
	<hr/>	<hr/>
	51 568 200	43 035 854
EXPENDITURE		
Traffic operation costs		
Tram	31 032 009	28 684 045
Bus	8 914 028	8 169 459
Maintenance		
Tramcars	9 147 855	8 181 409
Buses	3 575 475	3 477 329
Permanent way	2 237 073	2 082 593
Electrical equipment	2 052 479	1 835 014
Buildings and grounds	1 222 394	1 094 210
Interest on capital debt	7 736 149	5 985 603
General administration and supply department costs	5 311 853	5 083 810

* Passenger fares increased from 23 August 1980

	1980-81	1979-80
	\$	\$
Payroll tax	2 994 500	2 493 830
Workers compensation	4 596 825	559 828
Depreciation and amortisation provisions	2 943 600	2 473 858
Charges for		
Public liability claims	2 161 155	2 020 611
Retiring gratuities	2 354 908	1 976 094
Long service leave and accrued sick leave	1 714 567	1 206 753
Traction energy	2 022 788	1 708 249
Fuel oil (Buses)	1 724 546	1 243 226
Leasing of rolling stock	1 616 666	723 998
Non-operating expenses	278 694	285 321
	<hr/>	<hr/>
Total Expenditure	93 637 564	79 285 240
	<hr/>	<hr/>
Deficit for year	42 069 364	36 249 386
	<hr/>	<hr/>

Balance Sheet

The balance sheet at 30 June 1981 together with comparative figures at 30 June 1980 is as follows:

	30.6.81	30.6.80
	\$	\$
CURRENT ASSETS		
Cash at bank and on hand	472 895	..
Sundry debtors	1 019 893	848 134
Stores on hand and work in progress	5 203 089	8 536 638
	<hr/>	<hr/>
	6 695 877	9 384 772
	<hr/>	<hr/>
INVESTMENTS (at cost)		
Inscribed Stock-Sinking Fund	2 672 446	2 605 734
Deposits on call	2 700 000	2 000 000
General investments	23 554	40 266
	<hr/>	<hr/>
	5 396 000	4 646 000
	<hr/>	<hr/>
FIXED ASSETS (at cost)		
Permanent way, overhead construction, transmission lines	31 085 683	29 698 593
Rolling stock	67 812 184	52 551 620
Land and buildings	7 779 893	7 294 280
Plant furniture and fittings etc.	7 109 759	6 386 553
	<hr/>	<hr/>
	113 787 519	95 931 046
	<hr/>	<hr/>
Less Provision for depreciation	29 959 498	28 175 795
	<hr/>	<hr/>
	83 828 021	67 755 251
	<hr/>	<hr/>

	30.6.81	30.6.80
	\$	\$
INTANGIBLE ASSETS		
Sundry construction charges	1 006 966	1 006 966
Contributions to roads and bridges	1 382 875	825 463
Alterations to mains and sewers	338 223	338 223
Expenditure on proposed tramways	63 800	63 800
	<u>2 791 864</u>	<u>2 234 452</u>
Less provision for amortisation	1 867 162	1 823 750
	<u>924 702</u>	<u>410 702</u>
Total Assets	<u>96 844 600</u>	<u>82 196 725</u>
CAPITAL DEBT		
Loans		
Inscribed stock	87 114 258	73 114 407
	<u>87 114 258</u>	<u>73 114 407</u>
GRANTS AND CONTRIBUTIONS		
Commonwealth:		
Tram lines	157 573	157 573
Trams	16 740 264	12 840 264
Buses	1 140 026	750 026
Net Contributions towards major tramways works constructed at the request of other organisations	6 945 905	5 167 732
	<u>24 983 768</u>	<u>18 915 595</u>
	112 098 026	92 030 002
Less		
ACCUMULATED DEFICIT		
1 July	21 914 869	18 665 483
Deficit for year	42 069 364	36 249 386
	<u>63 984 233</u>	<u>54 914 869</u>
Less payment received from State Treasury	37 500 000	33 000 000
	<u>26 484 233</u>	<u>21 914 869</u>
	85 613 793	70 115 133

	30.6.81	30.6.80
	\$	\$
CURRENT LIABILITIES		
Bank overdraft (net)	..	1 298 209
Accounts payable	937 672	908 603
Contractors deposits	14 598	1 022 441
Payroll accrued	580 965	1 013 422
Payroll tax	25 554	437 030
Miscellaneous creditors	555 233	388 505
	<hr/>	<hr/>
	2 114 022	5 068 210
OTHER LIABILITIES		
Public liability claims		
Trams	2 564 587	2 101 205
Bus	560 019	485 958
Workers compensation	1 600 000	1 650 000
Interest on loans	2 014 758	1 325 055
Annual leave	996 895	976 790
Provision for retirement benefits	500 000	..
Other	880 526	474 374
	<hr/>	<hr/>
	9 116 785	7 013 382
	<hr/>	<hr/>
Total Liabilities	96 844 600	82 196 725

Drivers Licence Suspense Account

The revenue credit of \$2 000 000 from the Drivers' Licence Suspense Account is the amount which was determined by the Treasurer as being payable in 1980-81 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.

Workers Compensation

The major factor contributing to the increase in workers compensation for 1980-81 as against the previous year was a premium adjustment in respect of 1979-80 paid claims. In addition, an amount of \$1 600 000 has been charged to the year's operations on account of claims not finally determined at 30 June 1981.

Other Liabilities

No specific provision has been made in the Board's accounts for accrued sick leave, long service leave or retiring gratuities in respect of current employees. However a sum of \$500 000 has been charged to the cost of operations as a preliminary provision towards improved retirement benefits for employees.

The Board's financial accounts do not include a sinking fund reserve. However, the Board regards its sinking fund commitments as forming part of the provisions for depreciation and amortisation. Supplementary records are kept to substantiate the sinking fund component of such provisions. Details are:

	30.6.81	30.6.80
	\$	\$
Depreciation and amortisation	29 154 214	27 393 811
Sinking fund*	2 672 446	2 605 734
	<hr/>	<hr/>
Total provisions	31 826 660	29 999 545
	<hr/>	<hr/>

* Invested in inscribed stock

Lease of Buses

Current leasing arrangements of the Board in respect of 180 passenger buses are as follows:

- 50 Volvo buses - from October 1978 to October 1988.
- 130 M.A.N. buses - from April 1981 to April 1991.

Leasing commitments for 1980-81 amounted to \$1 616 666 and have been charged to the cost of operations for the year.

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 \$475 million. At 30 June 1981, liability amounted to \$353 762 944 in respect of authorised borrowings secured by inscribed stock guaranteed by the State and advances from Works and Services Account.

The Act also 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 legislation also authorises the Authority to borrow, with the approval of the Treasurer, sums not exceeding \$100 million for the development of its land. The sum borrowed for these purposes amounted to \$6 677 500.

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. At 30 June 1981 the amount of temporary borrowings outstanding was \$6 900 000.

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 1970, 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 1980-81, that contributions to the net loan redemption payments totalling \$35 193 151 were payable to the Authority as follows:

	\$
From Victorian Railways Board	1 949 673
City of Melbourne	3 483 000
Melbourne and Metropolitan Board of Works	5 224 500
Consolidated Fund	24 172 827
	<hr/>
	34 830 000
From Consolidated Fund—land acquisitions under Section 30A	363 151
	<hr/>
Treasurer's determination	35 193 151
	<hr/>
Less contributions received	35 044 151
	<hr/>
Contribution not paid - City of Melbourne	149 000
	<hr/>

At the date of preparation of this report the amount of \$149 000 was still unpaid.

Transfer to Victorian Railways Board

By Orders in Council dated 11 November 1980, the Authority passed all legal responsibility for the control and operation of the first stage of the Melbourne Underground Rail Loop to the Victorian Railways Board pursuant to the provisions of Section 41(1) of the Act. The first stage of the Melbourne Underground Rail Loop incorporates Museum Station and the two loops serving the Caulfield-Sandringham and the Burnley groups of lines. The value of the assets handed over to the Victorian Railways Board, as certified by the Authority's principal consultants, was \$122 922 000. This value includes construction insurance costs but does not include administration and consultancy costs.

Qualification of Authority's Financial Accounts

In respect of the year 1980-81, I found it necessary to record the following qualification on the statement of financial position of the Melbourne Underground Rail Loop Authority.

"As stated in note 2 to the accounts, the Loop Development Account includes an amount of \$122 922 000 being the cost (as certified by the Authority's Principal Consultants) of that part of the loop which has been transferred to and is now vested in the Victorian Railways Board pursuant to Section 41(1) of the Melbourne Underground Rail Loop Act 1970.

As a result of the above mentioned transfer, in my opinion, the fixed asset item, Loop Development Account, in the statement of financial position, is overstated by an amount of \$122 922 000."

Statement of Financial Position

The financial position of the Authority at 30 June 1981 and 1980 is set out hereunder:

	30.6.81	30.6.80
	\$	\$
FIXED ASSETS (at cost)+		
Loop Development		
Transferred to Victorian Railways Board	*122 922 000	..
Balance of Account	226 250 741	295 062 564
	<u>**349 172 741</u>	<u>295 062 564</u>
Plant	138 108	138 108
Office furniture, fittings and equipment	97 011	90 871
Motor vehicle	6 969	6 969
Land acquisitions and expenses Section 30A	6 677 500	6 556 564
Other	14 422 028	14 411 438
	<u>370 514 357</u>	<u>316 266 514</u>
INVESTMENTS		
Inscribed stock, fixed deposits and bonds		
Sinking fund	3 974 489	2 553 157
Staff retirement fund	12 391	14 531
	<u>3 986 880</u>	<u>2 567 688</u>
CURRENT ASSETS		
Investments-short-term	412 000	5 172 500
Accrued interest receivable	70 737	131 847
Prepayments	200 175	198 992
Arrears of contributions	149 000	..
	<u>831 912</u>	<u>5 503 339</u>
OTHER ASSETS		
Recoverable charges - net interest payable	7 427 432	5 978 206
	<u>382 760 581</u>	<u>330 315 747</u>
Less		
CURRENT LIABILITIES		
Bank overdraft - net	1 226 562	1 225 388
Short-term advances	6 900 000	13 000 000
Inscribed stock applications	..	572 600
Sundry creditors	2 061 223	4 156 077
Accrued interest payable	8 205 420	6 026 098
Contractors' deposits	23 000	25 000
	<u>18 416 205</u>	<u>25 005 163</u>
RESERVE		
Staff retirement fund	12 391	14 531
	<u>18 428 596</u>	<u>25 019 694</u>
Net Assets	<u>364 331 985</u>	<u>305 296 053</u>

* Value of assets transferred to and vested in the Victorian Railways Board

**Includes \$2.51 million advance payments to contractors

+ No provision is made for depreciation

The net assets and expenses of the Authority to 30 June 1981 and 1980 have been financed as shown hereunder:

	1980-81	1979-80
	\$	\$
Contributions		
To Loan redemption payments		
Victorian Railways Board	15 270 991	13 321 318
City of Melbourne	13 003 123	9 520 123
Melbourne and Metropolitan Board of Works	18 264 124	13 039 624
Consolidated Fund	74 093 178	49 557 200
	<hr/>	<hr/>
	120 631 416	85 438 265
Less applied to net interest paid	110 768 822	77 684 761
Contributions applied for capital, sinking fund and loan reduction purposes	9 862 594	7 753 504
Earnings on sinking fund investments	706 447	404 413
Loans		
Secured by inscribed stock	351 816 150	295 181 620
Works and Services Account	1 946 794	1 956 516
	<hr/>	<hr/>
	364 331 985	305 296 053
	<hr/>	<hr/>

Statement of Financial Transactions

A statement of the financial transactions of the Authority for the two years ended 30 June 1981 and 1980 is given:

	1980-81	1979-80
	\$	\$
FUNDS AVAILABLE TO THE AUTHORITY		
CONTRIBUTIONS		
Victorian Railways Board	1 949 673	2 054 188
City of Melbourne	3 483 000	2 600 000
Melbourne and Metropolitan Board of Works	5 224 500	3 900 000
Consolidated Fund	24 535 978	18 547 992
	<hr/>	<hr/>
	35 193 151	27 102 180
OTHER		
Borrowings-inscribed stock	75 922 163	62 530 170
Increase in current liabilities	..	1 141 609
Earnings on sinking fund and staff retirement investments	299 894	167 299
Reduction in advances to contractors	468 101	374 407
Decrease in current assets	4 761 427	652 483
	<hr/>	<hr/>
	116 554 736	91 968 148
	<hr/>	<hr/>
FUNDS APPLIED BY THE AUTHORITY		
CAPITAL EXPENDITURE		
Works	43 944 408	48 492 156
Consultancy	6 407 713	8 147 778
Insurance	2 570 122	1 805 980
Land acquisition and expenses	131 526	..
Sundry	33 113	32 935
	<hr/>	<hr/>
	53 086 882	58 478 849
ADMINISTRATIVE EXPENSES	753 795	848 698
PUBLIC LOAN EXPENSES	875 267	961 344

	1980-81 \$	1979-80 \$
LOANS		
Interest (net)	34 533 287	26 724 682
Repayments-inscribed stock and Works and Services Account	19 297 355	3 965 676
	<hr/> 53 830 642	<hr/> 30 690 358
Increase in investments and interest (including contribution to sinking fund)	1 419 192	988 899
Decrease in current liabilities	6 588 958	..
	<hr/> 116 554 736	<hr/> 91 968 148

Capital Expenditure

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

	1980-81 \$	1979-80 \$
Works		
Signalling, box tunnels, ramps, trackwork, sleepers, rails, substation, etc.	19 431 226	19 028 250
Parliament Station	7 421 558	4 100 479
Escalators	5 412 152	2 068 320
Museum Station	4 686 131	8 551 173
Passenger information display system	2 630 349	1 511 757
Flagstaff Station	2 227 758	1 119 491
Tunnels-Flagstaff to West Melbourne	1 597 401	536 874
Tunnels-Museum to Flagstaff	326 431	1 959 173
Tunnels-electrical, ventilation, accoustics, security, etc.	211 402	9 616 639
Consultancy		
Principal consultants	4 769 135	5 986 000
Victorian Railways Board	1 407 473	1 835 559
Railway Construction and Property Board	128 847	207 633
Other associated expenses	102 258	118 586
	<hr/> 50 352 121	<hr/> 56 639 934
Insurance	2 570 122	1 805 980
Land acquisition expenses	131 526	..
Sundry	33 113	32 935
	<hr/> 53 086 882	<hr/> 58 478 849

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 at Footscray.

Income and Expenditure

Details of income and expenditure for 1980-81 and 1979-80 are summarised hereunder:

	1980-81	1979-80
	\$	\$
INCOME		
Rents	2 477 782	2 085 392
Government grant	344 429	377 568
Interest on investments	212 144	72 998
Other	7 066	5 136
	3 041 421	2 541 094
EXPENDITURE		
Salaries and associated costs	886 740	808 249
Interest		
Melbourne City Council		
Loans	629 105	639 053
Accumulated losses	44 153	94 783
Capitalised costs	15 602	21 304
Other loans	234 905	79 571
Depreciation	114 053	84 492
Operating and maintenance	418 496	333 077
Administration expenses	181 939	158 604
	2 524 993	2 219 133
Operating Surplus	516 428	321 961
Appropriated to:		
Loan Redemption Reserve	516 428	321 961
	516 428	321 961

Balance Sheet

The following is an abridged statement of the Trust's balance sheets at 30 June 1981 and 1980:

	30.6.81	30.6.80
	\$	\$
CAPITAL FUNDS		
Government grant	1 037 584	644 691
Loan Redemption Reserve	937 329	420 901
	<u>1 974 913</u>	<u>1 065 592</u>
Represented by:		
FIXED ASSETS (at cost)		
Buildings	8 101 602	8 072 452
Provision for depreciation	(273 034)	(164 518)
Land	1 995 229	1 995 229
Rail transit facility	609 659	10 250
Motor vehicles and equipment	111 567	49 136
Provision for depreciation	(10 134)	(4 851)
	<u>10 534 889</u>	<u>9 957 698</u>
CURRENT ASSETS		
Cash at bank	103 689	..
Debtors	233 119	176 483
Prepayments	27 084	17 620
Stock of publications	18 113	22 126
	<u>382 005</u>	<u>216 229</u>
INVESTMENTS	<u>*1 938 149</u>	<u>1 141 361</u>
NON-CURRENT ASSETS		
Melbourne City Council		
Deferred-long service leave and retiring allowances	45 164	45 164
Sinking Fund	275 815	183 876
	<u>320 979</u>	<u>229 040</u>
Total Assets	<u>13 176 022</u>	<u>11 544 328</u>
Less		
CURRENT LIABILITIES		
Creditors and accrued expenses	498 934	236 652
Bank overdraft	..	21 954
Due to Melbourne City Council		
Loans	119 365	104 249
Accumulated losses	90 937	500 000
Capitalised costs	96 245	90 456
Other loans	32 586	19 162
	<u>838 067</u>	<u>972 473</u>

* Consisting of bank term deposit \$196 560 and bank accepted bills (at cost) \$1 741 589

	30.6.81	30.6.80
	\$	\$
PROVISIONS		
Long service, annual leave and retiring allowance	172 516	172 263
	<hr/>	<hr/>
NON-CURRENT LIABILITIES		
Due to Melbourne City Council		
Loans	7 637 790	7 756 298
Accumulated losses	..	90 937
Capitalised costs	124 923	221 168
Other loans	2 427 813	1 265 597
	<hr/>	<hr/>
	10 190 526	9 334 000
	<hr/>	<hr/>
Total Liabilities	11 201 109	10 478 736
	<hr/>	<hr/>
	1 974 913	1 065 592
	<hr/>	<hr/>

Loan Liability

Appropriations in respect of the contribution towards the principal portion of the loan incurred in the construction and operation of the market up to 1 April 1978 are credited to the Loan Redemption Reserve.

Deferred Asset

The amount of \$45 164 shown in the balance sheet represents the Melbourne City Council's liability to the Trust in respect of former officers and employees of the Council who elected to transfer to the Trust on 1 April 1978. The payment is not required until the legal entitlement arises.

Sinking Fund

The Trust is required to contribute to the Sinking Fund of the Melbourne City Council. The amount shown in the balance sheet \$275 815, represents the contributions made by the Trust at 30 June 1981.

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 at 30 June 1979 was completed in July 1981, and disclosed a deficit of approximately \$200 million. The actuary recommended that the prescribed contributions by the Metropolitan Fire Brigades Board and the employees remain unchanged at this stage.

Income and Expenditure

The following statement summarises the income and expenditure of the fund for the past two years:

	1980-81	1979-80
	\$	\$
INCOME		
Board Scheme Contributions		
Contributors	2 310 499	2 016 844
Fire Board	3 931 969	3 420 236
Superannuation Board	8 206	5 142
	<hr/>	<hr/>
	6 250 674	5 442 222
Insurance Scheme Contributions		
Members	25 420	23 674
Fire Board	38 130	35 511
	<hr/>	<hr/>
	63 550	59 185
	<hr/>	<hr/>

	1980-81	1979-80
	\$	\$
Interest	5 387 392	4 550 074
Commission	2 633	2 165
Profit on sale of investments	16 667	..
Profit on realisation of Insurance Scheme policies	4 058	4 418
Other	29	1 219
	<hr/>	<hr/>
	5 410 779	4 557 876
	<hr/>	<hr/>
	11 725 003	10 059 283
	<hr/>	<hr/>
EXPENDITURE		
Benefits		
Board Scheme	2 994 198	2 155 506
No. 1 Scheme	113 387	111 008
No. 2 Scheme	339 829	306 277
Insurance Scheme	30 693	2 943
	<hr/>	<hr/>
	3 478 107	2 575 734
	<hr/>	<hr/>
Administrative costs		
Salaries (including temporary staff)	83 252	61 905
Printing, stationery and advertising	2 982	6 311
Office equipment	..	68
Computer consultants' fees	6 574	5 900
Superannuation	8 511	6 838
Rent	12 033	9 815
Fees (audit, actuary and solicitors)	13 954	13 584
Medical examination charges	9 402	11 986
Other	12 493	18 661
	<hr/>	<hr/>
	149 201	135 068
	<hr/>	<hr/>
	3 627 308	2 710 802
Loss on sale of investments	..	11 135
	<hr/>	<hr/>
	3 627 308	2 721 937
Excess of Income over Expenditure	8 097 695	7 337 346
	<hr/>	<hr/>
	11 725 003	10 059 283
	<hr/>	<hr/>

Balance Sheet

The balance sheet of the fund at 30 June 1981 and 1980 is summarised hereunder:

	30.6.81	30.6.80
	\$	\$
BOARD FUNDS		
Accumulated Fund	*51 845 577	43 740 234
Mortgage Reserves	193 495	115 642
	<hr/>	<hr/>
	52 039 072	43 855 876
	<hr/>	<hr/>

* Includes an adjustment of \$7 648 in respect of office furniture and equipment written off in former years against income.

	30.6.81	30.6.80
	\$	\$
Represented by:		
INVESTMENTS (at cost)		
Long-term	50 293 796	42 169 774
Short-term	<u>750 000</u>	<u>950 000</u>
	<u>51 043 796</u>	<u>43 119 774</u>
FIXED ASSETS		
Furniture equipment and motor vehicles (at cost)	46 000	..
Provision for depreciation	<u>(6 698)</u>	<u>..</u>
	<u>39 302</u>	<u>..</u>
CURRENT ASSETS		
Debtors and Accruals		
Interest on investments and mortgage loans	740 933	575 411
Investment interest accrued	218 584	185 213
Contributions	62 914	..
Sundry	29 864	19 129
	<u>1 052 295</u>	<u>779 753</u>
Total Assets	<u>52 135 393</u>	<u>43 899 527</u>
Less		
CURRENT LIABILITIES		
Bank overdraft	26 169	14 414
Sundry creditors	23 138	23 991
Benefits and pensions payable	<u>47 014</u>	<u>5 246</u>
Total Liabilities	<u>96 321</u>	<u>43 651</u>
Net Assets	<u>52 039 072</u>	<u>43 855 876</u>

Investments

A comparison of investments (at cost) held at 30 June 1981 and 1980 is given below:

	30.6.81	30.6.80
	\$	\$
Short-term		
Deposit at call	<u>750 000</u>	<u>950 000</u>
Long-term		
Semi-government and local government securities	4 087 751	4 012 276
First mortgage loans	35 880 500	33 488 800
Housing loans-Board Scheme contributors	6 700 598	4 215 992
Land and buildings	1 741 530	..
Bank accepted bills	1 398 037	..
Insurance Scheme policies	485 380	452 706
	<u>50 293 796</u>	<u>42 169 774</u>

NATIONAL GALLERY OF VICTORIA

The Council of Trustees of the National Gallery of Victoria was constituted under the National Gallery of Victoria Act 1966.

