

VICTORIA

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*First Report*

of the

**AUDITOR-GENERAL**

for the year ended 30 June 1983



Office of the Auditor-General,  
MELBOURNE. VIC.  
21 September 1983.

Sir,

In accordance with Section 47 of the Audit Act 1958, I transmit herewith the Treasurer's Statement of the receipts and payments of the Consolidated Fund and the Trust Fund for the year ended 30 June 1983, accompanied by my Report.

Yours faithfully,

B.J. WALDRON  
Auditor-General

The Honourable the Speaker,  
Legislative Assembly,  
Parliament House,  
MELBOURNE, VICTORIA. 3002.

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## PART 1

### BACKGROUND INFORMATION

#### 1.1

#### FORMAT OF REPORTS TO PARLIAMENT

##### 1.1.1

In future, I propose to present to Parliament 4 reports each year as indicated below, and I may present special reports on other matters as the occasion demands.

##### 1.1.2

The First Report, which accompanies the Treasurer's Statement for the year ended 30 June 1983, contains my report on this statement as required by Section 47 of the Audit Act 1958.

##### 1.1.3

The Second Report, which will be presented to Parliament in late September, will contain information on the operations of the Audit Office during 1982-83 and audit observations and recommendations arising out of the audit of departments during 1982-83.

##### 1.1.4

The Third Report, which will be presented towards the end of the calendar year, will cover the operations of certain statutory bodies which I am required by law to audit.

##### 1.1.5

The Fourth Report, which will be presented later this financial year, will cover those statutory bodies not included in my Third Report because of:

- . delays in the preparation of financial statements,
- . balance dates other than 30 June, or
- . incomplete audits.

## 1.2 ROLE AND FUNCTIONS OF THE AUDITOR-GENERAL

### General

- 1.2.1 The method of appointment, tenure, duties, responsibilities and powers of the Auditor-General are provided for mainly in the Audit Act 1958, with other provisions affecting his role and functions being contained in the Constitution Act 1975, the Public Account Act 1958 and the various enabling Acts establishing statutory authorities.
- 1.2.2 In Victoria, as in other places operating under the Westminster system of government, the Auditor-General is responsible for the external audit of the financial affairs and activities of the Executive and reports annually to the Legislative Assembly.
- 1.2.3 The primary objective of the Audit Office is therefore the provision to Parliament of the information which it requires to exercise oversight of the financial operations of government departments and statutory bodies. It thus plays an important role in the accountability of the Executive to Parliament.
- 1.2.4 Broadly speaking, the Auditor-General has all the responsibilities of external auditors of commercial organisations in relation to the conduct of a financial audit. In addition, he has the special responsibilities which are associated with government auditing to ensure that the decisions of Parliament in relation to financial matters are properly observed and to draw attention to departures from statutory provisions covering these matters. He is able to report freely and as he thinks fit on such matters.
- 1.2.5 By tradition and usage, the duties of the Auditor-General have extended beyond financial auditing and reporting breaches of statutory requirements by organisations subject to his audit. In the past he has drawn attention to instances of waste or extravagance in the expenditure of public moneys, either by a department or by a statutory authority.
- 1.2.6 The Auditor-General is an office holder under the Crown, subject to removal only by resolution of both Houses of Parliament. Like members of the judiciary, he is not subject to control either by Parliament or by the Executive in the exercise of his functions and his independence is assured by very wide powers granted to him by statute. His duties are undertaken on behalf of the Parliament but he is not a servant of the Parliament. He has the responsibility for the independent audit of the financial activities and affairs of the Executive. While he reports annually to the Parliament, he is independent of it except for statutory requirements relating to his office. The staff of the Audit Office are employed under the provisions of the Public Service Act 1974.
- 1.2.7 The Auditor-General has no executive power to enforce improvements to financial management and procedures. His power is one of scrutiny and reporting. It is the responsibility of Parliament and of the Government to act on his reports as they think fit.

## Audit Responsibility and Reporting Requirements

- 1.2.8 The Auditor-General is responsible for the audit of the financial operations of all State government departments and most major authorities.
- 1.2.9 In Victoria, public sector activities are divided into 2 main areas of operation, generally referred to as the inner budget and outer budget sectors.
- 1.2.10 The inner budget sector includes all those government departments which are financed by annual parliamentary appropriations and the financial operations of which are processed through or come under the control of the central accounting system operated by the Department of Management and Budget.
- 1.2.11 Because Parliament appropriates authority to spend cash within the ensuing year, the cash basis system is largely used to record departmental financial transactions.
- 1.2.12 In the inner budget area, the Auditor-General is required to make a report to Parliament explaining the statement prepared by the Treasurer on the cash transactions of all government departments. He also reports on the financial statements prepared by each department.
- 1.2.13 The outer budget sector comprises a large number of public bodies, many of which are established by separate legislation. These bodies enjoy greater financial autonomy than government departments. Their financial transactions are not reported in the Budget Documents or in the Treasurer's Statement except to the extent of cash appropriated to them by way of special grants and the extent to which they make contributions to the Consolidated Fund.
- 1.2.14 The legislative provisions concerning the form and content of public bodies' financial statements vary substantially, but generally financial statements are prepared on an accrual basis.
- 1.2.15 The Auditor-General reports individually on the financial statements of each public body and in doing so he takes due cognisance of accepted accounting and auditing standards as promulgated by the Australian professional accounting bodies.
- 1.2.16 Many large public bodies are required to include financial statements along with the Auditor-General's report thereon in their annual reports to Parliament.