The Council is responsible for the management and administration of the National Gallery of Victoria and the Banyule Gallery. It is also responsible for the maintenance, development and display of the State collection of works of art and assists in the promotion, organisation and supervision of art education throughout Victoria.

In respect of the year 1979-80 the accounts were prepared on an accrual basis for the first time. The accounts for 1980-81 at the time of preparation of this report have not been submitted for audit and, therefore, are not included herein.

Income and Expenditure

The following is a summary of the Council's income and expenditure for 1979-80, together with a statement of balances at 30 June 1980.

	1979-80 \$
INCOME	
Grants	1 499 129
Admissions	209 682
Bequests and donations	431 897
Interest and dividends	399 191
Exhibitions	29 033
Trading Profit - Bookshop, Great Hall etc.	194 004
Publications sales	91 976
Sundry	39 248
	2 894 160
EXPENDITURE	
Acquisition of works of art	2 448 158
Exhibitions	52 223
Scholarships and prizes	9 257
Publications and publicity	147 077
Operating and other expenses	205 432
	2 862 147
Surplus for the year	32 013
Accumulated Funds 1 July	3 828 907
	3 860 920
Accumulated Funds 30 June	3 860 920

Balance Sheet

	30.6.80
	\$
ACCUMULATED FUNDS	
General Fund	36 726
Art Foundation of Victoria Fund	3 697 640
Other Funds (net)	126 554
	<u>3 860 920</u>
Represented by:	
CURRENT ASSETS	
Cash at bank and on hand	401 681
Debtors	
State government grant	1 000 000
Other	38 715
Stock on hand (at cost)	
Publications	102 104
Bookshop	50 290
	<u>1 592 790</u>
INVESTMENTS	
General	
Fixed interest securities	457 700
Property and mortgage	159 000
Shares at par	11 350
Art Foundation of Victoria Capital Endowment Fund	
Fixed interest securities	1 370 000
Property and mortgage	2 391 000
	<u>4 389 050</u>
	<u>5 981 840</u>
Less	
CURRENT LIABILITIES	
Sundry creditors	1 108 868
Great Hall-advance deposits	12 052
	<u>1 120 920</u>
DEFERRED LIABILITIES	
State Treasury advance	1 000 000
	<u>3 860 920</u>
Net Assets	

Of several matters raised in the audit report, shortage of staff has been given as the reason for the Trustees' inability to correct weaknesses in internal control in relation to cash collections. In respect of works of art, the Trustees consider that regular stocktaking of the collection to be impractical and has noted audit comment as to the lack of insurance cover over the assets while held in the Gallery.

Works of Art - Acquired or Donated

The policy of the trustees in respect of purchases of works of art is to write off such purchases in the year of acquisition and not include them in the balance sheet.

No details of works of art obtained by way of bequest or donation are included in the financial statements.

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.

Takeover of Grain Terminal

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.

Matters in respect of the takeover outstanding at 30 June 1980 were resolved during the year as follows:

- (a) A contract of sale relating to the takeover of the grain terminal and associated road and rail works was executed on 25 August 1980.
- (b) On the 4 December 1978 the Grain Elevators Board physically took over the operations of the grain gantry and shiploaders. A contract of sale was executed on 10 September 1980. The purchase price comprised principal \$1 083 000 and interest to date of settlement \$195 214. The disposal of these assets resulted in a profit of \$632 263 (excluding interest) to the Trust.
- (c) A licence agreement, to operate retrospectively from 1 November 1978, for the Board's use of the Trust's land and the wharf upon which the grain facilities are located was entered into on 17 June 1981 for an annual fee of \$21 250.

Revenue Account

Particulars of the Trust's revenue accounts for the past two years are shown hereunder:

	1980-81	1979-80
	\$	\$
REVENUE		
Wharfage rates	700 782	695 585
Shipping services	891 081	830 089
Rent and licence fees	298 099	220 589
Crusher and quarry operations (net)	238 581	1 675
Other services	276 697	317 220
Cool store	124 235	54 458
Interest on investments	477 860	352 261
Government grant from Public Works Department Vote	1 530 000	1 500 000
Profit on sale of assets	32 919	46 122
Profit and interest on sale of grain gantry	827 477	..
	5 397 731	4 017 999

	1980-81	1979-80
	\$	\$
EXPENDITURE		
Administration	614 611	583 070
Shipping services	540 493	509 074
Maintenance	206 047	225 567
Depreciation	390 925	69 653
Cool store	60 824	25 956
Other expenses	223 148	207 199
Loan interest	1 844 753	1 620 185
	<hr/>	<hr/>
	3 880 801	3 240 704
Surplus for year	<hr/>	<hr/>
	1 516 930	777 295

Appropriation Account

	1980-81	1979-80
	\$	\$
Balance 1 July	989 340	(915 886)
Surplus for year	1 516 930	777 295
Add Transfers		
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
	<hr/>	<hr/>
	2 506 270	1 247 850
Less		
Appropriations - Redemption of Loans Sinking Fund	297 328	258 510
	<hr/>	<hr/>
Balance at 30 June	2 208 942	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, \$566 122 and interest \$4 063 419. 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 1980-81 and 1979-80:

	30.6.81	30.6.80
	\$	\$
FUNDS EMPLOYED		
LOAN FUNDS		
Inscribed stock	24 004 765	23 189 595
Treasurer of Victoria	3 822 900	3 822 900
	<u>27 827 665</u>	<u>27 012 495</u>
FUNDS RETAINED		
Loans sinking fund	2 691 616	2 394 288
Appropriation account	2 208 942	989 340
	<u>4 900 558</u>	<u>3 383 628</u>
	<u>32 728 223</u>	<u>30 396 123</u>
EMPLOYMENT OF FUNDS		
FIXED ASSETS		
Land and buildings vested (less written off)	72 316	76 603
Grain gantry (less provision for depreciation)	..	441 974
Permanent equipment and plant (less provision for depreciation)	1 619 123	1 385 623
Breakwaters, wharves, buildings and improvements (less provision for depreciation)	25 094 618	22 649 657
	<u>26 786 057</u>	<u>24 553 857</u>
CURRENT ASSETS		
Cash on hand	395	550
Short-term investments	200 000	340 000
Stores and stocks	244 297	252 701
Sundry debtors and prepaid expenses	688 147	611 369
	<u>1 132 839</u>	<u>1 204 620</u>
NON-CURRENT ASSETS		
Grain Elevators Board	1 580 200	1 701 400
	<u>4 485 938</u>	<u>4 020 468</u>
	<u>33 985 034</u>	<u>31 480 345</u>
Less		
LIABILITIES		
Bank overdraft	64 668	136 087
Sundry creditors, accrued expenses and prepaid revenue	711 671	562 201
Contractors' and tenderers' deposits	21 094	17 795
	<u>797 433</u>	<u>716 083</u>

	30.6.81	30.6.80
	\$	\$
PROVISIONS		
Long service leave	194 486	170 444
Retiring gratuities	60 648	53 376
Annual leave	204 244	144 319
	<hr/>	<hr/>
	459 378	368 139
	<hr/>	<hr/>
	1 256 811	1 084 222
	<hr/>	<hr/>
	32 728 223	30 396 123
	<hr/>	<hr/>

Investments

Investments held by the Trust at 30 June 1981 and 1980 consisted of:

	30.6.81	30.6.80
	\$	\$
Bank accounts	63 697	121 545
Interest bearing term deposits	775 000	745 000
Inscribed stock, debentures and mortgage loans	3 647 241	3 453 923
Trustee approved common fund	200 000	40 000
	<hr/>	<hr/>
	4 685 938	4 360 468
	<hr/>	<hr/>

These investments are held on behalf of the Redemption of Loans Sinking Fund, operating funds, and the Asset Replacement Fund which was established in 1980-81 by amalgamating the Depreciation Fund and the Building Fund.

Depreciation

Prior to 30 June 1980 depreciation was not provided on breakwaters, wharves and port improvements. As from 1 July 1980 depreciation has been provided on all fixed assets, except land and land improvements. Depreciation for the year increased by \$302 870 as a result of the revised policy.

Proposed Aluminium Smelter

Comments on matters related to the establishment of the proposed aluminium smelter at Portland follows:

(a) New Berthing Facilities

At 30 June 1981, the sum of \$2 585 639 had been expended on the construction of berthing facilities associated with the establishment of the smelter at Portland.

(b) Sale of Land

The sale of freehold land and land vested in the Trust for the smelter site had not been finalised at 30 June 1981. The land is currently being leased from the Trust for \$12 604 per month until the sale is finalised.

(c) Crusher and Quarry Operations

Construction activity associated with the establishment of the aluminium smelter has resulted in greatly increased demand for the Trust's crusher and quarry products. The net income of these operations increased from \$1 675 in 1979-80 to \$238 581 in 1980-81.

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 collections are paid into a Common Fund controlled by the Public Trustee as authorised by the Act.

There is no provision under the Public Trustee Act 1958 requiring the Public Trustee to produce annual financial statements for audit. However, Section 62 of the Act does provide that the accounts of all estates and properties controlled or managed by the Public Trustee shall be subject to inspection by the Auditor-General.

The following financial information has been compiled by my officers from the records maintained at the Public Trustee's Office. I am of the view that this present unsatisfactory situation should be corrected by an amendment to the legislation to enable the Public Trustee to produce annual financial statements.

Common Fund

The composition of the Common Fund at 30 June 1981 and 1980 was as follows:

	30.6.81	30.6.80
	\$	\$
Moneys held for		
Protected persons	55 931 841	49 258 564
Deceased estates	27 874 943	23 975 762
Minors	6 106 574	5 421 187
Trusts and agencies	331 721	270 805
Estates Guarantee and Reserve Account	5 010 943	4 364 579
Unclaimed moneys	2 844 316	2 372 812
Interest reserve	1 700 000	1 350 000
Suspense-amounts pending allocation or adjustment*	165 350	279 728
Deposits by trustees	176 105	112 000
Building Depreciation Account	55 244	47 074
	100 197 037	87 452 511

* Includes \$160 797 received 30 June 1981 (\$275 112, 30 June 1980)

The Common Fund was invested as follows:

	30.6.81	30.6.80
	\$	\$
Mortgages	64 190 173	56 827 489
Inscribed stock		
Victorian semi-government authorities	12 192 100	8 062 100
Commonwealth government securities	5 921 980	2 996 980
Interstate semi-government authorities	5 103 000	1 000 000
Interstate local-government authorities	1 000 000	1 000 000
Commercial bills-bank accepted	2 577 835	7 232 156
Loans to municipal and other statutory bodies	3 748 687	3 790 237
Land and buildings	3 354 635	3 335 684
Cash at bank and on hand	1 543 168	2 494 260
Bank term deposit and special deposits	565 459	713 605
	<u>100 197 037</u>	<u>87 452 511</u>

In addition to the funds held as the Common Fund, the Public Trustee has under his control other assets of substantial value. These assets include 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, \$533 984, were credited to the Buildings Operations Account for the year. After debiting operating expenses of \$151 124 in respect of the land and building at 168 Exhibition Street, Melbourne, and paying \$5 345 into the Building Depreciation Account, the balance of \$377 515 was transferred to the Interest Suspense Account in accordance with the provisions 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 1980-81 and 1979-80 were:

Interest Suspense Account

	1980-81	1979-80
	\$	\$
Income from investments	11 809 915	9 863 341
Transfer from Building Operations Account	377 515	398 083
Assessment fees	675	850
	<hr/>	<hr/>
	12 188 105	10 262 274
	<hr/>	<hr/>
Appropriations		
Interest allocated to estates	8 437 098	6 659 710
Provision for interest payable to estates	1 700 000	1 350 000
Estates Guarantee and Reserve Account	220 000	392 000
Consolidated Fund	1 831 007	1 860 564
	<hr/>	<hr/>
	12 188 105	10 262 274
	<hr/>	<hr/>

Estates Guarantee and Reserve Account

	1980-81	1979-80
	\$	\$
Balance 1 July	4 364 579	3 619 377
Interest earned	429 179	357 839
Transfer from Interest Suspense Account	220 000	392 000
	<hr/>	<hr/>
	5 013 758	4 369 216
Less legal costs and other expenses	2 815	4 637
	<hr/>	<hr/>
Balance 30 June	5 010 943	4 364 579
	<hr/>	<hr/>

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

Receipts from the management of estates by way of fees and commissions, as well as the interest contribution already mentioned, are paid to the Treasury for credit to the Consolidated Fund, from which operating expenses are met. Particulars are:

	1980-81	1979-80
	\$	\$
RECEIPTS		
Fees and commissions	2 096 243	1 857 321
Surplus-Interest Suspense Account	1 831 007	1 860 564
Appropriations of former years	101 411	105 310
Miscellaneous	630	6 009
	<hr/>	<hr/>
	4 029 291	3 829 204
	<hr/>	<hr/>

	1980-81	1979-80
	\$	\$
PAYMENTS		
Salaries and allowances	2 667 339	2 419 842
Payments in lieu of long service leave	65 632	61 516
Payroll tax	139 746	122 230
Overtime and penalty rates	21 700	19 821
Administration expenses	164 948	147 820
Other services	4 095	..
Treasury-workers compensation	43 840	42 181
	<u>3 107 300</u>	<u>2 813 410</u>
Excess of receipts over payments	<u>921 991</u>	<u>1 015 794</u>

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

Amounts received by the Public Trustee and credited to the Consolidated Fund and to Treasury Trust Fund from all sources during the last two years were:

	1980-81	1979-80
	\$	\$
Consolidated Fund		
Fees and commission	2 096 243	1 857 321
Probate duty	1 905 982	1 973 392
Surplus from Interest Suspense Account	1 831 007	1 860 564
Maintenance-patients in mental hospitals	68 446	88 434
Postages, stationery recouped	101 411	105 310
Sundry receipts	630	6 009
	<u>6 003 719</u>	<u>5 891 030</u>
Treasury Trust Fund		
Unclaimed moneys	<u>202 251</u>	<u>404 980</u>

Other Matter

Internal Audit

An internal audit section was established at the Public Trustees Office in May 1975 and has since comprised a staff of one officer. The effectiveness of internal audit has been impaired by staff turnover and the secondment of the internal auditor at various times to other sections of the organisation.

RAILWAY CONSTRUCTION AND PROPERTY BOARD

The Railway Construction and Property Board was established on 22 February 1980 under the provisions of the Railway Construction and Property Board Act 1979. The Board is a corporate body and consists of a full time chairman and two part-time members.

The functions of the Board include:

- (a) investigation, design and construction of all railway lines which Parliament has authorised to be constructed;
- (b) such works as the Minister approves on the recommendation of the Board; and
- (c) other functions conferred on the Board under the Act, including railway housing and development of railway land.

Railway Housing

In accordance with the provisions of the Act, the Board is empowered to manage and control all dwelling-houses vested in or acquired by the Board.

To 30 June 1981, 315 houses valued at \$6 383 125 had been transferred from the Victorian Railways Board and vested in the Board.

Development of Railway Land

The Board may recommend to the Minister or the Minister may direct the Board that an investigation be made to ascertain whether particular land vested in the Victorian Railways Board or in the Board could be put to better use.

To 30 June 1981, 18 development properties valued at \$1 702 500 were transferred from the Victorian Railways Board to the Board in accordance with the provisions of the Act. These properties produced no income for the year.

Properties have been acquired by the Board for the proposed Eastern railway extension. Income has been derived by the Board from rentable properties.

Borrowing Powers

The Board may borrow moneys within Australia or overseas with a limit to the amount borrowed, at any one time, of \$50 000 000.

However to 30 June 1981 no borrowings had been made by the Board.

Annual Accounts

Although the Act requires the Board to keep such books and other records as will sufficiently explain the transactions and financial position of the Board and enable true and fair accounts to be prepared from time to time, the majority of the Board's accounting transactions for the year 1980-81 were processed by the Victorian Railways Board. However the Board had accumulated sufficient detail in appropriate accounts in order to prepare the financial statements for the year ended 30 June 1981.

As from 1 July 1981, arrangements have been completed by the Board to rent a computer and associated software to enable the accounting system to be fully computerised.

Operating Statement

Income and expenditure transactions for the year ended 30 June 1981 are summarised below. Comparative figures were not available as this year was the first full year of operations of the Board.

Housing Operations

	\$
Sale of houses less valuations	129 051
Interest on term sales	6 847
	<hr/>
	135 898
Less selling and administrative costs	290 552
	<hr/>
Deficit on house sales	(154 654)
	<hr/>
Rent	140 294
Less maintenance and administrative costs	160 997
	<hr/>
Deficit on rental operations	(20 703)
	<hr/>
	(175 357)
Less interest on investments - housing account	8 760
	<hr/>
Deficit on housing operations	(166 597)
	<hr/>

Development Operations

	\$
INCOME	
Funds from Treasury	
Vote - administration expenses	398 207
Works and services	71 036
Sale of land	61 250
Valuation	(61 250)
Rent - Eastern railway properties	54 889
Interest on investments - Development account	54 430
Profit on sale of fixed assets	3 332
	<hr/>
	581 894
	<hr/>

	\$
EXPENDITURE	
Salaries, contract labour and other payments	1 537 873
Administration expenses	242 677
Other expenses	93 081
Preliminary feasibility studies	78 264
Provisions	
Long service leave, retiring gratuities and annual leave	42 642
Depreciation	8 314
	<hr/>
	2 002 851
Less recovery of costs charged to projects and housing operations	1 521 413
	<hr/>
	481 438
	<hr/>
Surplus on development operations	100 456
	<hr/>

Summary of Operations

	\$
Deficit on housing operations	(166 597)
Surplus on development operations	100 456
	<hr/>
Net operating deficit for the year	(66 141)
	<hr/>

Housing Operations

When houses were no longer required the Board offered them for sale to employees of the Victorian Railways Board on either a cash or terms basis. In the latter case the selling prices of the houses were at Board valuations plus the cost of renovations to a maximum limit of \$5 000.

The Board disposed of 76 houses during the year for the amount of \$1 543 626 made up as follows:

	\$
Cash sales	667 050
Term sales inclusive of charges for renovations	876 576
	<hr/>
	1 543 626
	<hr/>

With regard to term sales, the interest rate charged on loans was 5.5 per cent. per annum with a provision for an escalation of 0.5 per cent. per annum. The total interest to be charged was limited to one per cent. below the long term Commonwealth bond rate. Contracts of sale allowed for a maximum term of 45 years providing that at least half the term was completed by the time the purchaser attains the age of 65 years.

Development Operations

Two parcels of land were sold by the Board for a total of \$61 250. This sum was equivalent to book values at the time of transfer from the Victorian Railways Board.

For the year 1980-81, cost of preliminary feasibility studies totalling \$78 264 were written off as the Board decided not to proceed with particular development and/or construction projects.

Accumulated Funds

The accumulated funds of the Board at 30 June consisted of:

	\$
Funds provided by State	
Works and Services Account	
Balance 1 July	6 250 619
1980-81 allocation	182 035
	<hr/>
	6 432 654
Less Cost of surveys, plans and estimates	71 036
	<hr/>
	6 361 618
	<hr/>
Transport Fund	
Balance 1 July	3 848 720
1980-81 allocation	9 086 139
	<hr/>
	12 934 859
	<hr/>
Value of assets vested in the Board	8 085 625
Accumulated deficit	
Provision on account of prior years	(103 252)
Operating deficit for the year	(66 141)
	<hr/>
	27 212 709
	<hr/>
Represented by:	
FIXED ASSETS	
Motor vehicles at cost less depreciation	54 539
Furniture and fittings at cost and at valuation less depreciation	126 469
Office machines at cost less depreciation	15 439
NON-CURRENT ASSETS	
Eastern railway	
Land and housing at cost	5 467 800
Survey costs	827 460
Land and housing at cost and at valuation	309 593
Term debtors	830 035
CURRENT ASSETS	
Cash at bank*	219 615
Term deposit and savings account*	2 844 315
Debtors	378 902
Land and housing at valuation	6 302 000
Work in progress	10 548 391
	<hr/>
	27 924 558
	<hr/>

\$

Less

NON-CURRENT LIABILITIES

Provision for long service leave and retiring gratuities	41 009
--	--------

CURRENT LIABILITIES

Creditors	571 160
Provision for annual leave	99 680

711 849

27 212 709

* Housing and development funds

Work in Progress

This account represents charges accumulated to 30 June 1981 for work in progress on various development and construction projects as detailed below:

	\$
Transport Fund projects	
Box Hill	9 519 879
Werribee	498 929
Frankston	160 963
Board funds minor projects	320 995
Renovation on houses	47 625
	10 548 391

Long Service Leave

The Board has made provisions totalling \$41 009 to 30 June 1981 in respect of long service leave and retiring gratuities for non-permanent staff.

With regard to permanent staff, the estimated liability for long service leave increased from \$100 951 in 1979-80 to \$102 912 in 1980-81. Although no financial provision has been made in the accounts, the Board anticipated that government funds will be made available to meet these future long service payments as they occur.

Insurance

The Board has determined that prefabricated and generally sub-standard houses, transferred from the Victorian Railways Board, should not be covered by insurance. The Board has therefore elected to carry this risk.

Provision for Bad Debts

For the year under review, the Board did not consider it necessary to provide for bad debts.

RURAL FINANCE COMMISSION

The Rural Finance Commission which is constituted under the Rural Finance and Settlement Commission Act 1961 is a corporate body and comprises 3 members. The Commission's principal functions are to administer the Rural Finance Act 1958, Soldier Settlement Act 1958 and the Land Settlement Act 1959.

The Commission provides financial assistance to primary and secondary industries in rural Victoria and is responsible for the operation of the land settlement and soldier settlement schemes. On an agency basis, the Commission also administers several special schemes of assistance including natural disasters relief, rural reconstruction, dairy adjustment program, beef industry relief assistance and rural adjustment scheme.

Under the Rural Finance (Amendment) Act 1981, the amount which may be issued and applied out of the Public Account and borrowed by the Commission was increased to a limit, at any one time, of \$75 000 000.

At 30 June 1981, repayable advances to the State amounted to \$34 245 954 and authorised borrowings secured by inscribed stock upon the revenues of the Commission and guaranteed by the State amounted to \$4 342 867.

Changes made by the Commission in the presentation of its 1980-81 accounts made it necessary to re-group certain of the items reported in the 1979-80 accounts to enable meaningful comparisons to be made between the position at 30 June 1981 and that at 30 June 1980.

Operations of each principal function of the Commission in respect of Rural Finance, Soldier and Land Settlement follow.

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

	1980-81	1979-80
	\$	\$
INCOME		
Interest on loans	12 250 226	9 483 792
Interest on investments	2 006 404	3 025 806
Contributions on account of administrative expenses (Agency Loans)	225 061	205 210
Other income	233 407	178 089
	<hr/>	<hr/>
	14 715 098	12 892 897
	<hr/>	<hr/>

	1980-81 \$	1979-80 \$
EXPENDITURE		
Interest	7 329 905	7 046 126
Salaries	1 576 097	1 522 465
Other administration expenses	1 457 918	1 210 610
Provision for doubtful debts	610 296	289 954
Discounts and expenses on loans	20 175	1 729
	<hr/>	<hr/>
	10 994 391	10 070 884
	<hr/>	<hr/>
Operating profit for year	3 720 707	2 822 013
Add Surplus on sale of assets	47 927	25 924
	<hr/>	<hr/>
Surplus to appropriation account	3 768 634	2 847 937
	<hr/>	<hr/>

Appropriation Account

Balance 1 July	32 036	52 072
Add		
Surplus for year	3 768 634	2 847 937
Amount provided from the Consolidated Fund	217 306	344 938
Principal repayments of agency schemes	1 309	..
	<hr/>	<hr/>
	4 019 285	3 244 947
Less		
Costs of administration, soldier settlement and land settlement	527 125	488 446
Commonwealth share of interest repayments under carry on schemes for previous years	..	53 768
National debt sinking fund contribution	70 697	70 697
Appropriation-loan equalisation account	3 400 000	2 600 000
	<hr/>	<hr/>
	3 997 822	3 212 911
	<hr/>	<hr/>
Balance 30 June	21 463	32 036
	<hr/>	<hr/>

The transfer of \$3 400 000 to the loan equalisation account is for further lending under Part III of the Rural Finance Act 1958.

Balance Sheet

The statement hereunder shows the assets and liabilities and funds of the Commission at 30 June 1981 and 1980:

	30.6.81 \$	30.6.80 \$
RURAL FINANCE FUND		
Non repayable portion of advances received from Commonwealth and State Governments	30 736 204	28 117 323
Loan equalisation account	12 230 000	8 830 000

	30.6.81	30.6.80
	\$	\$
National debt sinking fund equity	5 198 682	4 844 188
General reserve	2 713 035	2 433 587
Profit and loss appropriation account	21 463	32 036
	<u>50 899 384</u>	<u>44 257 134</u>
Represented by:		
Current Assets		
Cash at bank and at Treasury	55 081	17 870
Interest due and accrued	4 689 601	4 100 794
Debtors for insurance premiums	39 210	38 893
Prepayments and miscellaneous debtors	35 928	106 060
	<u>4 819 820</u>	<u>4 263 617</u>
Investments (at cost)	<u>18 977 978</u>	<u>33 387 438</u>
Other Assets		
Debtors for loans less provision for doubtful debts	151 221 115	131 324 689
Debts under contracts of sale	..	4 820
Residences, office equipment and motor vehicles (at cost less depreciation)	474 993	511 137
	<u>151 696 108</u>	<u>131 840 646</u>
TOTAL ASSETS	<u>175 493 906</u>	<u>169 491 701</u>
Less:		
Current Liabilities and Provisions		
Sundry creditors and amounts in suspense	496 700	517 772
Interest accrued on loan liabilities	2 085 747	1 926 097
Insurance claims admitted but not paid	67 815	104 277
Provision for long service leave	197 568	187 427
Provision for superannuation	4 688 135	4 287 666
	<u>7 535 965</u>	<u>7 023 239</u>
Rural Finance Insurance Fund	<u>2 495 710</u>	<u>2 243 622</u>
Non-Current Liabilities		
Treasurer of Victoria		
Loans - general	34 245 954	33 290 909
agency schemes	66 748 425	66 564 201
Other advances	9 225 601	12 936 113
Inscribed Stock	4 342 867	3 176 483
	<u>114 562 847</u>	<u>115 967 706</u>
TOTAL LIABILITIES	<u>124 594 522</u>	<u>125 234 567</u>
NET ASSETS	<u>50 899 384</u>	<u>44 257 134</u>

Explanations of certain items contained in the preceding financial summaries follow:

Rural Finance Insurance Fund

Operations of the fund for the past two years are shown below:

	1980-81	1979-80
	\$	\$
Balance 1 July	2 243 622	2 093 338
Add		
Premiums	356 447	376 506
Interest on investments	262 437	209 661
	<hr/>	<hr/>
	2 862 506	2 679 505
	<hr/>	<hr/>
Less		
Claims admitted	125 061	206 722
Administration expenses	123 776	106 157
Fire authorities contribution	117 959	123 554
	<hr/>	<hr/>
	366 796	436 433
	<hr/>	<hr/>
	2 495 710	2 243 072
Add Claims recovered	..	550
	<hr/>	<hr/>
Balance 30 June	2 495 710	2 243 622
	<hr/>	<hr/>

Loans and Advances

Loans and advances outstanding at 30 June 1981 and 1980 are detailed below:

	30.6.81	30.6.80
	\$	\$
Rural Finance Act		
Part III-Primary industries	80 666 767	53 764 967
Secondary industries	5 203 111	4 046 957
Part IV-Rehabilitation	13 748	16 988
	<hr/>	<hr/>
	85 883 626	57 828 912
	<hr/>	<hr/>
Agency Schemes		
Rural reconstruction	22 279 871	26 204 851
Dairy adjustment	8 451 341	11 242 344
Rural adjustment	27 904 233	26 376 653
Beef industry relief assistance	1 823 038	2 578 134
Natural disasters	4 106 843	4 934 395
Fruitgrowing reconstruction	1 032 922	1 163 896
General agency	3 525 106	4 336 346
	<hr/>	<hr/>
	69 123 354	76 836 619
	<hr/>	<hr/>
	155 006 980	134 665 531
Less Provision for doubtful debts	3 785 865	3 340 842
	<hr/>	<hr/>
	151 221 115	131 324 689
	<hr/>	<hr/>

The amount advanced by way of loans to primary and secondary industries under the authority of Part III of the Rural Finance Act 1958 was \$34 499 173 for 1980-81 and \$22 936 937 for 1979-80.

Details of funds advanced on an agency basis from State and Commonwealth sources during the past two years were:

	1980-81 \$	1979-80 \$
Rural Adjustment Scheme		
Farm build-up	2 909 346	5 327 440
Farm improvement	481 987	577 536
Debt reconstruction	61 000	503 678
Rehabilitation	408	22 258
Household support	..	11 665
	<hr/>	<hr/>
	3 452 741	6 442 577
	<hr/>	<hr/>
Natural Disasters		
Loans	378 194	77 648
Road freight subsidies	471 349	62 328
Grant	..	9 000
	<hr/>	<hr/>
	849 543	148 976
	<hr/>	<hr/>
General agency	373 984	735 678
Other	..	10 416
	<hr/>	<hr/>
Total Advances	4 676 268	7 337 647
	<hr/>	<hr/>

Investments

Details of funds invested by the Commission at 30 June 1981 and 1980 were:

	30.6.81 \$	30.6.80 \$
Short-Term money market	700 000	750 000
Fixed deposits with banks	3 000 000	7 899 525
Australian savings bonds	97 170	600 400
Inscribed stock semi-government	15 095 862	24 040 753
S.E.C. extension deposits	84 946	96 760
	<hr/>	<hr/>
	*18 977 978	*33 387 438
	<hr/>	<hr/>

* Investments on account of the provisions for long service leave and superannuation, general reserve and Rural Finance insurance fund totalled \$10 094 448 at 30 June 1981 and \$9 152 302 at 30 June 1980.

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). The loan liability at 30 June 1981 was \$17 746 227.

Soldier settlement has been completed for a number of years and administration by the Commission is confined to collection of outstandings.

Comparative details of the results in respect of Soldier Settlement for the past two years are summarised hereunder:

Profit and Loss Account

	1980-81	1979-80
	\$	\$
INCOME		
Interest earned	341 988	387 818
Fees and charges	5 027	5 128
	347 015	392 946
EXPENDITURE		
Interest on loan liabilities (net)	622 561	670 361
Costs of administration	257 291	259 744
Discount and expenses on renewal loans	3 742	..
	883 594	930 105
Net loss transferred to appropriation account	536 579	537 159

Appropriation Account

Accumulated deficiency 1 July	31 827 916	31 290 757
Add		
Net loss for year	536 579	537 159
Capital expenses not borne by estates	1 347 226	..
Accumulated deficiency 30 June	33 711 721	31 827 916

Balance Sheet

The statement hereunder shows the assets and liabilities in respect of Soldier Settlement at 30 June 1981 and 1980:

	30.6.81	30.6.80
	\$	\$
ACCUMULATED DEFICIENCY	33 711 721	31 827 916
Represented by:		
Liabilities		
Loan liabilities		
State	6 583 776	8 099 689
Commonwealth	11 162 451	11 365 581
Amounts provided for interest and costs of administration	32 474 419	31 950 904
TOTAL LIABILITIES	<u>50 220 646</u>	<u>51 416 174</u>
Less:		
Assets		
Debtors for loans and advances	16 391 119	18 118 044
Interest due and accrued	113 588	122 988
Cash at bank	4 218	..
Capital expenses not borne by estates	..	1 347 226
TOTAL ASSETS	<u>16 508 925</u>	<u>19 588 258</u>
NET LIABILITIES	<u>33 711 721</u>	<u>31 827 916</u>

The accumulated 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 and renewing 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. The Commission's loan liability at 30 June 1981, was \$16 575 763.

Land settlement has ceased for the time being. During 1977, the Commission was given power to dispose of land developed for settlement but surplus to its requirements. Pending disposal of surplus land, livestock operations are being carried out on the land.

Comparative details of the results in respect of Land Settlement for the past two years are summarised hereunder:

Profit and Loss Account

	1980-81	1979-80
	\$	\$
INCOME		
Interest and other income earned	735 930	583 062
Profit on livestock trading	678 220	574 814
Surplus on sale of land	2 884 026	245 773
	<hr/>	<hr/>
	4 298 176	1 403 649
	<hr/>	<hr/>
EXPENDITURE		
Interest on loan liability (net)	855 113	1 172 266
Cost of administration	269 834	228 702
Discounts and expenses on renewal loans	17 185	..
	<hr/>	<hr/>
	1 142 132	1 400 968
	<hr/>	<hr/>
Net profit transferred to appropriation account	3 156 044	2 681
	<hr/>	<hr/>

Appropriation Account

Accumulated deficiency 1 July	8 897 419	8 900 100
Add		
Capital expenses not borne by estates	143 385	..
	<hr/>	<hr/>
	9 040 804	8 900 100
	<hr/>	<hr/>
Less		
Net profit for year	3 156 044	2 681
Grants received in prior years from Commonwealth Government	347 213	..
	<hr/>	<hr/>
	3 503 257	2 681
	<hr/>	<hr/>
Accumulated deficiency 30 June	5 537 547	8 897 419
	<hr/>	<hr/>

Balance Sheet

The statement hereunder shows the assets and liabilities in respect of Land Settlement at 30 June 1981 and 1980:

	30.6.81	30.6.80
	\$	\$
ACCUMULATED DEFICIENCY	5 537 547	8 897 419
	<hr/>	<hr/>
Represented by:		
Liabilities		
Liability to Treasurer of Victoria	17 419 405	19 565 750
Amounts provided for interest and costs of administration	10 202 827	10 395 982
Grants received from Commonwealth Government	..	347 213
	<hr/>	<hr/>
TOTAL LIABILITIES	27 622 232	30 308 945
	<hr/>	<hr/>

	1980-81	1979-80
	\$	\$
Less:		
Assets		
Debtors for loans	14 962 605	13 014 760
Other debtors	25 372	3 364
Interest due and accrued	214 875	106 789
Cash at bank	12 859	43 584
Livestock proceeds held in Treasury Trust Fund	1 659 964	1 372 792
Land and improvements (at cost)	4 723 748	6 085 336
Buildings, working plant and materials (at cost) less depreciation	75 752	120 266
Livestock at valuation	409 510	517 460
Capital expenses not allocated	..	147 175
	<hr/>	<hr/>
TOTAL ASSETS	22 084 685	21 411 526
	<hr/>	<hr/>
NET LIABILITIES	5 537 547	8 897 419
	<hr/>	<hr/>

The accumulated 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 and renewing loans and the cost of administration of the scheme. The accumulated deficit is partially off-set by profits on livestock operations and sale of land.

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 1981, the net revenue of the Commission prior to provisions and appropriations was \$77 880 211. Provisions and appropriations amounted to \$75 493 842, leaving a surplus of \$2 386 369 which was transferred to General Reserve. Details are:

	\$
Provisions	
Statutory contributions to the Consolidated Fund	48 993 842
Appropriations	
Emergency generating plant	21 000 000
Insurance Reserve	2 500 000
Provision for accruing long service leave	3 000 000
Balance of revenue transferred to General Reserve	2 386 369
	<hr/>
Net Revenue	77 880 211
	<hr/>

Sales growth in 1980-81 was 8.5 per cent. compared with 3.3 per cent. in 1979-80. Sales revenue increased by \$164 752 868 compared to the previous year. The main factors contributing to the rise were tariff increases in September/November 1980 (14.6 per cent.) and the full year's effect of increases in October/December 1979 (8.5 per cent.) and January/March 1980 (3 per cent.).

Costs and expenses incurred in earning revenue in 1980-81 increased by \$127 414 442 (18.6 per cent.) to a total of \$812 806 672. Significant factors contributing to the rise in operating costs for the year included a 15.1 per cent. increase in average salary and wage rates, higher costs for materials and services and an increase of \$30 608 992 for purchased electricity and fuel.

Financial Operations

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

	1980-81	1979-80
	\$	\$
Sales Revenue		
Electricity	875 560 061	711 880 791
Briquettes	13 850 467	13 140 135
Brown coal	1 276 355	913 089
	<hr/>	<hr/>
	890 686 883	725 934 015
Costs and expenses incurred in earning revenue		
Labour and materials etc.	444 337 040	360 521 735
Administration and general services	110 464 906	94 950 554
Depreciation	91 196 864	81 094 346
Interest and loan flotation expenses	166 345 153	138 931 637
Commonwealth Government Coal research levy	462 709	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
	<hr/>	<hr/>
	812 806 672	685 392 230
Net Revenue prior to statutory contributions to the Consolidated Fund	77 880 211	40 541 785
Provision for statutory contributions to the Consolidated Fund		
Based on total revenue	48 235 000	39 380 000
Based on brown coal production	758 842	777 292
	<hr/>	<hr/>
	48 993 842	40 157 292
Net Revenue available for special provisions and appropriations	28 886 369	384 493
Provision for accruing long service leave	3 000 000	..
Appropriation for financing emergency generating plant	21 000 000	21 000 000
Appropriation for Insurance Reserve	2 500 000	2 500 000
	<hr/>	<hr/>
	26 500 000	23 500 000
Surplus (Deficit) transferred to (funded from) General Reserve	2 386 369	(23 115 507)
	<hr/>	<hr/>

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 1980-81 compared with the previous year:

	1980-81 \$	1979-80 \$
Profit on electricity supply	87 311 793	44 832 064
(Loss) Profit on brown coal sales (Yallourn North Extension)	(572 632)	255 293
Loss on briquetting	(6 943 600)	(2 805 319)
	<hr/>	<hr/>
	79 795 561	42 282 038
Less Excess of miscellaneous expenditure over income	1 452 641	1 266 295
Commonwealth Government coal research levy	462 709	473 958
	<hr/>	<hr/>
	1 915 350	1 740 253
	<hr/>	<hr/>
Net Revenue prior to provisions and appropriations	77 880 211	40 541 785

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

Electricity Supply

Operational statements for the past two years show:

	1980-81 \$	1979-80 \$
Sales		
Domestic	286 005 040	240 143 080
Commercial and general	177 629 273	145 054 910
Industrial	222 731 105	174 581 937
Bulk supplies	155 218 957	126 119 370
Traction	9 765 014	8 148 834
Public lighting	12 030 788	10 028 737
Increase in unread consumption	12 179 884	7 803 923
	<hr/>	<hr/>
	875 560 061	711 880 791
	<hr/>	<hr/>
Operating Charges		
Power generation	422 418 260	347 104 237
Purchased electricity	47 093 623	42 894 370
Transmission	99 276 600	85 935 160
Distribution	219 459 785	191 114 960
	<hr/>	<hr/>
	788 248 268	667 048 727
	<hr/>	<hr/>
Profit	87 311 793	44 832 064

Brown Coal Production and Distribution

Coal won for the year amounted to 30 847 254 tonnes, a decrease of 749 974 tonnes on the previous year's production.

The summary which follows presents in comparative form the annual output obtained from the various open cuts for the past two years and, in parentheses, shows, in respect of each year, the production and distribution costs per tonne.

	1980-81 Tonnes	1979-80 Tonnes
Morwell	14 904 397 (\$3.13)	15 944 247 (\$2.52)
Yallourn	15 713 124 (\$3.00)	15 409 622 (\$2.61)
Yallourn North Extension	229 733 (\$8.05)	243 359 (\$2.64)
	<hr/>	<hr/>
	30 847 254	31 597 228
	<hr/>	<hr/>

The substantial increase in production costs for Yallourn North Extension relates to the removal of overburden during the year. Distribution of the output was as follows:

	1980-81 Tonnes	1979-80 Tonnes
Power production	27 726 985	28 003 715
Briquette manufacture	2 890 536	3 350 154
Sales to public	229 733	243 359
	<hr/>	<hr/>
	30 847 254	31 597 228
	<hr/>	<hr/>

Briquetting

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

	1980-81 \$	1979-80 \$
Sales		
Domestic	2 935 068	3 315 665
Industrial	10 915 399	9 824 470
	<hr/>	<hr/>
	13 850 467	13 140 135
	<hr/>	<hr/>
Manufacturing costs	14 942 554	12 573 326
Distribution and selling	5 851 513	3 372 128
	<hr/>	<hr/>
	20 794 067	15 945 454
	<hr/>	<hr/>
Loss	6 943 600	2 805 319
	<hr/>	<hr/>

Depreciation

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

	1980-81	1979-80
	\$	\$
Provision for depreciation		
Depreciation charged to operations	88 907 620	79 326 183
Fixed asset component of charges for services	4 361 758	3 326 315
Contribution from reserve account - contributions for capital works	6 317 567	3 765 748
	<u>99 586 945</u>	<u>86 418 246</u>
Provision for year		
Amortisation		
Development of open cuts-charged to operations	1 875 125	1 768 163
Leased assets	414 119	..
	<u>2 289 244</u>	<u>1 768 163</u>

The balance sheet shown later in this report discloses that at 30 June 1981 the provision increased by \$82 135 228 compared with the figure at 30 June 1980. This net increase is explained hereunder:

	\$
Balance 30 June 1980	891 494 196
Add provision for year as per statement above	99 586 945
	<u>991 081 141</u>
Less retirements	17 451 717
	<u>973 629 424</u>
Balance 30 June 1981	

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

Financial Expenses

The following statement details the interest charges including commitment fees and loan flotation expenses for the past two years:

	1980-81	1979-80
	\$	\$
INTEREST CHARGES		
Capital liabilities	161 859 416	125 006 810
Trade credit financing		
Interest	47 158 142	32 864 006
Commitment fees	852 954	1 553 563
Advances from superannuation fund	23 688 497	16 905 107
Advances for capital works	10 549 231	8 378 879
Bank overdraft	956 842	619 997
Bills payable	3 387 792	455 978
Yallourn Resettlement Trust	103 941	249 065

	1980-81	1979-80
	\$	\$
Insurance Reserve	208 609	180 020
Advance from employees' retirement and benefit fund	679 194	162 689
Acquisition loans from municipalities	38 355	40 016
Leases	540 236	..
Bridging finance - special loan	1 191 712	..
Other current liabilities	117 769	103 097
	<u>251 332 690</u>	<u>186 519 227</u>
Loan Flotation Expenses		
Bills payable	20 474	3 403
Trade credit financing	145 122	50 261
Inscribed stock and debentures	3 476 653	2 377 049
Victorian Government advances	192 182	15 833
	<u>3 834 431</u>	<u>2 446 546</u>
	255 167 121	188 965 773
Less Interest earned	7 029 394	5 144 890
	<u>248 137 727</u>	<u>183 820 883</u>

The net financial expenses have been allocated in the accounts as follows:

	\$	\$
Direct to operations	166 345 153	138 931 637
Capitalised-interest during construction	80 794 498	43 285 422
Deferred charges-trade credit financing	998 076	1 603 824
	<u>248 137 727</u>	<u>183 820 883</u>

It is the Commission's policy to capitalise interest on major capital projects with an estimated cost of \$100 000 000 or more and having a lead time of at least two years. The capitalised interest forms part of the cost of the project and will be written out over the life of the asset, by inclusion in the depreciation charge, commencing from the date the project comes into service.