## PART 2

### REVIEW OF TREASURER'S STATEMENT

#### 2.1 INTRODUCTION

##### **Statutory Requirements**

- 2.1.1 As directed by Section 47 of the Audit Act 1958, I hereby transmit to the Legislative Assembly the statement prepared by the Treasurer of the receipts and payments of the Consolidated Fund and the Trust Fund for the financial year ended 30 June 1983.
- 2.1.2 Section 47 requires that I make and sign a report explaining the statement in full and showing particulars of the several matters referred to in sub-sections (1) and (2) of that section.
- 2.1.3 In practice, the requirement placed on me to explain the Treasurer's Statement in full is met by my presenting a general review of the main features of the State finances including the receipts and payments of the Consolidated Fund, the Public Debt, the Works and Services Account and the Trust Fund.
- 2.1.4 Part 3 contains information on general matters which are required to be reported to Parliament under specific provisions of the Audit Act 1958, or which otherwise warrant inclusion.
- 2.1.5 As required by Section 46 of the Audit Act 1958, the Treasurer has included and distinguished in his statement of the payments from the Consolidated Fund for the year such amounts as had been expended but in respect of which no appropriation had been made on or before 30 June 1983. The relevant figures are included on the basis that parliamentary appropriation of the amounts is made in due course.
- 2.1.6 In the Treasurer's Statement, certain payments made by the Department of Management and Budget on behalf of departments and by the Public Works Department for rent, telephone, electricity, maintenance etc. have not been apportioned to departments.
- 2.1.7 The Treasurer's Statement has been examined by my officers and is in agreement with the accounts of the Treasurer.
- 2.1.8 Rounding of figures within this report may, in some instances, result in minor differences when those figures are compared with those shown in the Treasurer's Statement.

##### **Content of Treasurer's Statement**

- 2.1.9 The Treasurer's Statement contains details of the amounts credited to the Consolidated Fund from taxation, railways, various other State sources and Commonwealth payments to the State for both recurrent and capital purposes.
- 2.1.10 The statement also details:
- (1) payments from the Consolidated Fund made under appropriations by Parliament pursuant to the Appropriation (1982-83, No. 1) Act 1982;

- (2) Special Appropriations including the transfer to the Works and Services Account in the Trust Fund in accordance with Section 5 of the Public Account Act 1958;
- (3) details of the various amounts comprising the Trust Fund during 1982-83 together with the payments made therefrom; and
- (4) the balances of the State of Victoria.

2.1.11 In addition, appendices provide details at 30 June 1983 of the public debt of the State, advances from the public account and the contingent liability of the State in respect of guarantees issued by the Treasurer and government guarantees in respect of borrowings by State instrumentalities and other bodies.

2.1.12 However, the Treasurer's Statement does not show comparative figures for the previous year.

### **Legislative Changes During the Year**

2.1.13 The Public Account Act 1958 defines the funds and accounts to be maintained by the State for the recording of its financial transactions. The funds and accounts to be maintained are the Consolidated Fund, the Works and Services Account and the Trust Fund. The Act also makes provision for Special Applications and Temporary Advances to be made from the Public Account, which although not defined, is considered to be the collective bank accounts of the State.

2.1.14 During 1982-83, the following amendments were made to the Public Account Act:

- Public Account (Cash Management Account) Act 1982
- Public Account (State Development Account) Act 1982
- Trustees (Authorised Investments) Act 1982
- Public Account (Trust Funds) Act 1982
- Public Account (Amendment) Act 1982
- Public Account (Advances) Act 1983

2.1.15 Details of the amendments and their consequences are as follows:

#### **(1) Public Account (Cash Management Account) Act 1982**

The Act established the Cash Management Account with the objective of pooling the liquid asset holdings of the public sector, including statutory authorities, in a central fund. The funds so pooled may be used for:

- (i) investment in a wide range of approved short term financial assets;
- (ii) short-term lending to participating agencies; and
- (iii) advances to the Consolidated Fund.

Sections 20 and 21 of the Public Account Act require that any moneys advanced to the Consolidated Fund are to be repaid during the financial year in which the advance was obtained. However, under Section 7A of the Act, advances from the Cash Management Account are exempt from this requirement.



The amount advanced from the Cash Management Account to the Consolidated Fund which remained outstanding at 30 June 1983 was \$97.7 million.

(2) Public Account (State Development Account) Act 1982

The objective of the State Development Account is to provide finance for capital works by accepting medium and long term deposits from public bodies.

The State Development Account accepts long term deposits (exceeding 12 months) from Victorian authorities and these deposits are used for on-lending, via the Consolidated Fund, to the Works and Services Account to fund capital projects.

As with the Cash Management Account, advances from this account to the Consolidated Fund do not have to be repaid in the financial year in which they are made.

The sum of \$129.55 million was advanced to the Consolidated Fund during the year and remained outstanding at 30 June 1983.

Part of the amount of \$129.55 million has been further on-lent from the Works and Services Account to various statutory authorities and government departments. The amounts so advanced are repayable to the Consolidated Fund.

(3) Trustees (Authorised Investments) Act 1982

The Act enables the Treasurer to appropriate funds for the purpose of fulfilling any guarantee given by the Government of Victoria on any borrowing, contract or agreement or the performance of any guaranteed contract or agreement. Any sums recovered by the Treasurer are to be paid into the Consolidated Fund.

(4) Public Account (Trust Funds) Act 1982

The Act, which came into effect from 1 July 1982, closed a large number of trust accounts which had been established under specific legislation. Other trust accounts closed during the year were closed by direction of the Treasurer pursuant to sub-sections (4) and (5) of Section 8 of the Public Account Act 1958.

The closure of the accounts resulted in receipts which had previously been paid through the Trust Fund being credited to the Consolidated Fund and related payments being made through either the annual appropriations, special appropriations or the Works and Services Account. These are shown under 2 new receipt items in the Treasurer's Statement, "Revenue previously credited directly to the Trust Fund" - "Recurrent" and "Capital". Amounts of \$248.5 million and \$40.2 million respectively were received under each item.

The closure of these trust funds has resulted in:

- (i) Parliament being able to consider in the budgetary process the payments which had previously been made from the Trust Fund; and

- (ii) a more comprehensive view of the State's overall financial operations being presented in the Budget Documents.

The Act further provided for the Treasurer to require budgets to be prepared for any trust account determined by him.

In addition, the Act amended the Railways Act 1958, the Water Act 1958 and the Forests Act 1958 and required detailed budgets to be prepared and submitted to the Treasurer for approval, detailing both revenue and expenditure, for the following trust accounts:

Railways Stores Suspense Account;  
Water Supply Plant and Machinery Depreciation Fund;  
Water Supply Stores Suspense Account;  
Forests Plant and Machinery Fund; and  
Forests Stores Suspense Account.

The Act also gave the Treasurer the power to approve or amend the budgets submitted for the above accounts and to transfer amounts to the Consolidated Fund.

(5) Public Account (Amendment) Act 1982

This Act became operative from 16 November 1982 and increased from \$15 million to \$30 million the amount that the Treasurer can temporarily apply to meet urgent claims that may arise before parliamentary sanction thereto is obtained.