The following statement compares the interest capitalised in the past two years:

	1980-81	1979-80
	\$	\$
Loy Yang project	33 486 185	11 786 906
Yallourn 'W' power station	46 542 647	31 498 516
Portland transmission line	765 666	..
	<u>80 794 498</u>	<u>43 285 422</u>

Contribution to Consolidated Fund

The Public Authorities (Contributions) Act 1966, as amended, provides for an annual contribution equal to 5.5 per cent. of the total revenue of the preceding year to be made by the Commission to the Consolidated Fund. Since 1966, a total of \$211 590 000 has been contributed by the Commission. Details are:

	\$
Contributions to 30 June 1980	172 210 000
Paid during 1980-81 from provision set aside in 1979-80	<u>39 380 000</u>
Contributions to 30 June 1981	<u>211 590 000</u>

In addition the Commission set aside the sum of \$48 235 000 in 1980-81 on account of the contribution due in 1981-82.

Financial Position

The Commission's balances at 30 June 1981 and 1980 are summarised hereunder:

	30.6.81 \$	30.6.80 \$
CURRENT ASSETS		
Cash advances	418 146	331 291
Short-term deposits and securities	13 382 059	12 503 588
Accounts receivable	86 505 331	69 312 756
Estimated income from unread electricity consumption	72 973 266	60 793 382
Materials and fuel (at cost)	55 083 936	44 832 476
Securities-trust deposits and funds	1 714 720	9 219 922
	<u>230 077 458</u>	<u>196 993 415</u>
NON-CURRENT ASSETS		
Securities		
Loan Redemption Fund	35 000 000	30 624 140
Insurance Fund	3 024 050	1 997 300
Deferred charges	10 821 462	14 314 670
Deferred debtors	17 557 502	12 496 481
	<u>66 403 014</u>	<u>59 432 591</u>
FIXED ASSETS		
At cost	3 796 340 149	3 197 419 915
Provision for depreciation	(973 629 424)	(891 494 196)
	<u>2 822 710 725</u>	<u>2 305 925 719</u>
Development of Open Cuts-Balance of cost	15 023 325	16 546 320
	<u>2 837 734 050</u>	<u>2 322 472 039</u>
Leased plant and equipment	14 714 821	..
	<u>2 852 448 871</u>	<u>2 322 472 039</u>
Provision for amortisation	(414 119)	..
	<u>2 852 034 752</u>	<u>2 322 472 039</u>
	<u>3 148 515 224</u>	<u>2 578 898 045</u>

	30.6.81	30.6.80
	\$	\$
CURRENT LIABILITIES		
Bank overdraft	19 627 378	18 515 650
Bills payable	73 000 000	30 000 000
Accounts payable and miscellaneous accruals	83 289 664	60 708 123
Interest accrued	60 468 105	48 342 476
Provision for statutory contributions to the Consolidated Fund	48 993 842	40 157 292
Trust deposits and funds	18 351 844	17 145 653
Advances for capital works	63 657 279	29 662 817
Lease liability	810 171	..
Mortgage loan	10 000 000	..
	<hr/>	<hr/>
	378 198 283	244 532 011
DEFERRED LIABILITIES		
Advances for capital works	689 432 210	504 670 913
Acquisition loans from municipalities	243 827	303 705
Provision for long service leave	45 300 000	42 300 000
Lease liability	17 371 251	..
	<hr/>	<hr/>
	752 347 288	547 274 618
RESERVES		
Special Finance for Emergency Generating Plant	3 199 946	..
General Reserve	6 482 668	3 466 852
Contributions for Capital Works	146 168 403	124 415 455
Insurance Reserve	9 906 108	5 749 483
	<hr/>	<hr/>
	165 757 125	133 631 790
CAPITAL LIABILITIES		
Inscribed stock and debentures	1 541 158 160	1 342 013 047
Victorian Government advances	311 054 368	311 446 579
	<hr/>	<hr/>
	1 852 212 528	1 653 459 626
	<hr/>	<hr/>
	3 148 515 224	2 578 898 045
	<hr/>	<hr/>

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:

	30.6.81	30.6.80
	\$	\$
CURRENT ASSETS		
Short-term deposits and securities	13 382 059	12 503 588
Securities-Trust Deposits and Funds		
Replacement of Yallourn community facilities	348 700	1 096 700
Superannuation funds awaiting investment	..	7 011 062
Contractors' and consumers' deposits	1 366 020	1 112 160
	<u>1 714 720</u>	<u>9 219 922</u>
NON-CURRENT ASSETS		
Securities		
Loan Redemption Fund	35 000 000	30 624 140
Insurance Fund	3 024 050	1 997 300
	<u>38 024 050</u>	<u>32 621 440</u>
Total Investments	<u>53 120 829</u>	<u>54 344 950</u>

Particulars of investments held by the Commission making up the above balance sheet items at 30 June 1981 and 1980 are given hereunder:

	30.6.81	30.6.80
	\$	\$
Commonwealth Government inscribed stock	8 725 000	8 725 000
Semi-Government Securities		
Victorian	15 882 000	14 882 000
Interstate	15 403 700	15 543 700
Victorian municipal securities	11 639 109	11 977 090
Commercial bills	..	2 000 000
Contractors' and consumers' deposits	1 366 020	1 112 160
Shares in Australian Char Pty. Ltd.	105 000	105 000
	<u>53 120 829</u>	<u>54 344 950</u>

Accounts Receivable

Included in the item Accounts Receivable is an amount of \$3 805 134 owed by the Melbourne City Council Electricity Supply Undertaking. The amount outstanding represents the difference between amounts billed by the Commission for bulk electricity supply and amounts paid by the Council for such supply during the period February 1980 to June 1981. The Council has not paid the total amount billed pending finalisation of an agreement between the Council and the Commission as to rates to be charged for the bulk supply.

Deferred Charges

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

	30.6.81	30.6.80
	\$	\$
Loy Yang Power Station Project		
Liaison charges	1 038 093	356 469
Newport Power Station Project		
Boiler unit cancellation charge	4 700 000	4 700 000
Storage and other charges	3 595 150	3 000 986
Trade Credit Financing		
Commitment and management fees	7 134 904	6 136 828
Other expenses deferred pending allocation	340 746	120 387
	<hr/>	<hr/>
	16 808 893	14 314 670
Less		
Exchange gains on overseas loans	5 987 431	..
	<hr/>	<hr/>
	10 821 462	14 314 670
	<hr/>	<hr/>

Further comment on exchange fluctuations on overseas loans is included later in this section of the report.

Fixed Assets

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

	30.6.81	30.6.80
	\$	\$
Coal production	277 077 472	226 932 305
Briquette production and distribution	34 555 550	34 389 059
Power production		
Thermal stations	1 564 055 085	1 277 679 381
Hydro stations	113 949 478	107 477 047
Gas turbine stations	84 181 847	78 973 843
Transmission system	556 655 128	469 056 038
Distribution system	806 706 943	731 671 066
General service assets	359 158 646	271 241 176
	<hr/>	<hr/>
	3 796 340 149	3 197 419 915
Provision for depreciation	(973 629 424)	(891 494 196)
	<hr/>	<hr/>
	2 822 710 725	2 305 925 719
Development of open cuts—balance of cost	15 023 325	16 546 320
	<hr/>	<hr/>
	2 837 734 050	2 322 472 039
	<hr/>	<hr/>

The principal item of capital expenditure in 1980-81 was the Loy Yang Power Station project. Expenditure incurred by the Commission during the year in connection with this project totalled \$256 193 330. A summary of this expenditure is given below:

	\$
Power production	145 296 068
Coal production	50 620 279
General services	23 274 132
Capitalised interest	33 486 185
Transmission	883 808
Other	2 632 858
	<hr/>
	256 193 330
	<hr/>

Other significant areas of capital expenditure were the Yallourn Power Station, \$108 446 669 and Newport D Power Station \$23 949 566.

Bank Overdraft and Bills Payable

Under the provisions of Sections 95 and 95A of the State Electricity Commission Act 1958, the Treasurer has fixed the total facility that the Commission may utilise by way of overdraft or issue of promissory notes at \$100 000 000. At 30 June 1981 the bank overdraft was \$19 627 378 whilst individual placements of promissory notes issued by the Commission and approved by the Treasurer totalled \$73 000 000, including \$20 000 000 accepted by State Treasury.

Mortgage Loan

The mortgage loan of \$10 000 000, included under current liabilities in the balance sheet, represents a short-term borrowing by the Commission, repayment of which was secured by Commission investments having a face value of \$10 200 000.

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 30.6.81 \$	Balance 30.6.80 \$	Variation for Year \$
Advances for construction of fuel and generating projects	444 467 128	309 489 952	134 977 176
Customers' advances for capital works	90 141 562	80 982 143	9 159 419
Special loan - bridging finance	39 947 892	..	39 947 892
	<u>574 556 582</u>	<u>390 472 095</u>	<u>184 084 487</u>
Advances from S.E.C. Superannuation Fund	172 037 931	143 861 635	28 176 296
Advances from S.E.C. Employees' Retirement and Benefit Fund	6 494 976	..	6 494 976
	<u>753 089 489</u>	<u>534 333 730</u>	<u>218 755 759</u>

Comments on certain of the items in the above table are:

(a) Advances for Construction of Fuel and Generating Projects

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 1980-81 by \$134 997 176. 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 1981, the value of outstanding advances at that date was \$458 414 335, whereas the recorded balance of outstanding advances at 30 June 1981 was \$444 467 128 leaving a contingent liability to the Commission in respect of exchange rate variations of \$13 947 207.

(b) Customers' Advances

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

	1980-81	1979-80
	\$	\$
Contributions received	17 161 334	16 657 444
Interest credits	8 381 970	7 384 519
	<hr/>	<hr/>
	25 543 304	24 041 963
Less refunds of instalments and expired deposits	16 383 885	14 702 772
	<hr/>	<hr/>
Net Increase	9 159 419	9 339 191

(c) Special Loan - Bridging Finance

During the year the Commission obtained a special short-term overseas loan of \$39 947 892 as part of the financing of the Loy Yang Project pending the entry into a long term financing arrangement.

(d) S.E.C. Superannuation Fund

In addition to the liability of \$172 037 931 shown as advances from the S.E.C. Superannuation Fund, an amount of \$8 376 742, representing member contributions and other income at credit of the fund's operating account at 30 June 1981, 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 later in this Report.

Provision for Long Service Leave

An amount of \$3 000 000 was appropriated to the provision for long service leave in 1980-81. The accumulated provision at 30 June 1981 was \$45 300 000.

The aggregate liability at 30 June 1981 on account of all officers and employees, based on total completed service, was estimated by the Commission to be \$73 358 000.

General Reserve

The increase of \$3 015 816 in the balance of this reserve is accounted for as follows:

	\$
Balance 1 July	3 466 852
Credit on account of contributions to the National Debt Sinking Fund for 1980-81 not payable by the Commission and certain adjustments	629 447
Revenue Account Surplus	2 386 369
	<hr/>
Balance 30 June	6 482 668
	<hr/>

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 1981 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
1980-81	21 000 000
	<hr/>
Total appropriations to 30 June 1981	95 006 000
	<hr/>

The amounts of \$21 000 000 appropriated in each year since 1977-78 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 the years 1977-78 to 1980-81 do not reflect additional revenue derived from increases in electricity consumption during those years.

Expenditure incurred by the Commission up to 30 June 1981 on construction of the two gas turbine power stations at Jeeralang totalled \$91 806 054. The excess of \$3 199 946 between the amount appropriated to the reserve and the current cost of the project will be applied to future years expenditure.

Contributions for Capital Works

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

In 1980-81, the credits to the reserve included an amount of \$17 800 054 financed from the reserve account Special Finance for Emergency Generating Plant being expenditure of \$5 334 972 incurred by the Commission during the year in connection with the construction of the Jeeralang Gas Turbine Station and \$12 465 082 in respect of former years expenditure not previously met from the reserve.

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

	\$	\$
Balance 1 July		124 415 455
Add contributions received		
Jeeralang Gas Turbine Power Station	17 800 054	
Underground reticulation etc.	10 270 461	
		<u>28 070 515</u>
		152 485 970
Less contribution to depreciation charge for 1980-81		<u>6 317 567</u>
Balance 30 June		<u>146 168 403</u>

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 1980-81.

Details of the movements within the reserve for 1980-81 are as follows:

	\$	\$
Balance 1 July		5 749 483
Add		
Bush fire compensation appropriation	2 500 000	
Self-Insurance Transfers		
Contract works	1 280 609	
Public liability	750 000	
		<u>4 530 609</u>
		10 280 092
Less		
Claims		
Bush fire compensation	120 110	
Contract works	253 874	
		<u>373 984</u>
Balance 30 June		<u>9 906 108</u>

Capital Liabilities

Loan moneys raised by the Commission during the year amounted to \$301 560 059. The sources of these moneys were:

	\$
Public loans	230 897 800
Private loans	38 402 559
Overseas loans	30 000 000
Retired staff loans	2 259 700
	<hr/>
Total raisings	301 560 059
	<hr/>

Conversions and redemptions of matured loans, together with part redemptions of current reducing loans, amounted to \$102 414 946 leaving a net increase in loan liability for the year of \$199 145 113.

Overseas Loans

The amount outstanding on account of overseas loans at 30 June 1981 was \$154 359 340. 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.

In the terms of the loan agreements the principal sums are denominated in certain overseas currencies and, for loans taken up since 1978-79, the denominated currencies may be varied by the Commission at each interest date.

Based on exchange rates ruling at 30 June 1981 the Australian Dollar equivalent of the denominated principal outstanding at that date was \$131 487 223 resulting in an unrealised gain to the Commission in respect of exchange rate variations of \$22 872 117.

Victorian Government Advances

The loan liability of \$311 054 368 to the Treasury at 30 June 1981 was determined after the deduction of \$66 076 485, the Commission's equity in the National Debt Sinking Fund. The increase in this equity during 1980-81 was \$4 106 969, in respect of which a credit of \$629 447 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.

Loans Guaranteed by the State of Victoria

Under the provisions of Sections 89, 95 and 95A of the Act, the principal and interest outstanding on certain loans obtained by the Commission are subject to guarantee by the State. The contingent liability to the State in respect of principal outstanding at 30 June 1981 is summarised below:

	\$
Inscribed stock and debentures	1 541 158 160
Overdraft	19 627 378
Promissory notes	73 000 000
Trade credit finance	426 199 704
Bridging finance	39 947 892
	<hr/>
	2 099 933 134
	<hr/>

The contingent liability referred to above is affected by favourable and unfavourable foreign exchange variations based on rates at 30 June 1981. The details are as follows:

	\$	
Inscribed stock and debentures	22 872 117	Gain
Trade credit finance	3 599 218	Gain
Bridging finance	205 737	Loss

Finance Leasing

During 1980-81 the Commission entered into leveraged leasing arrangements for the following items of plant and equipment:

	Cost	Profit on Sale
	\$	\$
Coal plant and equipment	10 881 310*	3 103 690
Computer services equipment	2 683 785	N/A
Mobile equipment and facilities	1 149 726	N/A
	<hr/>	<hr/>
	14 714 821	3 103 690
	<hr/>	<hr/>

* Net of accumulated depreciation

The Commission's policy for accounting for leases, as stated in the notes to its accounts, is as follows:

'Accounting for capitalised lease facilities is similar to that for owned assets, the distinguishing feature being establishment of the lease liability. Amortisation of the capitalised lease is in line with depreciation practice. For assets subject to a sale and lease back arrangement, profit on sale will be offset against the value of the capitalised lease and the net value amortised over the remaining expected useful life of the asset'.

At 30 June 1981 total lease liability amounted to \$18 181 422 (\$810 171 payable in 1981-82) while leased plant to the value of \$2 000 000, representing partial delivery on unfinalised leasing arrangements, has not been included in the Balance Sheet at 30 June 1981.

Exchange Fluctuations

Overseas loan repayments under deferred financing arrangements and payments under other contracts involving overseas transactions are subject to the effect of exchange rate fluctuations. During 1980-81, adverse fluctuations resulted in additional fund outflows of \$9 742 181 by the Commission. These additional costs were capitalised by the Commission by way of addition to the value of the asset to which the contract or loan applied.

The more recent deferred financing and overseas loan arrangements entered into by the Commission have, within their terms and conditions, a multi-currency option. Under such facility, the Commission may specify, subject to certain conditions, one or more of a nominated selection of currencies for purposes of principal drawdowns and repayments and for determining the basis for loan interest payments. By use of multi-currency provisions in 1980-81, the Commission realised net cash inflows, over and above the liability recorded in the accounts at base currency rates, amounting to \$5 987 431. This amount was credited to Deferred Charges pending completion of the respective loans. The Commission has yet to determine its policy as to the writing out of the final net gain or loss on each loan.

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:

	1980-81	1979-80
	\$	\$
Balance 1 July	297 873 079	253 678 808
Add		
Commission contributions	34 238 319	28 426 719
Officer contributions	10 785 085	9 392 057
Investment income (net)	42 880 488	31 296 093
Transfer from S.E.C. Employees' Retirement and Benefit Fund	1 336 864	..
	<u>387 113 835</u>	<u>322 793 677</u>
Less benefit payments	30 436 259	24 920 598
	<u>356 677 576</u>	<u>297 873 079</u>

The fund was represented by:

	1980-81	1979-80
	\$	\$
Investments (at cost)		
Advances to the Commission	172 037 931	143 861 635
Commission inscribed stock	36 705 600	37 205 600
Operating account with Commission	8 376 742	7 011 062
Bank endorsed commercial bills	..	5 984 497
Property		
Freehold (less provision for depreciation on plant, equipment and fittings)	36 569 845	32 372 946
Development	1 632 562	1 793 662
Property trust	3 000 300	3 000 300
Mortgages		
Commercial	11 819 750	10 720 500
Housing society advances	26 053	28 801
Company shares	*59 810 833	40 318 395
Fixed interest		
Company debentures	6 236 353	6 847 274
Convertible unsecured notes	*8 840 468	541 741
	<u>345 056 437</u>	<u>289 686 413</u>
Total Investments		
Accrued Income		
Contributions	1 437 180	1 380 420
Investment income	11 038 683	8 255 967
Sales of investments awaiting settlement	601 770	74 321
Employees' Retirement and Benefit Fund	227 736	..
	<u>13 305 369</u>	<u>9 710 708</u>
	<u>358 361 806</u>	<u>299 397 121</u>

	1980-81	1979-80
	\$	\$
Less		
Accrued Expenditure		
Benefits accrued and unpaid	897 049	693 825
Investment purchases awaiting settlement	787 181	830 217
	<u>1 684 230</u>	<u>1 524 042</u>
Total Net Assets	<u>356 677 576</u>	<u>297 873 079</u>

* Market valuation 30 June 1981, Shares \$88 044 688
Notes \$8 853 041

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 1980-81, \$34 238 319, are shown hereunder:

- (a) \$21 528 237 - contributions funded at the rate of 2:1 of members' contributions (13 per cent.);
- (b) \$5 432 815 - 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;
- (c) \$1 212 500 - the cost of granting half membership credit in lieu of the preserved benefit for Employees' Retirement and Benefit Fund members who transferred to the Superannuation Fund. The total amount includes an annual instalment of \$456 500 for 20 years to offset the estimated actuarial deficit of \$4.482 million as a result of the half membership provision.
- (d) \$6 064 767 - the cost of supplementing pensions for variations in the cost of living. Pensions are increased annually on 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), (b) and (c) 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 1981 totalled \$172 037 931 and represented 48.2 per cent. of total net assets of the fund.

Pension costs arising from variations in the cost of living, referred to in (d) 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.

Actuarial Review

In accordance with the rules of the Superannuation Fund, an actuarial review was undertaken on 30 June 1980, to determine the state and sufficiency of the Fund. The actuary reported a deficit of \$87.7 million. To eliminate this deficit the Commission is contributing an amount equal to 3.3 per cent. of salaries over a period of 18 years.

S.E.C. Employees' Retirement and Benefits 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.

On 2 September 1980, the Commission implemented a modified scheme based on members contributing 3.25 per cent. of defined superannuation wages matched by Commission contributions at a ratio of 2 to 1. The scheme is compulsory for all wages personnel and the 12 months probationary period required under the old scheme has been eliminated. This had the effect of increasing the membership of the fund by 2147 in 1980-81 compared with an increase of 186 in 1979-80.

From the date of introduction of the modified scheme, the Commission has retained its contributions, amounting to \$6 494 976, due to the fund and will pay to the fund interest on the amount retained at the rate of 0.5 per cent. above the maximum semi-government interest rate for the State of Victoria.

The following statement shows, the movements within the fund account and details of the fund's net assets for the past two years:

	1980-81	1979-80
	\$	\$
Balance 1 July	11 965 917	9 803 320
Add		
Commission contributions	7 163 037	1 716 227
Employee contributions	3 575 268	854 019
Investment income (net)	2 287 979	1 448 707
	<hr/>	<hr/>
	24 992 201	13 822 273
Less		
Benefit payments	5 230 139	1 856 356
Transfer to Superannuation Fund	1 336 864	..
	<hr/>	<hr/>
Balance 30 June	18 425 198	11 965 917

The fund was represented by:

	1980-81 \$	1979-80 \$
Investments (at cost)		
Property		
Freehold (less provision for depreciation on plant, equipment and fittings)	3 573 919	2 345 410
Trusts	750 075	750 075
Fixed Interest		
Company debentures	1 564 931	1 675 240
Convertible unsecured notes	*706 158	142 326
Company shares	*4 474 889	4 447 634
Mortgages	715 000	718 400
Operating account with commission	367 339	1 108 729
Bank endorsed commercial bills	..	870 919
Advances to the Commission	6 494 976	..
	<hr/>	<hr/>
Total Investments	18 647 287	12 058 733
	<hr/>	<hr/>
Accrued Income		
Contributions	558 151	103 574
Investment income	434 112	124 058
Sales of investments awaiting settlement	29 568	14 030
	<hr/>	<hr/>
	1 021 831	241 662
	<hr/>	<hr/>
	19 669 118	12 300 395
	<hr/>	<hr/>
Less		
Accrued Expenditure		
Benefits accrued and unpaid	858 491	326 922
Investment purchases awaiting settlement	385 429	7 556
	<hr/>	<hr/>
	1 243 920	334 478
	<hr/>	<hr/>
Total Net Assets	18 425 198	11 965 917
	<hr/>	<hr/>

* Market valuation 30 June 1981, Shares \$7 138 040
Notes \$732 483

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.

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 1980-81 were not available.

Actuarial Valuation

The actuarial investigation of the fund due at 30 June 1980 has been commenced at the date of this report.

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 1966 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 1979-80:

	1980-81	1979-80
	\$	\$
INCOME		
Statutory transfer		
Superannuation Fund	20 643 799	17 166 128
Police Pensions Fund	3 158 331	2 793 159
Consolidated Fund	43 215 387	33 931 099
Interest on current account	1 136	867
	<hr/>	<hr/>
	67 018 653	53 891 253
	<hr/>	<hr/>

	1980-81 \$	1979-80 \$
EXPENDITURE		
Pensions	67 011 203	53 885 534
	<hr/>	<hr/>
Surplus	7 450	5 719
	<hr/>	<hr/>

The accumulated funds at 30 June 1981 and 1980 respectively were represented by:

	30.6.81 \$	30.6.80 \$
ASSETS		
Cash at bank	37 765	30 315
Accruals		
Superannuation Fund	741 567	594 601
Police Pensions Fund	114 944	96 547
Consolidated Fund	1 587 964	1 221 720
	<hr/>	<hr/>
	2 482 240	1 943 183
Less LIABILITIES		
Pensions approved but unpaid	2 444 475	1 912 868
	<hr/>	<hr/>
Accumulated Funds	37 765	30 315
	<hr/>	<hr/>

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 member is required to contribute to the fund, by way 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:

	1980-81	1979-80
	\$	\$
Balance 1 July	5 091 798	4 279 295
RECEIPTS		
Contributions		
Officers	628 622	602 533
Consolidated Fund-lump sums	138 967	69 382
Interest on investments	616 629	495 390
	<u>6 476 016</u>	<u>5 446 600</u>
PAYMENTS		
Lump sum	225 592	123 643
Annuities	6 052	6 087
Contributions refunded, Section 15		
Officers	276 563	183 704
Consolidated Fund	5 011	..
Transfer to Superannuation Fund, Section 16	64 897	41 368
Balance 30 June	*5 897 901	5 091 798
	<u>6 476 016</u>	<u>5 446 600</u>

* Consisting of inscribed stock \$778 216, mortgages \$4 627 000, short-term deposits \$410 000 and cash at bank \$82 685

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.

The audit of the accounts of this fund is undertaken at the request of the Treasurer.

Transactions for 1980-81 and 1979-80 were:

	1980-81	1979-80
	\$	\$
Balance 1 July	9 924 359	9 367 891
RECEIPTS		
Contributions		
Members	484 997	448 164
Consolidated Fund	3 279 992	3 279 992
Interest on investments	1 399 188	1 015 210
	<u>15 088 536</u>	<u>14 111 257</u>

	1980-81	1979-80
	\$	\$
PAYMENTS		
Pensions	1 276 656	1 222 921
Lump sum	..	2 957 075
Refund of contributions	..	6 902
Balance 30 June	*13 811 880	9 924 359
	<hr/>	<hr/>
	15 088 536	14 111 257
	<hr/>	<hr/>

* Consisting of inscribed stock \$200 000, mortgages \$11 942 000, short-term deposits \$1 593 511 and cash at bank \$76 369

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 Superannuation Fund in terms of Section 13 of the Act.

Other Matters

Electronic Data Processing

In previous reports I had 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.

Accrual Accounting

In the report to the Treasurer on the accounts of the Married Women's Superannuation Fund and the Parliamentary Contributory Superannuation Fund for the year ended 30 June 1981, attention was drawn to the need for the adoption of full accrual accounting and the preparation of an income and expenditure account and a balance sheet for the funds.

TEACHER HOUSING AUTHORITY

The Teacher Housing Authority was constituted under the provisions of the Teacher Housing Act 1970. The functions of the Authority are to provide and maintain adequate and suitable housing for teachers and to fix rentals for that housing.

A summary of receipts and payments of the Authority during the past two years is as follows:

	1980-81	1979-80
	\$	\$
Balance 1 July	22 673	12 552
RECEIPTS		
Treasurer of Victoria-advances under Works and Services Acts	3 303 000	3 303 000
Education Department-rent collections	2 292 132	2 274 759
Investments matured	..	374 000
Interest on short-term deposits	199 811	203 734
Sales of land and houses	281 274	351 474
Sundry tenants-rent collections	91 275	70 039
Other	..	5 003
	6 190 165	6 594 561
PAYMENTS		
Capital expenditure	2 547 519	3 228 744
Maintenance and rates	1 969 475	1 977 460
Investments	114 000	..
Administration	384 996	291 927
Payments to Consolidated Fund		
Interest	796 199	777 861
Repayment	229 881	242 581
Interest on private loans	94 113	49 203
Redemption of private loans	42 073	1 588
Other	1 352	2 524
	6 179 608	6 571 888
Balance 30 June	10 557	22 673

The Authority's income and expenditure accounts for 1980-81 and 1979-80 are summarised below:

	1980-81	1979-80
	\$	\$
INCOME		
Rent charges	2 516 171	2 362 156
Maintenance grant - Treasurer of Victoria	803 000	565 000
Interest from short-term investments	200 343	146 546
Profit on sale of properties	226 512	226 557
	3 746 026	3 300 259

	1980-81	1979-80
	\$	\$
EXPENDITURE		
Interest paid	890 312	827 064
Maintenance	1 430 353	1 552 540
Rates	546 964	482 082
Agents' commission	7 776	13 579
Depreciation	263 649	229 593
Administration	272 133	241 240
Miscellaneous	3 010	2 178
	<u>3 414 197</u>	<u>3 348 276</u>
Surplus (Deficit) for year	<u>331 829</u>	<u>(48 017)</u>

The balance sheets of the Authority at 30 June 1981 and 1980 are summarised hereunder:

	30.6.81	30.6.80
	\$	\$
LOAN LIABILITY		
Government of Victoria	28 778 000	26 278 000
Less Repayments	<u>1 356 760</u>	<u>1 085 109</u>
	27 421 240	25 192 891
Private Loans	<u>877 972</u>	<u>920 046</u>
	<u>28 299 212</u>	<u>26 112 937</u>
RESERVES		
Contribution from Commonwealth		
Government-States Grants		
(Schools) Act 1973	600 000	600 000
Asset Revaluation Reserve	<u>23 551 179</u>	<u>..</u>
	<u>24 151 179</u>	<u>600 000</u>
CURRENT LIABILITIES		
Creditors	380 423	399 781
Rents in advance	3 702	2 668
Unclaimed moneys	<u>116</u>	<u>..</u>
	<u>384 241</u>	<u>402 449</u>
Accumulated Surplus (Deficit)	<u>331 829</u>	<u>(1 776 584)</u>
	<u>53 166 461</u>	<u>25 338 802</u>

	30.6.81	30.6.80
	\$	\$
FIXED ASSETS		
Land and buildings	52 298 024	25 807 911
Furniture and fittings	8 585	9 036
Equipment and motor vehicle	5 293	4 717
Designs and plans	4 700	10 575
	<hr/>	<hr/>
	53 316 602	25 832 239
Less Provision for depreciation	258 079	1 296 624
	<hr/>	<hr/>
	52 087 638	24 535 615
	<hr/>	<hr/>
INVESTMENTS		
Short-term bank deposits	850 000	736 000
	<hr/>	<hr/>
CURRENT ASSETS		
Cash at bank and on hand	10 577	22 693
Debtors	214 598	40 161
Stock	2 914	4 131
Interest accrued-investments	734	202
	<hr/>	<hr/>
	228 823	67 187
	<hr/>	<hr/>
INTANGIBLES	29 115	..
	<hr/>	<hr/>
	53 166 461	25 338 802
	<hr/>	<hr/>

During the year the Authority arranged for the revaluation of its land and buildings by the Valuer-General as at 30 June 1980. These valuations have been included in the Authority's accounts for the year ended 30 June 1981.

As a result of the revaluation, the value of land and buildings, as shown in the balance sheet, was increased by \$25 328 548 and an Asset Revaluation Reserve of a similar amount was created. Subsequently, the accumulated deficit of \$1 776 584 at 30 June 1980 was offset against this reserve which enabled the Authority to show an accumulated surplus of \$331 829 at 30 June 1981.

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.

Under the Racing (Further Amendment) Act 1980, which came into operation on 24 March 1981, the Board's powers were extended as follows:

- (a) the Board, with the approval of the Minister, to make advances to the Greyhound Racing Control Board towards the cost of administering greyhound racing;
- (b) the TABELLA totalizator to be any prescribed scheme of betting rather than being restricted to four specified schemes;
- (c) the introduction of new on-course bet types, i.e. daily and feature doubles, jackpot, quadrella, treble and trifecta;
- (d) clubs using doubles and quadrella totalizators in respect of which bets have been made through the Board shall pay .25 per cent of the commission deducted out of moneys paid into the totalizator to the Board to be carried to and form part of the Development Reserve; and
- (e) the Board to conduct its own quinella and trifecta pools where there is no on-course totalizator providing these facilities and that commission be deducted at the same rate as for on-course totalizators.

The Board's financial year for 1980-81 ended on 31 July in accordance with the Board's changed policy that commencing with the current year, the financial year of the Board would end on 31 July.

This reverted back to the policy of the Board which existed for some years prior to 1977-78.

Cash Wagering System

A new cash wagering system, CRISP, came into operation in November 1980. The overall cost of this system together with the CRISP Telebet system, which became operational in June 1979, amounted to \$23 810 322. It is the policy of the Board to provide depreciation at the rate of ten per cent. per annum.

Turnover for the financial year ended 31 July 1981 amounted to \$688 374 444 compared with \$628 456 492 in the previous year.

Following is a statement of profit and loss, showing the surplus funds available for distribution for the financial years ended 31 July 1981 and 26 July 1980:

	1980-81	1979-80
	\$	\$
INCOME		
Commission on totalizator investments	58 502 735	53 412 476
Manual dividends not paid after 26 weeks	191 577	235 732
Rimfire dividends not paid after 13 weeks	2 064 386	2 654 266
Crisp dividends not paid after 84 days	656 026	..
Interest on investments	1 174 693	916 008
Rents receivable	216 659	200 640
Functions and cafeteria sales	190 599	145 804
Miscellaneous	87 348	106 504
	<hr/>	<hr/>
	63 084 023	57 671 430
EXPENDITURE		
Salaries	11 840 817	10 169 509
Superannuation	852 915	702 725
Payroll tax	602 328	493 196
Workers compensation	133 547	68 385
Miscellaneous	82 029	73 835
	<hr/>	<hr/>
	13 511 636	11 507 650
Agents' fees and commission	12 073 491	11 547 383
Depreciation		
Freehold land and buildings	545 057	555 981
Leasehold improvements	353 002	300 887
E.D.P. systems	1 929 362	635 646
Motor vehicles, plant, machinery, furniture and fittings	342 337	291 578
	<hr/>	<hr/>
	3 169 758	1 784 092
Provisions for		
Long service leave	281 510	119 922
Annual leave	103 969	28 701
	<hr/>	<hr/>
	385 479	148 623
Communication costs	2 146 145	1 538 012
Rent and rates	2 253 748	2 016 235
Printing and stationery	2 254 455	1 448 799
Repairs and maintenance		
Premises	928 124	848 142
Computer systems	1 171 138	1 136 133
Travelling and accommodation	651 801	501 469
Power	387 656	335 130
Insurance	179 679	218 463
Advertising	976 313	686 726

	1980-81	1979-80
	\$	\$
Cafeteria purchases	117 748	99 559
Security	132 606	129 650
Miscellaneous	702 735	619 335
	<hr/>	<hr/>
Surplus for year	41 042 512	34 565 401
	<hr/>	<hr/>
	22 041 511	23 106 029
	<hr/>	<hr/>
	63 084 023	57 671 430
	<hr/>	<hr/>
SURPLUS FUNDS AVAILABLE FOR DISTRIBUTION		
Surplus as above	22 041 511	23 106 029
	<hr/>	<hr/>
Less Transfers to Reserves		
Development	1 752 963	3 148 029
Late dividends	150 000	168 000
Insurance	..	5 000
Agents' insurance	..	2 000
	<hr/>	<hr/>
	1 902 963	3 232 092
	<hr/>	<hr/>
Funds available for Distribution	20 138 548	19 783 000
	<hr/>	<hr/>

The Board's balance sheets at 31 July 1981 and 26 July 1980 are summarised hereunder:

	31.7.81	26.7.80
	\$	\$
CAPITAL		
Contributing Clubs	6 059 807	6 059 807
	<hr/>	<hr/>
RESERVES AND PROVISIONS		
Development	22 142 386	20 389 424
Late dividends	3 246 000	3 096 000
Long service leave	1 065 338	1 044 017
Annual leave	548 180	444 211
Software exchange	241 200	241 200
Greyhound account	344 641	344 641
Insurance	78 884	78 884
	<hr/>	<hr/>
	27 666 629	25 638 377
	<hr/>	<hr/>
Funds available for Distribution	20 138 548	19 783 000
Less Advances of first charge		
Administration costs	(4 177 777)	(3 781 574)
Advances Spring Racing		
Stakes	(433 472)	(370 848)
	<hr/>	<hr/>
	15 527 299	15 630 578
	<hr/>	<hr/>
	49 253 735	47 328 762
	<hr/>	<hr/>

	31.7.81	26.7.80
	\$	\$
Represented by:		
FIXED ASSETS	54 076 418	59 103 185
Less provision for depreciation	14 740 768	20 720 542
	<u>39 335 650</u>	<u>38 382 643</u>
CURRENT ASSETS		
Cash on hand and at bank	1 636 680	2 379 163
Interest bearing term deposits	11 515 346	12 731 545
Funds on official short-term money market	4 029 750	1 350 000
Sundry debtors	36 245	222 610
Prepayments	151 162	232 809
Interest accrued	586 153	338 362
Stock of equipment spares	110 922	76 726
	<u>18 066 258</u>	<u>17 331 215</u>
	<u>57 401 908</u>	<u>55 713 858</u>
Less		
LIABILITIES		
Amounts payable to Treasurer of Victoria	1 354 110	1 704 499
Dividends payable on totalizator investments	1 562 104	2 383 765
Telephone betting deposits held	3 272 440	2 971 711
Creditors and accrued expenses	1 959 514	1 325 121
	<u>8 148 173</u>	<u>8 385 096</u>
	<u>49 253 735</u>	<u>47 328 762</u>

Included in the explanatory notes appended to the balance sheet by the Board were the following:

1. Fixed assets are depreciated at rates representing a write off over the estimated effective life of the asset. Depreciation was provided for on the Crisp System from the date of system acceptance (November, 1980), at a rate of 10 per cent. per annum.
2. The Financial Year ended on 31 July. This will also apply to future years, due to the introduction of the automated Cash Office Accounting Systems. This enables balancing to be completed during an accounting week.

Development Reserve

Pursuant to the provisions of Section 116 0 (bc) of the Racing Act 1958, the Minister may approve the transfer of moneys, to the Development Reserve in addition to amounts deducted from specific totalizators for this purpose.

However, no such transfer was approved for the year under review compared with \$1 571 273 in the previous year.

The amount of commission deducted from specific totalizators amounted to \$1 752 963 in 1980-81 as compared with \$1 576 756 in the previous year. The total amount so credited was fully expended on approved development projects.

Fixed Assets

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

	31.7.81	26.7.80
	\$	\$
Freehold land and buildings	17 490 372	17 560 346
Provision for depreciation	(3 545 371)	(3 583 765)
	<u>13 945 001</u>	<u>13 976 581</u>
Leasehold improvements	4 661 020	4 482 746
Provision for depreciation	(3 837 409)	(3 557 041)
	<u>823 611</u>	<u>925 705</u>
Crisp cash wagering and telebet system	24 960 337	22 308 058
Provision for depreciation	(2 469 050)	(552 096)
	<u>22 491 287</u>	<u>21 755 962</u>
Carbine Computer systems	3 393 893	11 792 267
Provision for depreciation	(3 393 893)	(11 792 267)
	<u>..</u>	<u>..</u>
Management Information system	239 267	..
Provision for depreciation	(20 050)	..
	<u>219 217</u>	<u>..</u>
Motor vehicles, plant, machinery, furniture and fittings	3 331 529	2 959 768
Provision for depreciation	(1 474 995)	(1 235 373)
	<u>1 856 534</u>	<u>1 724 395</u>
Total Fixed Assets (at cost) less provision for depreciation	<u>39 335 650</u>	<u>38 382 643</u>

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 year ended 30 September 1980 which were not available at the time of my 1979-80 supplementary report are included in this report.

Income and Expenditure

The Authority's income and expenditure accounts for the years ended 30 September 1980 and 1979 are summarised hereunder:

	1979-80	1978-79
	\$	\$
INCOME		
State Government contribution	300 000	269 549
Precepts - Shires of Lillydale, Sherbrooke, Upper Yarra and Healesville	146 661	134 774
Interest	2 082	4 780
Miscellaneous	99	13
	448 842	409 116
EXPENDITURE		
Salaries and wages	245 351	223 950
Payroll tax	11 926	8 168
Workers compensation	2 067	2 215
Regional Strategy Plan expenses	46 201	..
Fees		
Consultants	17 389	123 036
Accounting and legal	17 857	12 668
Maps, plans, printing and stationery	16 486	57 224
Office maintenance and related expenses	29 412	27 192
Advertising, publicity and report preparation	14 047	17 423
Staff amenities, seminars and conferences	14 005	16 018
Telephone, postage and travelling	12 693	13 314
Motor vehicles - maintenance and running costs	11 967	10 544
Provisions for long service leave and asset replacement	17 500	8 000
Miscellaneous	8 804	6 465
	465 705	526 217

	1979-80	1978-79
	\$	\$
Deficit for year	16 863	117 101
Add Loss on sale of motor vehicles	4 846	1 883
Prior years' adjustment	2 877	(135)
	<hr/>	<hr/>
	24 586	118 849
Less Transfer from asset replacement provision	10 435	11 738
	<hr/>	<hr/>
Net Deficit	14 151	107 111
	<hr/>	<hr/>

Balance Sheet

The Authority's balance sheets at 30 September 1980 and 1979 are summarised hereunder:

	30.9.80	30.9.79
	\$	\$
CURRENT ASSETS		
Cash on hand and at bank	69 083	(1 003)
Prepayments	6 964	6 540
	<hr/>	<hr/>
	76 047	5 537
INVESTMENTS (Term deposits)		
Long service leave	11 707	9 220
Asset replacement	5 730	4 421
	<hr/>	<hr/>
	17 437	13 641
NON-CURRENT ASSETS (at cost)		
Office machines and equipment	43 662	43 012
Motor vehicles	37 919	32 914
Office furniture	15 859	14 653
Office improvements	6 738	5 547
	<hr/>	<hr/>
	104 178	96 126
	<hr/>	<hr/>
	197 662	115 304
CURRENT LIABILITIES		
Sundry creditors	17 463	4 030
Government grant in advance	75 000	..
Provisions		
Long service leave	15 988	9 220
Asset replacement	5 730	4 421
	<hr/>	<hr/>
	114 181	17 671
Accumulated surplus	83 481	97 633
	<hr/>	<hr/>
	197 662	115 304
	<hr/>	<hr/>

From 1 October 1980, pursuant to the provisions of the Upper Yarra Valley and Dandenong Ranges (Amendment) Act 1980, the audit of the accounts of the Authority will no longer be the responsibility of my Office.

VICTORIAN ARTS CENTRE TRUST

The Victorian Arts Centre Act 1979, proclaimed to operate from 11 March 1980, provided for the Victorian Arts Centre Trust to be constituted as the successor to the Victorian Arts Centre Building Committee. In terms of the Act all the rights, powers and duties, together with the liabilities, responsibilities and obligations of the Building Committee, were taken over by the Trust. Further, all property vested in the Committee became vested in the Trust. Funds held in the Victorian Arts Centre Building Committee Trust Fund were transferred to the Victorian Arts Centre Trust Account.

The functions of the Trust include, completing the construction of the Arts Centre, improving and maintaining the Centre, controlling and managing the Centre (other than that occupied by the National Gallery), presenting and producing theatrical and other entertainments and promoting the theatre complex.

Income and Expenditure

A consolidated summary of the income and expenditure of the Trust and the Committee for the year ended 30 June 1980 together with comparative figures of the Committee for the year ended 30 June 1979 are given hereunder. At the date of preparation of this report the final accounts for the financial year 1980-81 had not yet been submitted for audit.