(6) Public Account (Advances) Act 1983

The Act empowers the Treasurer to pay out of the Consolidated Fund or the Works and Services Account moneys to which the State is entitled but has not yet received under Commonwealth legislation or other arrangements with the Commonwealth for specific purposes.

The Act requires the publication of the particulars and purpose for which the moneys have been issued. Upon publication, the moneys are deemed to have been expended and thereby appropriated.

An amount of \$41.63 million was applied under the Act for payments by the State for drought assistance. The money was recovered from the Commonwealth.

### **Summary of 1982-83 Financial Transactions**

- 2.1.16 In the Budget for 1982-83, the Treasurer estimated that the total receipts of the Consolidated Fund would be \$7 343 million and that this amount, together with the balance of \$6.1 million brought forward from 1981-82 would be fully expended. The actual receipts of the Consolidated Fund in 1982-83 totalled \$7 203 million, i.e. \$140 million less than estimated.
- 2.1.17 Payments from the Consolidated Fund totalled \$7 209 million for the year, leaving a balance in the fund at 30 June 1983 of nil.

- 2.1.18 The payments included a transfer of \$976.3 million pursuant to sub-section (2) of Section 5 of the Public Account Act 1958 to the Works and Services Account in the Trust Fund. This account is available for expenditure on works and services authorised by the enabling Works and Services Acts. The transfer was \$123.1 million less than that provided for in the estimates for the year and \$556.8 million more than the amount transferred in 1981-82. At 30 June 1983, the balance in the Works and Services Account was \$43.6 million (1982, \$11.8 million).
- 2.1.19 In addition to the receipts required to be credited to the Consolidated Fund, the Treasurer received in the year and credited to accounts within the Trust Fund a total of \$15 491.7 million. Payments from the fund during the year totalled \$15 460.5 million and the balance at 30 June 1983 was \$245.6 million (\$214.4 million 30 June 1982).

### **Balancing of Consolidated Fund**

- 2.1.20 As required by sub-section (3) of Section 5 of the Public Account Act 1958, the Treasurer has balanced the Consolidated Fund.
- 2.1.21 The Consolidated Fund was established in Victoria by the Public Account Act 1970, with effect from 1 July 1970. It is a consolidation of what was formerly the Consolidated Revenue and the Loan Fund.
- 2.1.22 The legislation provides that the total of the sums issued out of the Consolidated Fund in a financial year shall not exceed the amounts to the credit of the Fund. In this sense, a cash deficit cannot arise. In practice, each year all moneys in the Consolidated Fund in excess of those required to meet payments pursuant to other parliamentary appropriations are appropriated to the Works and Services Account in the Trust Fund. The appropriation to the Works and Services Account is, in effect, a balancing item.
- 2.1.23 However, it should be noted that the requirement to balance the fund, i.e. not to spend more than the receipts, does not limit the source of receipts and thus does not preclude borrowing to balance the fund. In fact, borrowings form a substantial amount of the total receipts of the fund each year. To obtain a total picture of the inner budget sector it is, of course, necessary to take into account the transactions of the Trust Fund.
- 2.1.24 Significant factors which were not present in 1981-82 and which contributed to the result in 1982-83 were:
- (1) the borrowing of \$227.3 million, of which \$129.6 million came from the State Development Account and \$97.7 million from the Cash Management Account;
  - (2) the payment of \$161.2 million to the Consolidated Fund from the sale of railway assets. The leasing arrangements entered into as a consequence of the sale have created a future financial commitment for the State; and
  - (3) the inclusion of certain balances, estimated not to exceed in total \$10 million, of previously designated Commonwealth trust accounts which were transferred into the Consolidated Fund. Further comment on these balances is included in paragraph 2.6.24.

Factor occurring after 30 June 1983

- 2.1.25 Receipts include approximately \$66.6 million from the pipeline levy which has since been invalidated by a High Court decision. The State may have to refund some of this money in 1983-84, together with amounts collected in 1981-82.

**Balances of the State of Victoria**

- 2.1.26 Balances of the State of Victoria for the past 2 years are shown in the following statement:

	1981-82 \$000	1982-83 \$000
Balances 1 July	286 334	186 293
Receipts		
Consolidated Fund	5 466 352	7 203 141
Trust Fund*	5 570 577	15 491 691
	<hr/>	<hr/>
	11 323 263	22 881 125
Payments		
Consolidated Fund	5 472 656	7 209 261
Trust Fund*	5 659 169	15 460 538
Increase (Decrease) in Advances	5 145	(4 387)
	<hr/>	<hr/>
	11 136 970	22 665 412
	<hr/>	<hr/>
Balances 30 June	186 293	215 713
	<hr/>	<hr/>

\* The increases in the receipts and payments of the Trust Fund were due largely to the operations of the Cash Management Account which recorded receipts and payments of \$7 903 million.

- 2.1.27 The net effect of the year's transactions was an increase in the total balances of the State of \$29.4 million, brought about by an increase in the credit balance of the Trust Fund of \$31.1 million, a reduction in advances from the Public Account of \$4.4 million, offset by a reduction of \$6.1 million in the amount retained in the Consolidated Fund.

- 2.1.28 Treasury balances are recorded in the Treasurer's Statement as follows:

	1981-82 \$000	1982-83 \$000
Trust Fund Balance	214 400	245 553
Balance retained in the Public Account	6 120	..
	<hr/>	<hr/>
	220 520	245 553
	<hr/>	<hr/>

	1981-82 \$000	1982-83 \$000
Less Advances from Public Account		
For Consolidated Revenue Deficits	21 782	21 782
For Departments and other purposes	12 445	8 058
	<hr/>	<hr/>
	34 227	29 840
	<hr/>	<hr/>
	186 293	215 713
	<hr/>	<hr/>

2.1.29 The balances are represented by:

	1981-82 \$000	1982-83 \$000
Cash at Bank	..	67 784
Fixed Deposit Account	84 278	63 563
Short Term Money Market	95 000	..
	<hr/>	<hr/>
	179 278	131 347
Less Overdrawn Balance of Public Account	18 488	..
	<hr/>	<hr/>
	160 790	131 347
Investments - Trust Fund	25 503	84 366
	<hr/>	<hr/>
	186 293	215 713
	<hr/>	<hr/>

## 2.2 CONSOLIDATED FUND RECEIPTS - OVERVIEW

2.2.1 In the Budget for 1982-83, the Treasurer estimated that the total receipts of the Consolidated Fund would be \$7 343 million. The actual receipts of the Consolidated Fund in 1982-83 totalled \$7.203 million, \$140 million less than estimated.