	1979-80	1978-79
	\$	\$
INCOME		
Theatre events	316 717	60 256
Interest	227 957	230 857
Car park	190 607	177 400
Donations	11 487	65 885
Sundry	3 866	7 715
	750 634	542 113
EXPENDITURE		
BASS - net loss on operations	325 945	235 682
Salaries and associated expenses	654 042	559 287
Theatre events	363 758	60 226
National Gallery - building and service area restoration and maintenance	201 237	61 226
Administrative expenses	134 570	89 770
Public information	127 270	63 974
Accommodation	104 581	82 033
Interest on debentures - car park	38 803	40 052
Performing Arts Museum expenses	35 800	7 900
	1 986 006	1 200 150

	1979-80	1978-79
	\$	\$
Operating deficit	(1 235 372)	(658 037)
Add Government grant	28 350 000	17 250 000
	<hr/>	<hr/>
Balance available for capital and other purposes (transferred to Accumulated Fund)	27 114 628	16 591 963
	<hr/>	<hr/>

Balance Sheet

The balance sheets of the Building Committee at 30 June 1979 and the Arts Centre Trust at 30 June 1980 are as follows:

	30.6.80	30.6.79
	\$	\$
CURRENT ASSETS		
Cash on hand and at bank	83 585	122 141
Short-term deposit	820 725	1 114 000
Sundry debtors and prepayments	209 794	161 540
	<hr/>	<hr/>
	1 114 104	1 397 681
	<hr/>	<hr/>
INVESTMENTS (at cost)		
Semi-government securities	722 342	833 773
Debentures in listed companies	255 000	420 789
Shares in listed companies	6 006	6 006
Extension deposits	215 170	..
Sundry	7 275	..
	<hr/>	<hr/>
	1 205 793	1 260 568
	<hr/>	<hr/>
FIXED ASSETS		
Victorian Arts Centre - Project cost, Stages II and III at 1 July	53 386 828	35 072 930
Additions for year	31 121 612	18 313 898
	<hr/>	<hr/>
	84 508 440	53 386 828
National Gallery, Art school and car park building (at cost)	16 202 776	16 198 776
Art acquisitions (at cost)	363 361	297 194
Temporary accommodation costs (less amortisation)	116 114	153 523
Office equipment and furniture (at cost less depreciation)	55 503	48 598
Motor vehicles (at cost less depreciation)	19 224	11 345
	<hr/>	<hr/>
	101 265 418	70 096 264
	<hr/>	<hr/>
INTANGIBLE ASSETS		
Preliminary expenses - BASS (at cost less amortisation)	49 270	82 137
	<hr/>	<hr/>
	103 634 585	72 836 650
	<hr/>	<hr/>

	30.6.80	30.6.79
	\$	\$
CURRENT LIABILITIES		
Creditors and accrued expenses	2 638 799	206 083
NON CURRENT LIABILITIES		
Provision for long service leave	24 900	19 100
Deferred lease commitment	100 984	33 776
Debentures - car park	649 913	672 330
Loans	3 200 000	2 000 000
	<u>3 975 797</u>	<u>2 725 206</u>
ACCUMULATED FUND		
Balance 1 July	69 905 361	53 313 398
Net increase for the year	27 114 628	16 591 963
	<u>97 019 989</u>	<u>69 905 361</u>
	<u>103 634 585</u>	<u>72 836 650</u>

B.A.S.S.

During 1978, the Minister for Public Works entered into a contract to lease from a finance corporation, a computer ticketing system known as "B.A.S.S." (Best Available Seating Service). The system which is now managed by the Victorian Arts Centre Trust has a total liability under the leasing arrangements of \$695 000. The lease agreements provide for a residual value of \$347 500.

Details of the operations of B.A.S.S. during 1979-80 and for the period 18 December 1978 to 30 June 1979 are as follows:

	1979-80	1978-79
	\$	\$
INCOME		
Gross booking fees	267 625	105 382
Service and management fees	32 940	4 912
Terminal rentals	39 737	1 125
Miscellaneous	23 103	3 412
	<u>363 405</u>	<u>114 831</u>
EXPENDITURE		
Advertising and promotion	222 004	155 095
Salaries and associated costs	179 132	68 579
Computer costs	183 696	77 380
Administration	71 038	31 926
Amortisation of preliminary expenses	33 480	17 533
	<u>689 350</u>	<u>350 513</u>
Loss on operations	<u>325 945</u>	<u>235 682</u>

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.

Surrender of Milk Contracts

The Act provides for all milk contracts to terminate on or before 30 June 1986, and that on surrender of a contract, the producer shall receive compensation. To 30 June 1981 compensation paid, deferred and accrued amounted to \$35 796 673 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.

Operating Accounts

The following is an abstract of the annual statements of accounts of the Authority for the years ended 30 June 1981 and 30 June 1980. The 1979-80 accounts have been recast to incorporate minor classification changes introduced during 1980-81.

Trading Account

	1980-81	1979-80
	\$	\$
Gross sales of milk	119 855 928	100 321 379
Less purchases of milk		
Under contract	19 862 695	20 961 200
Non-contract		
Base price	42 918 768	33 341 438
Pool payments	24 109 664	21 387 926
Butterfat released from standardisation*	4 592 662	..
Depot allowance	4 511 977	4 058 808
Depot to dairy cartage	5 221 923	4 766 817
Winter Incentive Fund	7 415 332	4 700 000
Distribution rebates	928 748	818 217
Merchandising costs	266 616	174 407
Other expenses	88 087	81 690
	109 916 472	90 290 503
Gross Surplus	9 939 456	10 030 876

	1980-81 \$	1979-80 \$
Surplus transferred to:		
Operations Account	4 926 455	4 292 220
Capital Fund	5 013 001	5 738 656
	<hr/> 9 939 456	<hr/> 10 030 876

* Represents payments to producers for butterfat released by the standardisation of milk to 3.9 per cent. butterfat. Butterfat in excess of that level is sold by the Authority to factory/depots. This new arrangement commenced from 1 July 1980.

Operations Account

	1980-81 \$	1979-80 \$
REVENUE		
Transfer from Trading Account	4 926 455	4 292 220
Sale of packed U.H.T. milk	1 275 373	..
Franchising, trade marks and conceptual activities	618 784	204 974
Other income	524 455	392 537
	<hr/> 7 345 067	<hr/> 4 889 731
EXPENDITURE		
Administration	2 114 842	1 542 258
Purchase of packed U.H.T. milk	1 275 415	..
Promotion and marketing	3 164 490	3 144 477
Franchising, trade marks and conceptual activities	671 809	41 290
	<hr/> 7 226 556	<hr/> 4 728 025
Net Surplus	<hr/> 118 511	<hr/> 161 706
ACCUMULATED FUND		
Balance 1 July	9 042 381	8 880 675
Net Operating Surplus	118 511	161 706
	<hr/> 9 160 892	<hr/> 9 042 381

Packed UHT Milk

Ultra Heat Treatment (U.H.T.) milk is a new product line introduced during the year. Raw milk used in the product is accounted for through the Trading Account and transactions relating to the purchase and sale of the product are recorded in the Operations Account.

Franchising, Trade Marks and Conceptual Activities

Expenses under this heading relate to the Authority's franchising promotional material to other dairy corporations both within Australia and overseas. The Authority has also leased a shop in the City Square for the purpose of selling and promoting all types of dairy products. Transactions of the shop are also included in this classification.

Capital Fund

	1980-81	1979-80
	\$	\$
Balance 1 July	2 179 468	1 648 227
REVENUE		
Transfer from Trading Account	5 013 001	5 738 656
	<hr/>	<hr/>
	7 192 469	7 386 883
EXPENDITURE		
Interest on loans, bank overdraft, deferred compensation and advance payments	661 048	937 121
Amortisation of contract compensation	4 339 488	4 090 294
Sinking Fund appropriation	180 000	180 000
	<hr/>	<hr/>
	5 180 536	5 207 415
Balance 30 June	<hr/>	<hr/>
	2 011 933	2 179 468

Winter Incentive Fund

	1980-81	1979-80
	\$	\$
Balance 1 July	505 200	336 241
REVENUE		
Transfer from Trading Account	7 415 332	4 700 000
	<hr/>	<hr/>
	7 920 532	5 036 241
EXPENDITURE		
Winter Incentive payments	7 311 972	4 531 041
	<hr/>	<hr/>
Balance 30 June	608 560	505 200

Balance Sheet

	30.6.81	30.6.80
	\$	\$
CURRENT ASSETS		
Debtors		
Sundry	7 301 119	6 250 801
State of Victoria	38 962	6 234 538
Stock on hand (at cost)	57 994	25 399
Deceased estates cash on hand	1 719	3 391
Short-term investments	2 180 238	..
FIXED ASSETS		
Land, buildings (at valuation)	1 150 000	883 558
Furniture, equipment, vehicles (at cost or valuation)	625 278	744 840
Provision for depreciation	(46 149)	(117 437)
Leasehold premises (at cost)	283 223	209 342
Provision for amortisation	(54 516)	(6 332)
INTANGIBLE ASSETS		
Contract compensation	35 796 673	34 715 956
Provision for amortisation	(14 908 113)	(10 568 625)
	<u>32 426 428</u>	<u>38 375 431</u>
CURRENT LIABILITIES		
Bank overdraft	79 211	8 259 696
Creditors		
Producers, carriers and depots	15 325 124	12 253 775
Compensation	467 478	1 286 709
Deferred compensation*	1 028 555	1 600 335
Sundry accruals	680 625	567 702
Deceased estates	1 719	3 391
PROVISIONS		
Long service leave, holiday pay and superannuation	383 235	301 801
Pool adjustment	196 080	148 303
Winter incentive	608 560	505 200
DEFERRED LIABILITIES		
Loan-State Superannuation Board	1 800 000	1 800 000
VICTORIAN DAIRY INDUSTRY AUTHORITY FUND		
Accumulated Fund	9 160 892	9 042 381
Capital Fund	2 011 933	2 179 468
Sinking Fund-State Superannuation Board loan	606 670	426 670
Asset Revaluation Reserve	76 346	..
	<u>32 426 428</u>	<u>38 375 431</u>

* Amounts repayable on 3 months notice

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 and by a levy of one cent per litre on all white milk sales after 30 November 1980. At 30 June 1981 the balance in the fund was \$608 560 (\$505 200, 1980).

Direct Payments to Producers

The present procedure adopted by the Authority in paying for the majority of its milk purchases from producers (dairy farmers), requires the Authority to make monthly payments to the milk depots which act as the Authority's agents in these purchases. The depots are then required to pay individual producers.

Legal opinions obtained by the Authority indicate that, an element of risk exists with the present payment procedure in that the Authority may, in the event of default by the agents, be liable to pay the amount in question to the producer notwithstanding the fact that the Authority has already paid the depot.

This matter has been raised in several audit reports, and despite the legal opinions obtained the Authority continues to pay for most of its milk purchases through the depots.

The Authority has been advised by audit that it should review its procedures for making payments to producers to ensure that its funds are not at risk in the event of default by a depot.

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 Corporation derives its funds mainly from advances from the Works and Services Account and by issues of inscribed stock.

In 1980-81 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 \$673 333, the Corporation's liability for advances from the Works and Services Account at 30 June 1981 increased by \$2 826 667 to \$30 506 667.

During the year the Corporation raised an amount of \$1 200 000 by the issue of inscribed stock, and received from the Department of State Development, Decentralisation and Tourism a grant of \$352 397 towards the costs of operating the Investment and Export Promotion Division.

Loans provided by the Corporation in 1980-81 totalled \$9 838 399 (1979-80, \$7 504 136).

Following is a summary of the profit and loss accounts for the years ended 30 June 1981 and 1980:

	1980-81	1979-80
	\$	\$
INCOME		
Interest on loan advances	3 014 909	2 577 199
Interest on short-term investments	439 401	454 660
Rental from leased factories	336 756	264 698
Contribution from State Treasury	352 397	137 208
Other	..	12 439
	4 143 463	3 446 204

	1980-81 \$	1979-80 \$
EXPENDITURE		
Interest payable	2 693 309	2 394 613
Salaries and allowances	432 895	336 155
Administrative expenses	292 511	136 097
Office accommodation	62 942	41 178
Provisions		
Doubtful debts	..	52 021
Leased properties	115 303	102 791
Long service leave	4 527	..
Annual leave	29 237	..
Bad Debts written off	3 618	..
	<u>3 634 342</u>	<u>3 062 855</u>
Operating Profit	509 121	383 349
Profit (Loss) on sale of capital items	899	(17 096)
Abnormal items relating to prior periods		
Provision for doubtful debts written back	182 181	25 000
Provision for long service leave	(76 980)	..
	<u>615 221</u>	<u>391 253</u>
Net Profit for year	615 221	391 253
Transfer to Contingency Reserve	..	(105 665)
	<u>615 221</u>	<u>285 588</u>
Accumulated deficit 1 July	(766 650)	(1 052 238)
	<u>151 429</u>	<u>766 650</u>
Accumulated deficit at 30 June		

Profit and Loss Account - Abnormal Items

- (a) Provision for Long Service Leave - during 1980-81 the Corporation created a provision in respect of long service leave, \$81 507, and accrued annual leave, \$29 237, due at 30 June 1981. The amount of the liability for long service leave which arose prior to 1980-81, \$76 980, has been shown in the profit and loss account as an abnormal item, whereas the liability arising in the year under review has been charged against the year's operations.
- (b) Provision for Doubtful Debts - where the recovery of a loan or advance made by the Corporation is considered doubtful, a specific provision for such loan or advance is made. During the year an amount of \$182 181 representing provisions made in previous years in respect of loans and advances, the recovery of which is considered by management to be no longer doubtful, was written out of the provision.

The balance sheets of the Corporation at 30 June 1981 and 1980 are summarised hereunder:

	30.6.81	30.6.80
	\$	\$
CURRENT ASSETS		
Prepayments and sundry debtors	430	15 667
Cash at bank	1 404 200	181 294
Short-term investments	3 551 700	3 894 344
	<u>4 956 330</u>	<u>4 091 305</u>
LOANS AND INDUSTRIAL PROPERTIES		
Industries and Tourism	34 694 720	30 178 632
Provision for doubtful debts	(200 000)	(382 182)
Agency loan	670 000	735 000
Industrial properties (at cost)	2 846 397	2 471 855
Leased property provision	(429 787)	(338 904)
	<u>37 581 330</u>	<u>32 664 401</u>
FIXED ASSETS		
Office furniture and motor vehicles (at cost)	196 450	145 770
Provision for depreciation	(44 234)	(11 686)
	<u>152 216</u>	<u>134 084</u>
	<u>42 689 876</u>	<u>36 889 790</u>
CURRENT LIABILITIES		
Accrued interest and sundry creditors	1 317 893	205 440
Provision for long service and annual leave Treasurer of Victoria	40 921	..
Advances	1 596 667	1 346 666
Agency Loan	65 000	65 000
	<u>3 020 481</u>	<u>1 617 106</u>
DEFERRED LIABILITIES		
Treasurer of Victoria		
Advances	28 910 000	26 333 334
Agency Loan	605 000	670 000
Inscribed stock	7 200 000	6 000 000
Provision for long service leave	69 824	..
	<u>36 784 824</u>	<u>33 003 334</u>
CAPITAL AND RESERVES		
Capital provided by the State	2 000 000	2 000 000
Treasury contribution - establishment of export and investment promotion division	36 000	36 000
Contingency Reserve	1 000 000	1 000 000
Accumulated Deficit	(151 429)	(766 650)
	<u>2 884 571</u>	<u>2 269 350</u>
	<u>42 689 876</u>	<u>36 889 790</u>

Capital provided by the State

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 1981 and 1980 were as follows:

	30.6.81	30.6.80
	\$	\$
Bank deposit	1 954 376	206 503
Short-term money market	603 366	454 608
Bank-accepted bills of exchange	993 958	3 233 233
	<hr/>	<hr/>
	3 551 700	3 894 344
	<hr/>	<hr/>

Leased Property Provision

The Corporation constructs and purchases factories, which are rented on a lease/purchase basis, the lessees having the option of purchase during the term of or at the conclusion of the leases. The item, "Leased Property Provision \$429 787", 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 1981, guarantees issued by the Corporation in terms of Section 11 of the Act totalled \$2 332 418 (1980, \$2 421 997).

VICTORIAN FILM CORPORATION

The Victorian Film Corporation was constituted under the Victorian Film Corporation Act 1976 to encourage and promote the production, exhibition and distribution of films, television programs and other entertainments and works.

Following the proclamation on 1 June 1980 of certain sections of the Victorian Film Corporation (Amendment) Act 1980 the Corporation established a general fund and maintained its own books of account, thus separating the Corporation's accounts from the Public Account.

Income and Expenditure

A statement of income and expenditure for the period 1 June to 30 June 1980 and for the year ended 30 June 1981, together with balance sheets at 30 June 1981 and 1980 follow:

	Financial Year 1980-81 \$	Month ended 30 June 1980 \$
INCOME		
Government contribution - Vote	276 700	22 628
Interest		
Official short-term money market	23 622	..
Loans to producers	18 679	1 285
Film investments	238 320	1 328
Studio rental	19 528	..
Print sales and hire	31 614	1 073
Other	35 789	460
	644 252	26 774
EXPENDITURE		
Salaries and allowances	207 954	15 157
Administrative expenses	62 697	11 941
Amortisation of assistance to producers	792 293	67 676
Depreciation	7 094	..
Government documentaries	306 047	30 851
Script development	65 625	21 850
General documentaries	21 000	..
Melbourne film studio rental	180 000	..
Other	47 128	4 934
	1 689 838	152 409
Deficit for period	1 045 586	125 635

Balance Sheet

	30.6.81	30.6.80
	\$	\$
CURRENT ASSETS		
Cash at bank	..	126 063
Investment - Short-term money market	105 000	..
Debtors	39 859	..
	<u>144 859</u>	<u>126 063</u>
DEFERRED ASSETS		
Financial assistance to producers		
Investments	1 397 867	1 116 192
Loans	123 341	155 044
	<u>1 521 208</u>	<u>1 271 236</u>
FIXED ASSETS		
Plant and Equipment (at cost less depreciation)	8 445	14 584
	<u>1 674 512</u>	<u>1 411 883</u>
CURRENT LIABILITIES		
Creditors	19 332	15 902
Bank overdraft	9 467	..
	<u>28 799</u>	<u>15 902</u>
CAPITAL		
Government contribution	995 000	..
ACCUMULATED FUNDS		
Balance forward	1 395 981	1 521 616
Add		
Adjustment to financial assistance to producers		
Investments	297 868	..
Loans	2 450	..
	<u>1 696 299</u>	<u>1 521 616</u>
Less		
Deficit	1 045 586	125 635
	<u>650 713</u>	<u>1 395 981</u>
Balance 30 June	<u>1 674 512</u>	<u>1 411 883</u>

Financial Assistance to Producers

(a) Investments

During the year the method of accounting for investments was changed to provide for recoupments to be treated as income and not returns of capital.

(b) Amortisation

The Corporation's policy in respect of amortisation of financial assistance to producers is as follows:

- (i) Feature film and television assistance to be written off over a three year period commencing in the year of release.
- (ii) Other film assistance (script development, documentaries, general investment and government documentaries) to be written off in total in the year expenditure occurs.

(c) Deferred Asset

The balance at 30 June 1981 was arrived at as follows:

	Investments \$	Loans to Producers \$
Balance 1 July	1 116 192	155 044
Add		
Adjustments	297 868	2 450
Additional advances	776 100	21 500
	<hr/>	<hr/>
	2 190 160	178 994
Less amortisation	792 293	..
	<hr/>	<hr/>
	1 397 867	178 994
Less recoupment	..	74 332
	<hr/>	<hr/>
	1 397 867	104 662
Add interest accrued	..	18 679
	<hr/>	<hr/>
Balance 30 June	1 397 867	123 341

Lease

In respect of the non cancellable lease of 7 years and 6 months for the Melbourne Film Studios, a sum of \$180 000 was paid in 1980-81. A minimum rental of \$120 000 in each of the next 5 succeeding years (i.e. 1981-82 to 1985-86) and a minimum sum of \$120 000 for the remainder of the lease is payable under the agreement.

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 following statement shows the income and expenditure of the Authority for 1980-81 and 1979-80:

	1980-81	1979-80
	\$	\$
INCOME		
State Treasury		
Contribution from Vote	2 826 100	2 337 200
Contributions from Tourist Fund	400 000	349 100
Commission	856 036	829 243
Recoupment of Transport		
Information Centre Costs		
Salaries and allowances	322 173	221 148
Payroll tax	16 087	11 108
General overheads	32 972	23 969
Interest on investments	32 412	20 492
Miscellaneous	1 402	843
	4 487 182	3 793 103
EXPENDITURE		
Salaries and allowances	2 448 264	2 104 927
Advertising and promotional	727 780	450 787
Rents and rates	520 983	418 734
Telephone, telex and postage	199 058	192 416
Payroll tax	115 660	103 221
Travelling and subsistence	104 422	75 973
Provisions		
Depreciation	85 443	12 794
Long service leave	38 819	37 200
Recreation leave	32 668	(2 692)
Electricity, gas and heating fuel	70 092	39 715
Maintenance and repairs	60 781	30 584

	1980-81	1979-80
	\$	\$
Printing and stationery	58 964	81 077
Office requisites	41 313	31 743
Cleaning	36 556	41 072
Audit fees	27 709	27 553
Insurance and superannuation	22 099	9 643
Freight and cartage	15 295	7 795
Staff uniforms	7 331	11 569
Bankcard fees and bank charges	7 273	5 670
Legal and consultants - fees	4 768	5 050
Miscellaneous	14 084	4 120
	<u>4 639 362</u>	<u>3 688 951</u>
Operating (Deficit) Surplus	(152 180)	104 152
Accumulated deficit brought forward	(98 165)	(202 317)
	<u>(250 345)</u>	<u>(98 165)</u>

The following statement shows the Authority's balances at 30 June 1981 and 1980:

	30.6.81	30.6.80
	\$	\$
GENERAL FUND		
Treasury assistance	576 199	481 509
Accumulated deficit	(250 345)	(98 165)
	<u>325 854</u>	<u>383 344</u>

Represented by:

CURRENT ASSETS		
Cash at bank and on hand	362 310	481 547
Stocks of publications and postage stamps etc.	15 939	24 601
Prepayments	81 538	52 993
Debtors		
Trust	375 935	255 853
Other	181 258	167 249
	<u>1 016 980</u>	<u>982 243</u>
FIXED ASSETS		
Fixtures and fittings (at cost)	368 039	311 903
Provision for depreciation	(31 190)	..
Furniture and equipment		
at valuation	179 048	180 003
at cost	46 847	11 628

	30.6.81	30.6.80
	\$	\$
Provision for depreciation	(41 874)	(1 727)
Motor vehicles (at cost)	51 580	34 349
Provision for depreciation	(23 015)	(11 496)
	<u>549 435</u>	<u>524 660</u>
	<u>1 566 415</u>	<u>1 506 903</u>
Less LIABILITIES and PROVISIONS		
Sundry creditors and accruals	170 571	108 893
Trust creditors	739 964	756 127
Provision for recreation leave	72 644	39 976
Provision for long service leave	257 382	218 563
	<u>1 240 561</u>	<u>1 123 559</u>
	<u>325 854</u>	<u>383 344</u>

Treasury Assistance

Treasury assistance of \$576 199 represents the value of fixed assets taken over at no cost on formation of the Authority, together with amounts expended from the Works and Services Account to 30 June 1981 by the Public Works Department on behalf of the Authority in respect of fixtures and fittings and repairs and maintenance.