2.2.2 The following statement compares the receipts for 1982-83, as detailed in the Treasurer's Statement, with those for 1981-82 and with the Budget estimates for 1982-83.

HEADS OF RECEIPT	Actual	Actual	Budget	Variation	
	1981-82 \$000	1982-83 \$000	Estimate 1982-83 \$000	from Budget Estimate ±	\$000
Taxation	1 945 861	2 286 065	2 403 070	-	117 005
Recoveries of debt charges	185 332	207 526	199 780	+	7 746
Land revenue	170 327	174 499	191 745	-	17 246
Harbor revenue	12 051	10 463	9 845	+	618
Fees and charges for departmental services	155 747	176 081	179 995	-	3 914
Forests Commission	26 919	25 104	30 980	-	5 876
State Rivers and Water Supply Commission	61 800	75 162	73 500	+	1 662
Miscellaneous receipts	234 159	341 781	349 585	-	7 804
Cash Management Account	..	97 700	97 700		..
Railways	264 123	242 377	276 160	-	33 783
Revenue previously paid directly to the Trust Fund	..	248 516	241 444	+	7 072
Commonwealth payments	2 008 504	2 297 932	2 222 819	+	75 113
Proceeds of loan raisings	218 947	229 959	229 959		..
Loan repayments	12 280	15 683	32 340	-	16 657
Works grant	109 473	114 979	131 309	-	16 330
School building grants	58 569	69 905	64 696	+	5 209
Transport	2 260	176 536	192 768	-	16 232
Housing	..	81 816	66 297	+	15 519
Sesquicentenary grants	..	100	2 000	-	1 900
Revenue previously paid directly to the Trust Fund (Capital)	..	40 164	34 786	+	5 378
Sale of railway assets	..	161 242	162 290	-	1 048
State Development Account	..	129 550	150 000	-	20 450
<b>Total Receipts</b>	<b>5 466 352</b>	<b>7 203 140</b>	<b>7 343 068</b>	<b>-</b>	<b>139 928</b>

Comparison with Budget

2.2.3 The net shortfall of \$139.9 million was made up as follows:

	\$000	\$000
Shortfalls from Budget estimate		
Taxation	117 005	
Railways	33 783	
State Development Account	20 450	
Land revenue	17 246	
Loan repayments	16 657	
Miscellaneous receipts	7 804	
Forests Commission	5 876	
Other	4 962	
	<hr/>	223 783
Offset by items in excess of Budget estimate		
Commonwealth payments	61 379	
Revenue previously paid directly to the Trust Fund	12 450	
Recoveries of debt charges	7 746	
Other	2 280	
	<hr/>	83 855
		<hr/>
Net shortfall in receipts		139 928
		<hr/>

2.2.4 In broad terms, the receipts of the Consolidated Fund were derived from the following sources and compare with Budget estimates and with those of the previous year as shown:

	Actual 1981-82 \$000	Budget 1982-83 \$000	Actual 1982-83 \$000
State sources			
State taxation	1 945 862	2 403 070	2 286 065
Revenue previously paid directly to the Trust Fund	..	276 230	288 681
State Development Account	..	150 000	129 550
Sale of railway assets	..	162 290	161 242
Cash Management Account	..	97 700	97 700
Other State sources excluding Railways	846 335	1 035 430	1 010 616
Railway income	264 123	276 160	242 377
	<hr/>	<hr/>	<hr/>
	3 056 320	4 400 880	4 216 231
Commonwealth sources excluding loan raisings	*2 179 928	2 679 889	*2 743 212
Loan raisings and repayments	230 104	262 299	243 698
	<hr/>	<hr/>	<hr/>
	5 466 352	7 343 068	7 203 141
	<hr/>	<hr/>	<hr/>

\* Includes Commonwealth contributions in 1982-83 of \$1.9 million (1981-82, \$1.1 million) towards the cost of projects and services met from the Works and Services Account and credited to the Consolidated Fund under the head of loan repayments.

Comparison with Actual Receipts for 1981-82

- 2.2.5 The actual receipts of the Consolidated Fund exceeded those of the previous year, \$5 466 million, by \$1 736 million. Details of the variations between the 2 years are given in paragraph 2.2.2 of this report.
- 2.2.6 Receipts from State sources increased by \$1 160 million and constituted 58.54 per cent. of the total compared with 55.91 per cent. in the previous year. Receipts from Commonwealth sources were \$563.3 million more than in the previous year and represented 38.08 per cent. as against 39.87 per cent. for 1981-82. Loan raisings and repayments yielded \$13.6 million more than the 1981-82 total of \$230.1 million and comprised 3.38 per cent. of the total receipts compared with 4.22 per cent. in 1981-82.

RECEIPTS - STATE SOURCES

- 2.2.7 The major items causing the overall increase of \$1 160 million in actual receipts from State sources were:

	Increases \$000
Revenue previously credited directly to the Trust Fund	276 230
Sale of railway assets	161 242
State Development Account	129 550
Payroll tax	136 362
Authority contributions	120 277
Cash Management Account	97 700
Financial institutions duty	39 498
Pipelines licences	36 600
Health levy	36 444
Duty on insurance business	24 425
Land tax	23 425
Recoveries of debt charges	22 194
Petroleum licences	20 773
Fees and charges - departmental services	20 334

- 2.2.8 Comment on a number of items of revenue from State sources follow:

**2.2.9 Taxation**

Taxation receipts in 1982-83 increased by \$340.2 million over those of the previous year. However, there was a shortfall of \$117 million from the amount provided for in the estimates. Details of the variations are as follows:

	Actual 1981-82 \$000	Actual 1982-83 \$000	Budget Estimate 1982-83 \$000	Variation from Budget Estimate ±	\$000
Payroll tax	795 091	931 453	969 700	-	38 247
Probate duty	55 360	42 602	36 700	+	5 902
Land tax	115 922	139 347	147 000	-	7 653
Motor car third party insurance surcharge	18 026	18 880	18 050	+	830
Totalizator	59 455	65 042	62 970	+	2 072
Tattersalls duty	176 404	192 203	200 650	-	8 447
Gift duty	847	412	600	-	188