VICTORIAN PUBLIC OFFICES CORPORATION

The Victorian Public Offices Corporation was constituted pursuant to the Victorian Public Offices Corporation Act 1974.

An amendment to sub-section (2) of Section 3 of the Victorian Public Offices Corporation Act 1974 provided for the Corporation to consist of the Minister of Public Works, the Treasurer, the Premier and the Minister of Lands.

It is the function 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 at no charge to the Corporation.

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

- (a) expenditure of \$1 010 668 on the construction and furnishing of the new public offices at Ballarat; and
- (b) the renovation and refurbishment of 3A and 3B Treasury Place and 11 Parliament Place at a cost of \$984 135.

The Corporation also acted in an advisory capacity in respect of the purchase and leasing of other properties on behalf of government departments.

Income and Expenditure

The following statement, shows the Corporation's income and expenditure for the past two years:

	1980-81	1979-80
	\$	\$
INCOME		
Profit on sale of properties	65 555	34 696
Rent	99 457	873 801
Interest on properties sold on terms	161 174	176 313
Interest on investments	132 056	179 042
	<hr/>	<hr/>
	458 242	1 263 852
EXPENDITURE		
Interest on loans	469 587	342 902
Miscellaneous	4 973	2 397
	<hr/>	<hr/>
	474 560	345 299
(Deficit) Surplus for year	<hr/>	<hr/>
	(16 318)	918 553

Balance Sheet

A summary of the Corporation's balance sheets at 30 June 1981 and 1980 follows:

	30.6.81	30.6.80
	\$	\$
EQUITY OF THE CORPORATION		
Accumulated Revenue	2 289 924	2 306 242
Properties granted to the Corporation by the Crown (at valuation)	16 783 470	15 893 630
	<u>19 073 394</u>	<u>18 199 872</u>
Represented by:		
CURRENT ASSETS		
Public Offices Fund (held at Treasury)		
Cash	571 444	173 133
Interest bearing term deposits	732 000	1 120 000
Sundry debtors and accrued interest	1 679 254	745 241
NON-CURRENT ASSETS		
State Electricity Commission extension deposits	31 232	33 853
Property sold on terms	..	1 600 000
FIXED ASSETS		
Building projects, including all amounts incurred in erecting and furnishing various offices	16 519 381	14 363 497
Properties at cost	1 530 820	1 404 406
at valuation	3 137 555	2 692 817
	<u>24 201 686</u>	<u>22 132 947</u>
Less		
CURRENT LIABILITIES		
Sundry Creditors	85 733	61 630
Other	1 177	1 015
NON-CURRENT LIABILITIES		
Loans not due in 12 months	5 041 382	3 870 430
	<u>5 128 292</u>	<u>3 933 075</u>
	<u>19 073 394</u>	<u>18 199 872</u>

Profit on Sale of Properties

During the year 8 properties which 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 were sold. The profit on sale of these properties totalled \$65 555.

Maintenance of Corporation Properties

All properties owned by the corporation are maintained by the Public Works Department, without charge to the Corporation pursuant to sub-section (2) of Section 7 of the Victorian Public Offices Corporation Act 1974.

Properties, at valuation

A valuation has not yet been obtained in respect of one property, 300 Queen Street, Melbourne. This property, granted to the Corporation under sub-section (1) of Section 9 of the Victorian Public Offices Corporation Act 1974, has been included in the balance sheet at the cost of the crown grant fee of \$275 and is to be surrendered to the Crown in 1981-82.

Sundry Debtors

Included in sundry debtors for 1981 is the sum of \$1 600 000, owed to the Corporation, in respect of the sale of the former Housing Commission building at 179 Queen Street, Melbourne. This amount which is subject to an interest charge of 11 per cent. per annum, payable quarterly by the purchaser, is due to the Corporation on 31 January 1982.

Depreciation

The Corporation does not charge depreciation on any fixed assets.

VICTORIAN RAILWAYS BOARD

The Victorian Railways Board is a corporate body established under the Railways Act 1958 with 2 full time and 7 part-time members.

The accounts of the Victorian Railways Board form part of the Public Account and are included in the Treasurer's accounts for the year ended 30 June 1981. In order to satisfy the requirement of the Audit Act 1958 to comment on the Treasurer's accounts, details are given in this report of the Board's operations as recorded in the Treasurer's accounts.

The Board has adopted the practice of preparing accounts on an accrual type basis. I have therefore deemed it necessary to include information from the Board's own accounts in this report in addition to that provided in the Treasurer's accounts.

Receipts and Payments

Receipts and payments on railway operations for the year 1980-81, as recorded in the Treasurer's accounts and as compiled by officers of my staff, are summarised hereunder. For comparative purposes figures for the previous year are also shown:

	1980-81	1979-80
	\$	\$
RECEIPTS		
Ordinary income*	233 471 954	215 378 198
Appropriations of former years	132 169	109 996
Agency works recoups	5 635 660	4 007 495
Contribution by State		
For fare freight and transport concessions	13 032 615	9 208 792
	252 272 398	228 704 481
PAYMENTS		
SPECIAL APPROPRIATIONS		
Pension contributions	29 358 597	25 436 867
Debt charges**	31 895 767	27 919 417
Contribution to Railway Renewals and Replacements Fund	400 000	400 000
Payment to Transport Fund	457 410	377 633
Board salaries and allowances	153 665	107 778
	62 265 439	54 241 695

* Passenger fares, freight and parcel rates and charges increased generally from August 1980.

**On moneys borrowed by the State for railway purposes from and including 1 July 1960.

	1980-81	1979-80
	\$	\$
VOTE		
Labour	287 766 000	257 803 930
Payroll tax	14 636 213	13 305 096
Materials and other payments	92 946 748	81 134 160
Accident Fund	8 444 560	5 043 702
Payments to the Melbourne Underground Rail Loop Authority	1 949 673	2 054 188
Payment to the Commonwealth Government-(Railways Standardization Agreement) Act 1958	247 266	252 164
Payments on agency works subject to recoup	5 100 000	4 199 987
	<hr/>	<hr/>
	411 090 460	363 793 227
	<hr/>	<hr/>
	473 355 899	418 034 922
	<hr/>	<hr/>
Deficit for year as per Treasurer's accounts	221 083 501	189 330 441

The deficit as shown in the Board's records in respect of 1980-81 was \$223 905 412 compared with \$190 295 895 for 1979-80.

An explanation of the differing results between the Treasurer's and the Board's accounts, in respect of each of those years, is summarised as follows:

- (a) 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.
- (b) Collections by the Board on 30 June, on account of ordinary income and other accounts, were included in the Board's result at that date. Collections were remitted to the Treasury on 1 July 1981 and will, therefore, be included in the Treasurer's accounts for the year 1981-82. A similar procedure was adopted in respect of 1979-80.

State Subsidy for Railway Operations

The operating deficit for 1980-81 including debt charges amounted to \$221 083 501 and therefore exceeded the Treasurer's estimates by \$24 816 825. Actual results as against these estimates were:

	1980-81	1979-80
	\$	\$
Subsidy as per Budget	165 066 676	159 800 150
Estimated debt charges	31 200 000	27 179 000
	<hr/>	<hr/>
	196 266 676	186 929 150
	<hr/>	<hr/>
Operating expenses in excess of Budget		
Debt charges	695 767	790 417
Salaries and general expenses	15 393 456	10 615 355
Receipts increase (decrease) from Budget	8 727 602	(9 004 481)
	<hr/>	<hr/>
	24 816 825	2 401 291
	<hr/>	<hr/>
Deficit for year - Treasurer's accounts	221 083 501	189 330 441
	<hr/>	<hr/>

Payments from Vote exceeded the estimates by \$15 393 456, due mainly to higher salaries and wages and increased costs for materials and services.

Ordinary income and other collections were below budget estimates by \$8 727 602, due principally to a decrease in passenger and goods traffic revenue of approximately \$5.6 million. In addition revenue debtors were approximately \$3.1 million higher than the previous year.

Contracts for Road Passenger Bus Services

Amounts charged to Vote totalling \$884 395 for 1980-81 and \$804 000 for 1979-80 related to payments under contracts for the provision of regular passenger bus services in lieu of former rail services.

The Board does not appear to have specific powers under the Railways Act 1958 to enter into contracts to provide such services.

Special Funds for Maintenance Payments - Transport Projects

Payments of \$222 456 on transport planning and research projects have not been included in the receipts and payments statement. This expenditure has been charged to a fund in the Treasury, the 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 the Transport Planning and Research (Financial Assistance) Act 1977.

Payments - Works and Services Account

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

	1980-81	1979-80
	\$	\$
Way and works*	21 989 341	14 069 843
Rolling-stock, equipment etc.	6 260 000	8 158 966
Urban development projects	22 009 999	22 169 858
Boom barrier programme	130 000	..
	<hr/>	<hr/>
	50 389 340	44 398 667
	<hr/>	<hr/>

* Excludes payments for agency works subject to recoup

In addition, payments totalling \$231 339 (\$34 489 in 1979-80) were expended under these Acts by the Railway Construction and Property Board.

Bridges, Rolling Stock etc.

Payments for 1980-81 were principally in connection with projects to reconstruct bridges, to provide additional rolling-stock, track duplication, interstate container terminal, centralised traffic control and crossing loops.

Deferred Payments Scheme

In connection with two current Board contracts for the acquisition of new suburban electric trains and refurbishing of existing suburban trains, the Board acting on advice from Treasury, entered into a deferred payments scheme with the contractor. The scheme applied to claims at 30 June 1981 which were overdue more than 30 days from date of invoices.

It was agreed that the contractor would charge interest of 15 per cent. per annum on claims up to \$3 million. Interest of 18 per cent. per annum would be charged on the balance of claims in excess of \$3 million.

To 30 June 1981, claims subject to interest charges under the above scheme totalled \$5 654 640. Subsequent to 30 June 1981, interest of \$82 269 has been paid to the contractor and capitalised in the accounts of the Board.

Urban Development Projects

Items provided in the Works and Services Acts for urban development projects include automatic power signalling, provision of additional tracks, and stainless steel suburban trains to replace wooden-bodied rolling-stock. In respect of portion of these payments, the State of Victoria received \$9 600 000 in 1980-81 by way of Commonwealth government grants provided under the Commonwealth's States Grants (Urban Public Transport) Act 1978.

National Railway Network (Financial Assistance) Act 1979

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.

For the year 1980-81, the sum of \$5 212 495 had been received from the Commonwealth and credited to the Consolidated Fund. Total advances to 30 June 1981 were \$8 442 495.

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. This agreement provides, inter alia:

- (a) the first instalment of principal and interest, shall be payable on 15 June 1984; and
- (b) interest is to be calculated at the long term bond rate and payable from the date each advance is made.

No provision has been made in the Board's accounts to 30 June 1981 for interest payable on these advances.

A.R.R.D.O.

The Australian Railway Research and Development Organisation (A.R.R.D.O.) is a company which was incorporated in Victoria on 17 November 1977 in accordance with the provisions of the Companies Act 1961. It has been established to provide a research and development facility for the Australian railway system.

In accordance with the provisions of the Railways Act 1958, the Treasurer has consented to the Board becoming a member of A.R.R.D.O. and contributing towards establishment and operating costs of the company. To 30 June 1981, the Board has made the following payments.

	\$
Agreed share of purchase price for Head Office building	
Works and services account	85 700
Operating costs	
Transport Planning and Research (Financial Assistance)	
1977 Trust Account	251 455
Transport Fund	131 250
	<hr/>
	468 405
	<hr/>

The books and accounts of the company are not subject to my audit. However the company has appointed an auditor in accordance with the provisions of the Companies Act.

Trust Accounts

Railway Renewals and Replacements Fund

Transactions for the year of the above fund are summarised below:

	\$
Balance 1 July	..
RECEIPTS	
Special appropriation under Section 115 of the Railways Act 1958	400 000
Sale of materials, etc.	637 153
Sale of railway carriages to the State Bank	1 840 000
	<hr/> 2 877 153
PAYMENTS	
Various projects under Works and Services Acts	840 000
Country carriages, brake vans and sundry stock	1 037 153
Other items	<hr/> 1 877 153
Balance 30 June	<hr/> 1 000 000

The sale of railway carriages to the State Bank for \$1 840 000 represents bridging finance obtained by the Board, with the Treasurer's approval and sanctioned by the Governor-in-Council on 30 June 1981. This finance was arranged in advance of completion of a leverage lease being negotiated.

At date of preparation of this report the government of Victoria has approved in principle of the Victorian Railways Board entering into financial commitments for the leverage lease of new country carriages and rebuilt locomotives.

Railway Accident and Fire Insurance Fund

The fund was preserved at the statutory limit of \$200 000 by appropriation from the Consolidated Fund of \$8 444 560 charged against vote. Payments from the fund for the past two years were:

	1980-81	1979-80
	\$	\$
Damages recovered by non-employees at law	251 615	542 684
Damages paid to non-employees without legal action	29 565	37 655
Compensation for injuries to employees	6 953 506	3 267 639
Compensation for goods lost or damaged	1 017 779	1 132 567
Compensation for losses by fires caused by railway operations	28 421	4 882
Losses by fire to railway property	163 674	58 275
	<hr/> 8 444 560	<hr/> 5 043 702

Railway Salaries and Wages in Suspense Account 1980-81

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 1980-81, was established to operate during the period 1 July 1980 to 30 June 1981, 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 1980-81 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 1981.

Total credits and debits to the account during the year each amounted to \$343 806 684.

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 amounted to \$9 000 000 at 30 June 1981. The transactions of the account for the past two years were as follows:

	1980-81	1979-80
	\$	\$
Stock account	9 946 292	11 611 577
Add (Less)		
Stores stock equalisation account	191 280	(100 681)
Stock on hand	10 137 572	11 510 896
Less creditors	5 635 924	2 364 360
	<hr/>	<hr/>
Advances to oil co. for diesel fuel-May 1980	4 501 648	9 146 536
Less invoices received to June 1980	..	1 235 024
Advances to Agent-General, London	66 664	88 438
Stores debtors	116 214	263 047
	<hr/>	<hr/>
Cash at Treasury 30 June	4 684 526	9 158 427
Add (Less) items in transit	23 235	2 188 299
	4 292 239	(2 346 726)
	<hr/>	<hr/>
	9 000 000	9 000 000

Stock account of \$9 946 292 includes manufactured stores at cost and other stocks at average cost. The stock is financed from the Railway Stores Suspense Account pending issues for works or general purposes, which are chargeable to parliamentary appropriations and trust accounts.

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 debit balance of \$191 280 at 30 June 1981. 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.

A two year contract with an oil company for the supply of diesel fuel required the Board to make monthly advance payments in return for a prepayment discount. Due to liquidity problems with the suspense account, the Board was unable to make advance payments for the months of April, May and June 1981. Therefore the Board lost the advantage of the prepayment discount of approximately \$135 000.

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 carries out works. The account is debited with all costs incurred in carrying out such works.

The balance in the account at 30 June 1981 was \$415 803.

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	2 039 345
Catering services	
Stocks and sundry debtors	1 455 822
Less sundry creditors and provision for losses etc.	747 192
	708 630

	\$
Cash at Treasury	696 961
Less items in transit	239 293
	<hr/>
	457 668
	<hr/>
Working capital	3 205 643
	<hr/>

Financial Statements

The Board's annual report tabled in Parliament on 6 October 1981 included unaudited financial statements comprising a summary of receipts and expenditure and a statement of financial position, at 30 June 1981. Both statements contained figures rounded off to the nearest million dollars. The following details for the year 1980-81 together with comparative figures for the previous year have been compiled by my officers from the Board's records.

Summary of Receipts and Expenditure

<i>Operating</i>	1980-81	1979-80
	\$	\$
Receipts	252 272 397	228 704 481
Budget revenue supplement	165 066 676	159 800 150
	<hr/>	<hr/>
Total	417 339 073	388 504 631
Operating expenditure	441 460 131	390 115 505
	<hr/>	<hr/>
Operating deficit after budget revenue supplement	24 121 058	1 610 874
	<hr/>	<hr/>
 <i>Capital</i>	 1980-81	 1979-80
	\$	\$
Expenditure on fixed assets		
New lines and survey	128 767	353 792
Additions and improvement on existing lines	42 838 204	32 238 358
Rolling-stock	24 994 380	20 752 548
Electrification of Melbourne suburban lines	1 796 748	474 822
	<hr/>	<hr/>
	69 758 099	53 819 520
Investment in VicRail Pipelines Pty. Ltd.	..	185 500
Melbourne Underground Rail Loop - assets transferred	122 922 000	..
	<hr/>	<hr/>
	192 680 099	54 005 020
Less		
Proceeds from sale of assets and depreciation provided by cash appropriations used to acquire fixed assets	1 877 153	1 171 985
	<hr/>	<hr/>
Net expenditure	190 802 946	52 833 035
	<hr/>	<hr/>

Funding of Fixed Assets

Funds were provided for fixed assets in 1980-81 from:

	\$
Works and Services Acts	53 709 011
Transport Fund	9 958 743
Railways Renewals and Replacements Fund	
Sale of assets	2 477 153
Depreciation cash appropriation	400 000
Less balance of fund	(1 000 000)
	<hr/>
	65 544 907
Less owing for agency works	2 374 037
	<hr/>
Funded expenditure for 1980-81	63 170 870
Creditors	6 587 229
	<hr/>
	69 758 099
	<hr/>

Statement of Financial Position

	1980-81	1979-80
	\$	\$
FUNDS PROVIDED		
State loans (net)	703 484 767	666 676 248
	<hr/>	<hr/>
State contributions		
Level crossings	10 888 613	10 888 613
Boom barriers	740 299	740 299
Transport Fund	26 953 812	16 995 069
Other special purposes	13 892 240	13 892 240
Pipeline shares and debentures	3 186 254	3 186 254
Working capital manufacturing, trading and catering	3 205 643	3 205 643
Railway Accident and Fire Insurance Fund	200 000	200 000
	<hr/>	<hr/>
	59 066 861	49 108 118
	<hr/>	<hr/>
Commonwealth		
Urban development projects - grants	74 093 897	64 493 897
Uniform rail gauge - 15 per cent. repayable	31 600 000	31 600 000
National railway network - loans	7 615 163	2 498 163
	<hr/>	<hr/>
	113 309 060	98 592 060
	<hr/>	<hr/>

	1980-81 \$	1979-80 \$
Add		
Asset Realisation and Revaluation Reserve	27 872 449	21 439 160
Melbourne Underground Rail Loop Authority value of assets transferred	122 922 000	..
	<u>1 026 655 137</u>	<u>835 815 586</u>
Less		
Depreciation under provided	255 724 616	242 559 933
Property vested in and assets transferred to the Railway Construction and Property Board	14 344 469	..
	<u>270 069 105</u>	<u>242 559 933</u>
Net Worth	<u>756 586 032</u>	<u>593 255 653</u>
Represented by:		
Special Funds held by State Treasurer	21 720 407	13 272 431
Current assets	51 411 915	40 316 932
Less current liabilities	65 410 616	40 583 786
	<u>(13 998 701)</u>	<u>(266 854)</u>
Investment in VicRail Pipelines Pty. Ltd. (Debentures and Shares)	3 186 254	3 186 254
Fixed assets (at net cost or valuation)		
Track	337 034 282	309 058 768
Rolling-stock	403 197 184	381 181 506
Machinery and plant	49 904 518	49 351 295
Melbourne Underground Rail Loop	122 922 000	..
Land	7 095 654	7 265 775
Buildings	105 900 900	97 423 766
Other assets	11 134 949	10 729 424
	<u>1 037 189 487</u>	<u>855 010 534</u>
Provision for depreciation	(291 511 415)	(277 946 712)
	<u>745 678 072</u>	<u>577 063 822</u>
Net Assets	<u>756 586 032</u>	<u>593 255 653</u>

Board's Financial Accounts

The following comments are made on the Board's unaudited accounts presented to Parliament.

- (a) It is considered that the summary of receipts and expenditure included in the accounts did not contain sufficient detailed information of the nature of the Board's operations for the year.

- (b) The financial cost of fixed assets is maintained by the Board on a section of line/major asset group recording system. This method of recording fixed assets results in a lack of detailed information as to the original cost of all items contained within the various asset groups. Thus when assets are replaced, the original costs may still be retained within the asset accounts.

The net cost or valuation of the fixed asset groups, in the statement of financial position, did not fully correspond with these groups in the accounting records of the Board. Subsequent to 30 June 1981 the necessary adjustments have been made by Board officers to the accounting records. Further it is not practicable to reconcile physical assets on hand with the financial information included in the asset records. It is considered that the fixed asset account may not truly reflect the net cost or valuation of all existing assets on hand.

- (c) The progressive expenditure of \$745 680 072 on fixed assets at 30 June 1981 included an amount of \$8 660 158 expended by the Railway Construction and Property Board as the constructing authority on various projects located on Victorian Railways Board land. It would appear that the fixed asset account has been overstated by \$8 660 158.

Funds provided to 30 June 1981 from the Transport Fund totalled \$26 953 812. Of this amount \$8 660 158 was available to the Railway Construction and Property Board for various projects being carried out on Victorian Railways Board land. Therefore the funds provided item would also appear to be overstated by \$8 660 158 in the statement of financial position.

Current Assets

Details of current assets for the last two years are:

	1980-81	1979-80
	\$	\$
Debtors		
Revenue	17 877 981	14 609 680
Other	3 358 440	1 400 687
Cash advances	9 099 183	3 220 818
Cash in transit	264 152	417 273
Stocks of stores and materials	10 137 572	11 510 896
Manufacturing work in progress	2 039 345	2 127 061
Trading and catering stock and equipment	7 375 642	1 301 964
Securities held in trust	7 259 600	5 728 553
	<hr/>	<hr/>
	51 411 915	40 316 932
	<hr/>	<hr/>

A major portion of revenue debtors comprise outstanding freight accounts. Balances in excess of \$40 000 were \$8 550 211 at 30 June 1981 as against \$7 439 000 at 30 June 1980. The movement in the ageing of these debtors for the two years was as follows:

	1980-81	1979-80
	%	%
Over 90 days	1.6	1.1
60 to 90 days	3.4	.9
30 to 60 days	35.5	17.1
Current	59.5	80.9

Cash advances of \$9 099 183 include railway expenditure of \$5 798 881 for 1980-81 due for reimbursement by Treasury. There was no comparable item included for the previous year.

Current Liabilities

Details of current liabilities for the last two years comprise:

	1980-81	1979-80
	\$	\$
Treasury current account	21 116 067	15 992 519
Trust creditors	7 278 977	5 791 134
Creditors		
Salaries and wages	12 224 345	8 705 843
Payroll deductions	3 503 545	4 114 880
Payroll tax	1 226 185	1 226 185
Stores and services	17 117 003	2 940 356
Trading and catering	658 287	412 712
Bank overdraft	..	186 265
Rebates of fares and freight and unearned income	1 207 564	1 057 429
Advance payments by customers	1 078 643	156 463
	<u>65 410 616</u>	<u>40 583 786</u>

Fixed Assets

Comments on certain fixed assets of the Board follow:

Melbourne Underground Rail Loop

The Board's statement of financial position included assets of \$122 922 000 representing engineers' valuation of two loop tunnels, ramp structures and Museum underground station, transferred during the year 1980-81 to the Board by the Melbourne Underground Rail Loop Authority. No liability was incurred by the Board on the transfer of the above assets. The transfer was approved by Governor-in-Council in accordance with the provisions of the Melbourne Underground Rail Loop Act 1970.

Further comment appears in the section on the Melbourne Underground Rail Loop Authority in this report.

Property Vested and Asset Transfer

During the year 1980-81 fixed assets of \$14 344 468 were transferred to the Railway Construction and Property Board and comprised:

	\$
Railway land and property (at valuation) vested in accordance with the provisions of the Railway Construction and Property Board Act 1979	8 085 625
Property and survey costs associated with the Eastern Railway project incurred by the Railway Construction and Property Board	6 258 843
	<hr/>
	14 344 468
	<hr/>

The amount of \$14 344 468 involved in the transfer of the assets is recorded in the Board's ledger in a separate account and is shown as a deduction from funds provided in the statement of financial position.

Depreciation

Depreciation is assessed on fixed assets, other than track and land, at annual rates based on the estimated working life of designated asset groups, with due allowance for residual value at the expiration of the period.

Although assessed at \$13 564 703, depreciation for 1980-81 was funded by an amount of \$400 000 only. This latter amount was charged to operating expenses and credited to the Railway Renewals and Replacements Fund.

The balance of \$13 164 703, for 1980-81, has brought the accumulated depreciation not funded to \$255 724 636 at 30 June 1981. Consequently, over a number of years, considerable expenditure on replacement of assets has been financed from loan funds provided by the State.

Accrued Annual Leave

Accrued annual leave decreased by 67 306 days in 1980-81, although the estimated liability increased from \$26 659 024 at 30 June 1980 to \$27 087 601 at 30 June 1981. There is no provision in the accounts to meet this liability. Vote expenses of the year in which the payments are made bear the full cost of the annual leave accrued in previous years.

Investment

Vicrail Pipelines Pty. Ltd. was incorporated on 8 August 1977 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. Furthermore no dividends have been received by the Board from this company.

With the approval of the Treasurer, to 30 June 1981, the Board has pursuant to the Railways Act 1958 made cash advances to the company totalling \$3 185 255 from the Works and Services Account. 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 have been received by the Board on these advances. Under the terms of the mortgage debenture, unpaid interest shall be compounded. Interest totalling \$1 399 209 due and payable at 30 June 1981, has been included in the Board's accounts under revenue debtors.

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 1980. I am unable to comment on the accounts of this subsidiary company of the Victorian Railways Board as no provision exists in the Railways Act 1958 for the accounts of the subsidiary company to be audited. The Board's report to Parliament disclosed that an unaudited net loss of \$929 857 was incurred by the company for the year ended 30 June 1981.

Under the provision of the Railways Act 1958, the Board is empowered to grant a lease or licence to a pipeline company of any land vested in or under the control of the Board. As referred to in my last two annual reports, the Board, in March 1978, circulated a draft licence agreement to the interested parties. At date of preparation of this report, the licence agreement has still not been formalised by the participants. The licence fee, of \$43 000 per annum, as determined by the Valuer-General in accordance with the provisions of the draft agreement has been paid to the Board to 8 February 1982.

WEST GATE BRIDGE AUTHORITY

The West Gate Bridge Authority was established in 1965 as the Lower Yarra Crossing Authority, a company limited by guarantee incorporated under the Companies Act 1961. The company's name was changed to West Gate Bridge Authority in 1974.

On 1 January 1981 pursuant to the provisions of the West Gate Bridge Authority Act 1980, the company was dissolved. The legislation provided for the Authority to become a new body corporate titled the West Gate Bridge Authority, and this new body became the successor in law to the former company.

The principal functions of the new Authority are:

- (a) the operation, maintenance and repair of the West Gate Bridge;
- (b) the construction of works ancillary to the bridge; and
- (c) the financing of the operations, maintenance and repair of the bridge.

It is a statutory requirement that the bridge be surrendered to the State when all principal and interest on moneys advanced to or borrowed by the Authority and the former Authority have been repaid.

Audit

The Act provides for the accounts of the Authority to be audited by the Auditor-General. To 31 December 1980 the accounts were audited by a firm of chartered accountants who were appointed by the Authority in accordance with the provisions of the Companies Act 1961:

Cancellation of Trust Deed

The 1980 legislation cancels the Trust Deed and all existing securities issued by the former Authority and makes provision for the issue of inscribed stock to replace the cancelled securities.

Borrowing Powers

The Act provides for the Authority to raise loans by the issue of debentures or inscribed stock, obtain temporary financial accommodation with the approval of the Treasurer of Victoria in each case and obtain advances from the Works and Services Account and the Consolidated Fund. The Act requires that the total amount owed by the Authority including advances shall not at any time exceed \$300 million.

To 30 June 1981 authorised borrowings secured by inscribed stock upon revenues of the Authority and guaranteed by the State amounted to \$232 165 713. In addition to inscribed stock borrowings \$9 million had been advanced by the State from the Works and Services Account and \$10 million from the Consolidated Fund. In accordance with the requirements of the Act the Treasurer of Victoria has determined that:

- (a) these advances, or such proportion of these advances as he determines from time to time, shall be subject to repayment by the Authority on one months notice;
- (b) interest shall be charged on these advances, or such proportion of the advances remaining unpaid, from such date or dates as he determines, and the Authority will be provided with one months notice of the operating date of such interest; and
- (c) the rate of interest which will apply subject to his determination under (b) above shall be the maximum rate approved by the Loan Council for long-term semi-government loans applying at the date the advance was made to the Authority.

The Treasurer has advised the Authority that in respect of items (b) and (c) above the State does not propose to make any determination in respect of a charge for interest during an initial period of five years from 1 July 1980, after which the matter will be reviewed.

Income and Expenditure

Income and expenditure of the Authority for the 6 months to 30 June 1981, together with the 6 months to 31 December 1980 of the former company are shown hereunder. The accounts to 31 December 1980 have been audited by a firm of chartered accountants and were not subject to my audit.

	1.1.81 to 30.6.81 \$	1.7.80 to 31.12.80 \$
INCOME		
Toll revenue	3 003 316	2 841 958
EXPENDITURE		
Administration Division		
Depreciation and amortisation	1 220 885	1 209 593
Insurance and payroll tax	156 261	113 635
Salaries wages and superannuation	155 320	140 650
Power and heating	51 342	50 953
Directors fees and allowances	22 100	24 125
Audit fees	19 593	6 000
Trustee's fees	18 600	..
Other	135 098	107 715
	<u>1 779 199</u>	<u>1 652 671</u>

	1.1.81 to 30.6.81 \$	1.7.80 to 31.12.80 \$
Operations Divisions		
Salaries and wages	617 845	557 985
Other	69 252	73 482
	<u>687 097</u>	<u>631 467</u>
Maintenance Division		
Materials and labour	141 361	118 220
Salaries and wages	76 957	57 614
Other	39 111	33 255
	<u>257 429</u>	<u>209 089</u>
Technical Services Division		
Salaries and wages	22 192	58 647
Other	14 582	45 406
	<u>36 774</u>	<u>104 053</u>
Public Relations and Marketing Division	43 224	72 441
	<u>2 803 723</u>	<u>2 669 721</u>
Surplus from operations excluding finance costs	<u>199 593</u>	<u>172 237</u>
Finance Costs		
Interest - Inscribed stock	10 288 436	..
Debenture stock	..	10 047 529
Other	77 657	113 120
Bills and other charges	698 582	1 137 968
	<u>11 064 675</u>	<u>11 298 617</u>
Less interest receivable	61 671	67 262
	<u>11 003 004</u>	<u>11 231 355</u>
Deficit for period	<u>10 803 411</u>	<u>11 059 118</u>

Balance Sheet

The financial position of the Authority at 30 June 1981 and 31 December 1980 is set out hereunder:

	30.6.81 \$	31.12.80 \$
LONG-TERM LIABILITIES		
Debenture stock	..	210 117 408
Inscribed stock	217 220 877	..
Advances Victorian government	19 000 000	13 000 000
	<u>236 220 877</u>	<u>223 117 408</u>

These loans have been applied as follows:

	30.6.81	31.12.80
	\$	\$
FIXED ASSETS		
West Gate Bridge	195 499 157	198 526 743
Buildings	838 753	1 113 002
Traffic surveillance control and toll collection equipment	1 751 746	2 392 315
Motor vehicles	137 915	175 631
Maintenance equipment	277 343	324 753
Office furniture and equipment	234 676	375 294
	<hr/>	<hr/>
	198 739 590	202 907 738
Less provision for depreciation	1 220 885	5 449 796
	<hr/>	<hr/>
	197 518 705	197 457 942
CURRENT ASSETS		
Cash at bank and on hand	181 932	90 754
Short-term investments	1 800 000	300 000
Prepayments - bills financing charges	440 306	406 075
Other	80 013	29 966
Maintenance stores (at cost)	86 263	65 666
Debtors	113 099	30 840
	<hr/>	<hr/>
	2 701 613	923 301
	<hr/>	<hr/>
	200 220 318	198 381 243
Less		
CURRENT LIABILITIES		
Creditors and accruals	455 184	281 277
Provision for staff entitlements	61 600	50 170
Contract retentions	22 699	22 699
Prepaid toll revenue	212 249	170 963
Inscribed stock - principal	14 944 836	..
interest	3 448 262	..
Debenture stock	..	11 225 154
Debenture interest accrued	..	3 255 550
Bills of exchange	..	4 600 000
	<hr/>	<hr/>
	19 144 830	19 605 813
	<hr/>	<hr/>
Net Assets	181 075 488	178 775 430
ACCUMULATED LOSSES	55 145 389	44 341 978
	<hr/>	<hr/>
	236 220 877	223 117 408
	<hr/>	<hr/>

Fixed Assets

Fixed assets have been incorporated in the books of the new Authority at cost, less provision for depreciation, as at 1 January 1981. Costs in respect of the bridge and buildings include, payments to contractors, construction plant net of sales, other direct costs and, to 15 November 1978 the date the bridge came into operation, holding charges and interest on borrowed funds.

Capital Commitments

At 30 June 1981, contracts subject to rise and fall provisions, executed and still outstanding for capital costs in respect of bridge painting amounted to \$620 000.

WORKERS COMPENSATION BOARD

The income of the Workers Compensation Board, which operates under the provisions of the Workers Compensation Act 1958, consists of contributions by approved insurers, the Victorian Railways Board and employers who operated certified schemes of compensation. All receipts of the Board are paid into the Workers Compensation Board Fund, a trust fund kept at the Treasury. The costs and expenses of the Board, together with the payment of moneys due under awards against uninsured employers and, in certain circumstances, claims for compensation on the "nominal defendant" are met from the fund. Included in the costs are staff salaries which are paid from Vote and recouped from the fund. Amounts received from uninsured employers are credited to the fund.

Particulars of the income and expenditure of the fund for the years 1980-81 and 1979-80 are shown hereunder:

	1980-81 \$	1979-80 \$
INCOME		
Contributions from insurers and others	2 039 703	2 074 185
	<hr/>	<hr/>
EXPENDITURE		
Salaries		
Board members	570 802	492 162
Staff (net)	412 076	362 987
Payment in lieu of long service leave	30 238	..
Payroll tax	50 422	37 125
Travelling expenses	60 070	40 035
Rent of premises (net)	297 985	259 088
Office and general expenses (net)	157 540	113 749
Claims by uninsured employees paid from fund (net)	310 903	340 692
Costs of nominal defendant (net)	295 845	129 574
	<hr/>	<hr/>
	2 185 881	1 775 412
	<hr/>	<hr/>
(Deficit) Surplus	(146 178)	298 773
Accumulated Surplus 1 July	359 763	61 256
	<hr/>	<hr/>
Loss on sale of equipment	213 585	360 029
	..	266
	<hr/>	<hr/>
Accumulated Surplus 30 June	213 585	359 763
	<hr/>	<hr/>

The accumulated surpluses at 30 June 1981 and 1980 were represented by:

	30.6.81	30.6.80
	\$	\$
CURRENT ASSETS		
Balance at Treasury in Workers Compensation Board Fund	175 474	293 346
Unpaid levies	109 241	58 071
	<hr/>	<hr/>
	284 715	351 417
FIXED ASSETS		
Furniture, library, office machines (at cost)	117 970	112 680
	<hr/>	<hr/>
	402 685	464 097
Less CURRENT LIABILITIES		
Sundry creditors and accrued salaries	189 100	104 334
	<hr/>	<hr/>
	213 585	359 763
	<hr/>	<hr/>

Common Fund

All amounts of compensation granted under awards of the Board granted to minors and in the case of death (other than weekly payments) are payable into the custody of the Board to be invested, applied, or otherwise dealt with, in the Board's discretion, for the benefit of the persons entitled thereto. All moneys in its custody are invested in a Common Fund. Interest on the investments is apportioned equitably over all the constituent accounts.

The receipts and payments of the Common Fund for the years 1980-81 and 1979-80 are summarised hereunder:

	1980-81	1979-80
	\$	\$
Balance 1 July	52 032 370	46 918 352
RECEIPTS		
Awards to beneficiaries	11 830 707	10 574 186
Interest on investments	5 448 309	4 512 310
	<hr/>	<hr/>
	69 311 386	62 004 848
PAYMENTS	11 134 821	9 972 478
	<hr/>	<hr/>
Balance 30 June	58 176 565	52 032 370
	<hr/>	<hr/>

Investments etc., controlled by the Board at 30 June 1981 and 1980 are shown hereunder (at cost):

	30.6.81	30.6.80
	\$	\$
COMMON FUND		
Cash-State Bank	833 808	361 230
Debentures in Sewerage Authorities, Water Trusts etc.	10 450 000	10 450 000
Australian savings bonds	..	100 000
Inscribed stock		
Victorian semi-government authorities	15 060 000	15 460 000
Other	1 000 000	1 000 000
Debentures		
Victorian semi-government authorities	200 000	200 000
Other	300 000	300 000
Bank guaranteed loans	..	1 500 000
Bank special deposits	664 487	321 972
Commercial bills (face value \$2 900 000)	2 880 870	1 833 518
Commercial loans	785 000	..
Mortgage loans		
Victorian properties	4 379 900	4 844 900
Interstate properties	6 100 000	6 427 000
Secondary mortgage securities		
Victorian properties	5 408 050	881 300
Interstate properties	10 114 450	8 352 450
	<hr/>	<hr/>
	58 176 565	52 032 370
	<hr/>	<hr/>

Among the items listed above are investments of \$10 479 900 (1980, \$11 271 900) by way of mortgage loans where the services of nominee companies have been utilised.

The Board has also invested in secondary mortgage market securities and at 30 June 1981, an amount of \$15 522 500 (1980 \$9 238 750) had been so invested. Moneys are loaned by way of a transferable mortgage - based certificate issued by a mortgage broker who, on the Board's authority, arranges the registration of first mortgages and the security of the title against properties of various types, for periods up to 5 years.

Other Payments

Other payments recorded by the Board during 1980-81 not forming part of the Workers Compensation Board Fund or the Common Fund are listed hereunder:

Special Appropriations	\$
General Expenses-Compensation to Jurors	3 466
Other Services	
Volunteer Civil Defence Workers Compensation	4 172
Education Volunteer Workers Compensation	27 214
Police Assistance Compensation	311
Trust Fund	
Casual Firefighters Compensation Fund	7 907

ZOOLOGICAL BOARD OF VICTORIA

The Zoological Board of Victoria, under the provisions of the Zoological Parks and Gardens Act 1967, is responsible for the administration and control of zoological parks at Royal Park, Werribee and Healesville.

A separate set of accounts for each park is maintained by the Board.

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 1981, the amount outstanding under a private loan was \$370 617 and this loan was secured on the charges and revenues of the Board.

In addition, advances totalling \$40 000 were received during 1980-81 from the State's Works and Services Account. The total amount outstanding under these advances was \$448 867 at 30 June 1981.

A summary of receipts and payments in respect of the 3 parks for the year ended 30 June 1981, together with comparative figures for the previous year, are set out hereunder:

	Royal Melbourne \$	Sir Colin Mackenzie \$	Werribee Park \$	Total 1980-81 \$	Total 1979-80 \$
Cash balance 1 July 1980	(2 895)	59 660	(48)	56 717	26 938
RECEIPTS					
Admissions	1 525 325	502 557	..	2 027 882	1 939 266
Government Grants					
Maintenance	756 000	177 000	134 000	1 067 000	841 248
Capital works	140 000	105 000	40 000	285 000	273 000
Other	..	1 798	..	1 798	1 343
Government advances -					
capital works	40 000	..	..	40 000	40 000
Special Grants					
Enclosures	..	..	..	..	151 066
Leadbeater possum	20 000	..	..	20 000	..
China - animals and					
expenses	13 691	..	..	13 691	..
Ceramic fountain	15 000	..	..	15 000	..
Catering outlet	48 000	..	..	48 000	..
Education centre	..	..	..	..	3 448
Souvenir shop	146 122	110 835	..	256 957	174 251
Guide books, hiring and					
rentals	39 826	3 772	..	43 598	50 494
Catering and commissions	90 749	133 406	..	224 155	81 808
Amusements and					
confectionery					
(fun fair)	60 341	..	484	60 825	70 090

	Royal Melbourne \$	Sir Colin Mackenzie \$	Werribee Park \$	Total 1980-81 \$	Total 1979-80 \$
Interest on investments	8 755	6 992	855	16 602	17 894
Insurance claim	6 485	1 414	..	7 899	14 527
Miscellaneous	..	1 027	82	1 109	14 076
	<u>2 907 399</u>	<u>1 103 461</u>	<u>175 373</u>	<u>4 186 233</u>	<u>3 699 449</u>
PAYMENTS					
Salaries, wages and ancillary charges	1 521 846	482 698	104 541	2 109 085	1 827 402
General maintenance and minor works	428 016	161 865	13 577	603 458	513 769
Animal maintenance and acquisition	260 901	58 979	14 803	334 683	268 726
Administration	195 356	43 233	15 448	254 037	236 322
Souvenir shop (purchases and wages)	127 915	89 597	..	217 512	150 473
Capital works	180 000	101 664	16 250	297 914	358 607
Plant and equipment	22 283	17 344	12 836	52 463	40 931
Loan repayments					
Principal	27 564	..	..	27 564	25 387
Interest	62 673	..	..	62 673	62 617
Special grants - projects	76 691	..	..	76 691	154 514
Investment re possum	20 000	..	..	20 000	..
Catering - purchases, wages and expenses	..	134 506	..	134 506	..
Education supplies	..	4 596	..	4 596	3 983
Miscellaneous	625	..	..	625	..
	<u>2 923 870</u>	<u>1 094 482</u>	<u>177 455</u>	<u>4 195 807</u>	<u>3 642 731</u>
Cash balance 30 June 1981	(16 471)	8 979	(2 082)	(9 574)	56 718

Debtors, Creditors and Stocks

As the Board reports its results on a receipts and payments basis the following items have not been taken into account in determining the year's results.

Souvenirs on hand (at cost)	79 079	24 617	..	103 696	85 207
Sundry creditors	25 682	7 804	5 565	39 051	40 572
Sundry debtors	1 791	3 731	..	5 522	16 970
Catering centre stock on hand (at cost)	..	5 538	..	5 538	..

Admission Charges and Attendances

Attendances for 1980-81 compared with the previous year in respect of the 2 parks which charge admission are set out hereunder:

	1980-81	1979-80
	\$	\$
Royal Melbourne Zoological Gardens	729 530	814 064
Sir Colin Mackenzie Fauna Park	275 472	301 858

Admission charges were increased on 22 August 1980 and again on 1 May 1981.

Other Funds

In addition, the following funds were also held at 30 June 1981:

	\$
Staff provident fund	39 735
Special catering	32 329
Animal sponsorship	29 803
Leadbeater possum	20 000
Experimental interpretation program	7 219
Research	1 694
Friends of the Zoo, bear appeal	1 001
	<hr/>
	* 131 781

* Invested in inscribed stock, savings accounts and term deposits

ACKNOWLEDGEMENT

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.