	Actual 1981-82 \$000	Actual 1982-83 \$000	Budget Estimate 1982-83 \$000	Variation from Budget Estimate ± \$000
Motor Car Act 1958				
Section 7A fees	43 374	48 548	48 200	+
Health levy	..	36 444	38 000	-
Betting and bookmakers' turnover tax	11 133	11 886	11 300	+
Duty on insurance business	76 647	101 072	88 100	+
Other stamp duty	366 527	353 814	476 600	-
Financial institutions duty	..	39 498	..	+
Licencing fund payment	50 273	55 558	59 100	-
Licences				
Tobacco	42 223	47 847	44 500	+
Petroleum	88 684	109 457	104 000	+
Pipelines	30 000	66 600	66 400	+
Other	15 895	25 402	31 200	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1 945 861	2 286 065	2 403 070	- 117 005
	<hr/>	<hr/>	<hr/>	<hr/>

The major variations are discussed below:

(1) Other Stamp Duty and Financial Institutions Duty

As indicated above, no allowance was separately made for Financial Institutions Duty in the Budget estimates. However, it was considered that the revenue from the new duty offset by the abolition of certain stamp duties would increase State revenue by approximately \$80 million.

The Financial Institutions Duty Act 1982 imposed a duty on all deposits (including transfers between accounts, subscriptions, loan repayments and other credit entries) lodged with financial institutions (banks, building societies, credit unions etc.) from 1 December 1982. Duty is charged at the rate of 0.03 per cent. with a ceiling of \$300 for any one deposit.

The legislation provides special arrangements for certain short term money market transactions and for certain exemptions for a limited range of accounts.

As from 1 January 1983, the Act abolished certain credit duty imposed under the Stamps Act 1958 as well as the duty on bills of exchange, other than cheques and promissory notes. Stamp duty on cheques was reduced by 50 per cent. from 1 January 1983 and abolished from 1 July 1983.

Other stamp duty fell by \$122.8 million and was offset by the collection of financial institutions duty of \$39.5 million. Overall, there was a shortfall of \$83.2 million from the 2 items compared to the estimates. The major reasons for the shortfall were:

- the exemptions granted to non-bank financial institutions under the Financial Institutions Duty Act 1982. These exemptions have cost between \$15 and \$20 million approximately;

- the interim exemption of certain accounts granted under Section 93 of the Financial Institutions Duty Act 1982 whereby up to 7 months duty is unlikely to be recovered;
- the exemptions granted to charitable institutions;
- a \$20 million decrease in receipts from land transfers despite an increase in the rates of duty imposed on transfers of higher valued properties; and
- a decrease of \$5 million in the sale of adhesive duty stamps compared with the amount provided in the Budget.

#### (2) Payroll Tax

Payroll tax receipts in 1982-83 increased by \$136.4 million over 1981-82 to \$931.5 million, but were \$38.2 million short of the estimated receipts.

The receipts for the year comprised \$794.6 million of normal payroll tax and \$136.8 million on account of a 1 per cent. surcharge on payrolls exceeding \$1 million in 1982-83.

#### (3) Land Tax

As at 1 July 1982 arrears of land tax were \$52 million. Receipts for 1982-83 of \$139.3 million exceeded those of the previous year by \$23.4 million but failed to reach the Budget estimate by \$7.6 million. Arrears at 30 June 1983 were \$47.9 million. The main reasons for the increased revenue in 1982-83 were:

- the indexing by 10.6 per cent. of the site values of all taxable land; and
- the imposition of a surcharge of 1 per cent. of each dollar of the taxable value of land in excess of \$973 280.

However, this was offset by the introduction of a flat exemption level of \$45 000 based on 1978 site values which reduced the number of properties liable to this tax.

#### (4) Probate Duty

Probate duty receipts for 1982-83 of \$42.6 million were \$12.7 million less than those of the previous year. The decrease reflects the further reduction in probate duty provided for in the Probate Duty Act 1981.

#### (5) Tattersalls Duty

The table below details the variations in the duty collected on the various Tattersalls consultations conducted during the last 2 financial years. The main reason for the increase of \$15.8 million in 1982-83 was the growth in Tattslotto subscriptions.

	1981-82 \$000	1982-83 \$000
Tattslotto	138 925	152 965
Instant Lottery	22 750	24 940
Super 66	9 357	9 242
Ordinary consultations	2 691	2 604
Gold Lotteries	1 457	..
Soccer Football Pools	1 224	2 452
	<hr/>	<hr/>
	176 404	192 203
	<hr/>	<hr/>

However, receipts fell short of the Budget estimate by \$8.4 million.

(6) Insurance Business

Duty on insurance business increased by \$24.4 million over the receipts of the previous year and exceeded the Budget estimate by \$13 million. The increase was due largely to higher premiums being charged by insurance companies.

(7) Health Levy

The Hospital Benefits (Levy) Act 1982, imposed a levy on hospital benefit organisations in Victorian and freed contributors to health benefit funds in Victoria from the payment of outpatient fees. The Act came into operation on 1 August 1982 and was to have effect until 31 July 1983. This was later amended to 31 March 1984 by the Hospital Benefits (Levy) (Amendment) Act 1983.

After a similar levy on health benefit organisations was imposed in N.S.W. in January 1983, the then Commonwealth Minister for Health ordered health funds not to comply with the State legislation.

The N.S.W. and Victorian Governments challenged in the High Court the right of the Commonwealth Government to block levies for outpatient services.

The levy was upheld in the High Court decision of 18 March 1983 as being within the power of the State.

An amount of \$36.4 million was collected during the year as against a Budget estimate of \$38 million.

(8) Pipelines Licences

Licence fees collected under this item rose from \$30 million in 1981-82 to \$66.6 million in 1982-83 following the imposition of higher fees under the provisions of the Pipelines (Fees) Act 1982. The recent judgment in the High Court ruled that the fee was invalid and the State may be required to make a refund of some of this money.

(9) Petroleum Licences

Revenue from petroleum licences increased by \$20.8 million over the previous year due partly to the operation for a full year of the increases imposed under the Business Franchise (Petroleum Products) Fees Act 1981.

(10) Taxation Assessed and Not Collected

Details of taxation assessed but uncollected at 30 June 1983 compared with 30 June 1982 are as follows:

	30.6.82 \$000	30.6.83 \$000
Land Tax	51 991	47 867*
Probate Duty	12 249	11 276
Gift Duty	411	293
	<hr/>	<hr/>
	64 651	59 436
	<hr/>	<hr/>

\* Subject to audit verification, at the date of this report.

2.2.10 **Recoveries of Debt Charges**

The following statement sets out the variations in the recoupment of debt charges over the past 2 years:

	Actual 1981-82 \$000	Actual 1982-83 \$000	Budget Estimate 1982-83 \$000	Variation from Budget Estimate \$000	
				±	
Home Builders' Accounts and Housing Commission	65 880	68 052	68 000	+	52
Melbourne and Metropolitan Board of Works	24 930	31 323	31 300	+	23
Rural Finance and Settlement Commission	11 050	13 439	13 500	-	61
State Electricity Commission	61 293	68 953	60 300	+	8 653
Water and sewerage authorities	4 275	5 308	5 200	+	108
Other	17 904	20 451	21 480	-	1 029
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	185 332	207 526	199 780	+	7 746
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

2.2.11 **Land Revenue**

Variations in land revenue over the past 2 years were:

	Actual 1981-82 \$000	Actual 1982-83 \$000	Budget Estimate 1982-83 \$000	Variation from Budget Estimate \$000	
				±	
Lands	8 806	9 200	10 345	-	1 145
Mining Royalties - submerged lands	417	767	450	+	317
other	159 760	159 759	175 500	-	15 741
	1 344	4 773	5 450	-	677
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	170 327	174 499	191 745	-	17 246
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Although the above figures indicate that royalties revenue from submerged lands in 1982-83 was at the same level as in 1981-82 and fell short of the Budget by \$15.7 million, the figures are the result of changed collection procedures. From February 1983, the Commonwealth collected the total revenue and reimbursed the State its share of the royalties. More details of these arrangements are given at paragraph 2.3.8.

The State's net receipts from submerged lands royalties increased during the year as shown below:

	1981-82 \$000	1982-83 \$000
RECEIPTS		
Royalties	159 760	159 769
PAYMENTS		
Special Appropriation		
- Payment to the Commonwealth	52 321	39 671
Net Receipts	107 439	120 098

#### 2.2.12 Fees and Charges for Departmental Services

Fees and charges for departmental services amounted to \$176.08 million for 1982-83. This was \$20.33 million higher than the figure in 1981-82 but fell short of the Budget estimate by \$3.91 million.

The major increases over 1981-82 were:

- \$7.2 million in fees collected by the Corporate Affairs Office due to an increase in fees pursuant to the Companies (Victoria) Code effective from 1 July 1982;
- \$2.7 million in fees collected by the Titles Office as a result of rises in fees from 1 November 1982;
- \$4.3 million in charges for departmental services; and
- \$2.9 million in respect of the recoup on account of administrative expenses.

#### 2.2.13 Forests Commission

Forests Commission revenue of \$25.1 million for the year fell by \$1.82 million over the receipts of 1981-82 and by \$5.88 million over the estimated revenue for the year. This was due mainly to a fall in royalties revenue.

#### 2.2.14 State Rivers and Water Supply Commission

Receipts of the Commission for the year of \$75.16 million increased by \$13.36 million over those of the previous year and exceeded the Budget estimate by \$1.66 million. The increase in receipts was due mainly to:

- higher rates charged in all districts;

- . record sales of water for the irrigation season 1981-82 collected in 1982-83; and
- . preseason sales for 1982-83 collected in that year.

## 2.15 Miscellaneous Receipts

Miscellaneous receipts of \$341.78 million for 1982-83 exceeded those of the previous year by \$107.62 million but fell short of the Budget estimate of \$349.59 million by \$7.8 million.

The main variations were:

### (1) Public Authority Payments

Public authority payments totalling \$209.5 million were collected during the year. The amount was an increase of \$121.5 million over the previous year.

The Public Authorities (Contributions) (Amendment) Act 1983:

- (i) made the Melbourne and Metropolitan Board of Works and the Port of Melbourne Authority liable to make payments to the Consolidated Fund;
- (ii) removed the requirement for the Port of Melbourne Authority under Section 115 of the Port of Melbourne Authority Act 1958 to contribute one fifth of the tolls, rates and charges accrued due and owing to the Authority by way of wharfage on goods landed or unshipped in the port and tonnage together with the sum of \$8 000 to the Consolidated Fund and provided for a percentage of the Authority's total revenue to be paid to the Consolidated Fund; and
- (iii) raised the percentage of other authorities' total revenue required to be paid to the Consolidated Fund.

The following table sets out the contribution rates and the amounts paid by the authorities to the Consolidated Fund over the past 2 years.

<u>Authority</u>	<u>1981-82</u>		<u>1982-83</u>	
	<u>Rate</u> %	<u>Amount</u> \$000	<u>Rate</u> %	<u>Amount</u> \$000
State Electricity Commission	5.5	48 235	7.72	82 570
Gas and Fuel Corporation	18.0	39 765	33.0	90 805
Melbourne and Metropolitan Board of Works	Nil	Nil	8.3	30 000
Port of Melbourne Authority*	Nil	Nil	10.7	6 119

\* \$1.217 million paid in 1981-82 under the provisions of Section 115 of the Port of Melbourne Authority Act 1958 to Harbor Revenue.

(2) Recoup in respect of Superannuation Charges

Recoups of superannuation charges increased by \$8.7 million over those of the previous year due largely to increased recoups from the larger statutory authorities whose staff are members of the State Superannuation Fund.

(3) Energy Resources Levy

Pursuant to the Energy Consumption Levy Act 1982, all consumers of gas in Victoria using more than 10 000 gigajoules of gas per annum were required to pay a levy of 10 cents per gigajoule. The levy applied from 1 October 1982 and the amount collected in 1982-83 totalled \$7.1 million.

(4) Transfers from Trust Funds

Transfers from trust funds for the year totalled \$8.4 million (1981-82, \$1.8 million). The main reasons for the increase were the closure of a number of trust accounts pursuant to:

- . provisions of the Public Account (Trust Funds) Act 1982; and
- . Section 8 of the Public Account Act 1958.

The balances generally were transferred to the Consolidated Fund.

(5) Fines

Fines collected during 1982-83 totalled \$35 million which was an increase of \$6.7 million over the receipts of 1981-82. Increases in penalties imposed under a number of Acts were the main contributing factor.

(6) State Bank

The State Bank Act 1958 requires that a half share of the profit of the savings bank department be paid to the Consolidated Fund. The amount of that share increased from \$20.9 million in 1981-82 to \$26.5 million in 1982-83.

(7) Interest on Public Account

The interest on the Public Account of \$13.9 million was \$12.7 million less than in 1981-82. The decrease was due to lower cash balances being held in the Public Account throughout the year.

(8) Victorian Development Fund

The Victorian Development Fund, which was established under the provisions of the Public Account (State Development Account) Act 1982, is a fund which has 2 component parts, namely:

- . the Cash Management Account; and
- . the State Development Account.

These accounts are described later in this section and in section 2.6 of this report. Further comment on the operations of the funds will be included in my later report on statutory authorities.

The 2 accounts, which are maintained separately in the Trust Fund are separately accounted for by the Office of the Victorian Development Fund.

The following comments are made in respect of the transfer of the surplus to the Consolidated Fund.

Sub-section (4) of Section 7G of the Public Account Act 1958 states: "Where at the end of the financial year the Victorian Development Fund is in surplus, the Treasurer may authorise an amount not exceeding the amount of that surplus to be paid out of the Victorian Development Fund into the Consolidated Fund".

Prior to 30 June 1983 the Treasurer determined that the sum of \$250 000 be paid by the Victorian Development Fund to the Consolidated Fund in terms of sub-section 4 of Section 7G of the Public Account Act 1958 on account of the estimated surplus of the fund for the year ending 30 June 1983.

On 30 June pursuant to the said determination an amount of \$250 000 was transferred from the fund into the Consolidated Fund. Subsequently it was revealed that the surplus of the Victorian Development Fund for the year ended 30 June 1983 was less than that estimated.

Subsequently the Treasurer determined in relation to the \$250 000 already paid to the Consolidated Fund that:

- (a) \$150 000 be treated as a transfer of the surplus under sub-section (4) of Section 7G of the Public Account Act 1958; and
- (b) \$100 000 be treated as a recoupment in advance of administrative expenses under sub-section (4) of Section 7B of the same Act.

Audit is of the opinion that the amount of the transfer of \$100 000 to the Consolidated Fund is not authorised by Section 7B of the Public Account Act 1958 in that there is no provision in the Act which authorises the Treasurer to determine the administrative expenses of the Victorian Development Fund in advance.

#### (9) Cash Management Account

The Cash Management Account was established under the Public Account (Cash Management Account) Act 1982. The moneys deposited in the account can be invested in any manner declared by the Governor-in-Council or be advanced to the Consolidated Fund for a period less than 12 months.

The Budget provided for an amount of \$97.7 million to be provided from the Cash Management Account to the Consolidated Fund in 1982-83. This amount was fully advanced.



(10) Railways

Railway revenue for 1982-83 of \$242.38 million fell short of both the estimated receipts for the year of \$276.16 million and the receipts of the previous year of \$264.12 million. The short-falls were \$33.78 million and \$21.74 million respectively.

The decrease in receipts can be attributed largely to the fall in freight revenue due to drought conditions in Victoria in 1982-83.

2.2.16 **Revenue Previously Paid Directly to Trust Fund (Recurrent)**

Under the Public Account (Trust Funds) Act 1982 and Section 8 of the Public Account Act 1958, certain trust funds were closed and certain receipts which were previously credited to trust accounts within the Trust Fund were directed to the Consolidated Fund. The relevant payments which were normally made from the related trust accounts were provided for in the appropriations of the associated departments or by special appropriation.

The Budget estimates provided that receipts totalling \$241.44 million would be credited to the Consolidated Fund rather than the Trust Fund. In 1982-83 receipts of \$248.52 million were directed to the Consolidated Fund.

COMMONWEALTH PAYMENTS

2.2.17 Details of the variations making up the overall increase of \$563.3 million in the actual receipts to the Consolidated Fund from Commonwealth sources are:

	1981-82	1982-83	+ Increase - Decrease
	\$000	\$000	\$000
Tax sharing grant	1 502 472	1 743 372	+ 240 900
Health grant	325 936	300 549	- 25 387
Education-capital and recurrent purposes etc.	174 572	196 821	+ 22 249
Commonwealth Roads Act	..	147 671	+ 147 671
Housing	..	81 816	+ 81 816
Works grant	109 473	114 979	+ 5 506
Drought Assistance Fodder	..	41 663	+ 41 663
Bicentennial Roads Program	..	20 467	+ 20 467
General Purpose Assistance for Bushfires	..	19 500	+ 19 500
Victorian transport system	35 000	35 000	..
Pre-school child education and care	9 015	9 015	..
Home care	5 726	6 053	+ 327
Repatriation hospital - Bundoora	4 958	6 040	+ 1 082
Interest-financial agreement	4 254	4 254	..
Medibank recoups	2 277	..	- 2 277
National railway network	2 260	8 398	+ 6 138
Water resources	1 250	2 500	+ 1 250
Other	2 736	5 114	+ 2 378
	<hr/>	<hr/>	<hr/>
	2 179 929	2 743 212	+ 563 283
	<hr/>	<hr/>	<hr/>

2.2.18 The major variations are discussed below:

(1) Tax Sharing Grant

The amount received under this entitlement during the year totalled \$1743.3 million. This was a rise of \$240.9 million over that of the previous year.

The Tax Sharing Grant of the State is determined under the provisions of the States (Tax Sharing and Health Grants) Act 1981. It is necessary in terms of the Act for the relevant Commonwealth authorities to determine the net amount received by the Commonwealth for the previous year for the taxes included in the agreement.

The amount determined by the relevant authorities as the total taxation receipts for 1981-82 was \$37 512 million. Of this sum, 20.323 per cent. (\$7 623.5 million) was distributed as basic grants to the States in 1982-83 in accordance with Section 11B of the Act. An amount of \$148.9 million, or 0.397 per cent. of the total taxation receipts, formed a supplementary tax sharing pool which was distributed to the States in accordance with Section 11C of the Act. Victoria's share of the distribution was as follows:

	\$
Basic tax sharing grant	1 713 937 573
Supplementary grant	29 434 590
	<hr/>
	1 743 372 163
	<hr/>

A number of factors led to the increase of \$240.9 million over the receipts of 1981-82. These were mainly:

- higher taxation receipts by the Commonwealth;
- an increase in real terms of at least 2 per cent. in the State's 1982-83 grant.

(2) Drought Assistance - Fodder

A grant of \$41.66 million was made available to the State under the Drought Assistance (Primary Producers) Act 1982. This was reimbursement to the State for the amount provided for the cost of fodder during the drought.

(3) Bushfire Assistance

\$19.5 million was provided by the Commonwealth for general purpose assistance for the bushfires.

(4) Schools - Grants for Recurrent Expenditure

Grants for recurrent expenditure of schools totalling \$108.6 million rose by \$8.9 million over the amount provided in 1981-82 and exceeded the Budget estimate by \$7.6 million.

## LOAN RAISINGS, WORKS GRANT ETC.

2.2.19 The receipts derived from the items contained under this heading in the Treasurer's Statement comprises:

- . Proceeds of loan raisings
- . Loan repayments
- . Works grant
- . School building grants
- . Transport
- . Housing
- . Sesquicentenary grants
- . Revenue previously paid directly to the Trust Fund (Capital)
- . Sale of railway assets
- . State Development Account.

2.2.20 The actual receipts from these items for 1982-83 totalled \$1 021 million and exceeded those of the previous year by \$618.4 million, but still fell short of the Budget estimate by \$46.5 million.

2.2.21 Comments on certain of these items follow:

(1) Loan Raisings and Loan Repayments

Net receipts to the Consolidated Fund from loan raisings and loan repayments of \$243.7 million, exclusive of Commonwealth contributions were \$13.6 million more than the comparable figure for 1981-82. The receipts consisted of \$230 million, the net proceeds of loans raised under Victoria's share of the works program approved by the Loan Council, and repayments totalling \$13.7 million in respect of advances made to various organisations by the State in this and prior years.

(2) Transport

The increases resulted from:

- . the change in the recording of moneys previously credited to the Trust Fund which led to an amount of \$147.6 million received under the Commonwealth Roads Act being credited to the Consolidated Fund in 1982-83 rather than to the Trust Fund; and
- . the receipt of \$20.47 million under the bicentennial road program, as provided for in the Australian Bicentennial Road Development Trust Fund Act 1982.

(3) Housing

Receipts for housing credited to the Consolidated Fund in 1982-83 totalled \$81.8 million, whereas in previous years the amount was credited to the Trust Fund.

(4) Revenue Previously Paid Directly to the Trust Fund (Capital)

Receipts of a capital nature amounting to \$40.16 million, which were previously credited to the Trust Fund, were credited to the Consolidated Fund during the year.

(5) State Development Account

The State Development Account was established under the Public Account (State Development Account) Act 1982. Deposits lodged in the Account can be advanced to the Consolidated Fund, as the Treasurer from time to time determines, for periods in excess of 12 months.

The amount provided to the Consolidated Fund from the State Development Account during 1982-83 totalled \$129.6 million. This was \$20.4 million short of the Budget estimate of \$150 million.

(6) Sale of Railway Assets

Receipts from this item comprised the proceeds of the sale of several assets. These assets, namely carriages and wagons, have been leased back to the Victorian Railways Board.

## 2.3 CONSOLIDATED FUND PAYMENTS - OVERVIEW

2.3.1 Legislative authority for payments from the Consolidated Fund is contained in the following:

- (1) many Acts of Parliament which specifically authorise such expenses as debt charges, pensions, etc. on a continuing basis (Special Appropriation);
- (2) the Public Account Act 1958 which allows the Treasurer to determine the amount to be transferred to the Works and Services Account for expenditure on capital projects; and
- (3) the relevant Appropriation Acts which provide annual authorities for the operating expenditures of departments (Annual Appropriation).

2.3.2 Section 5 of the Public Account Act 1958 provides that the total of appropriations by Parliament from the Consolidated Fund and the amount specially appropriated to the Works and Services Account shall not exceed the amount to the credit of the Consolidated Fund. Credits to the Consolidated Fund of \$7 203 million together with the balance of \$6.1 million brought forward from 1981-82 made a total of \$7 209 million which was fully appropriated in 1982-83. The 1982-83 figure exceeded that of the previous year, \$5 472 million, by \$1 736.6 million. Details of the amounts applied compared with budget estimates and with those of the previous year are as follows:

	Actual 1981-82 \$000	Budget 1982-83 \$000	Actual 1982-83 \$000
Special Appropriation			
Debt charges, pensions etc.	1 116 686	1 153 512	1 167 024
Works and services	419 517	1 099 463	976 299
Annual appropriation			
Departmental etc. services	3 936 452	5 096 213	5 065 937
	<u>5 472 655</u>	<u>7 349 188</u>	<u>7 209 260</u>

2.3.3 Payments made by the State from the Consolidated Fund (including those made through the Works and Services Account) in 1982-83 and the balances retained at 30 June 1983 are compared on a monetary and proportional basis with those of the previous year.

Nature of Payments	1981-82		1982-83	
	Amount	Percentage of Funds Available	Amount	Percentage of Funds Available
	\$000	%	\$000	%
SOCIAL Education, Health and the Environment, Housing, Welfare, payments to Hospitals and Charities Fund etc.	2 997 490	54.26	3 760 083	51.61

Nature of Payments	1981-82		1982-83	
	Amount	Percentage of Funds Available	Amount	Percentage of Funds Available
	\$000	%	\$000	%
DEBT CHARGES (includes Railways)				
Interest, sinking fund repayments, (including housing and soldier settlement)	487 423	8.82	544 577	7.47
TRANSPORT*				
Railways				
Working expenses and payments from the Works and Services Account	565 251	10.23	756 618	10.38
Pensions	33 435	0.61	40 088	0.55
Other	209 060	3.78	580 453	7.97
PRIMARY PRODUCTION				
Agriculture, lands, soldier settlement, forests, country water supply etc.	282 393	5.11	413 951	5.68
LAW AND ORDER				
Law, police, prisons etc.	331 333	6.00	423 388	5.81
OTHER PUBLIC WORKS AND SERVICES				
Works and advances	463 359	8.39	563 824	7.74
UPERANNUATION				
Contributions to State Employees Retirement Benefits Board and pensions paid to retired officers, officers' widows etc. excluding Railways	136 419	2.48	159 686	2.19
FUNDS RETAINED IN THE WORKS AND SERVICES ACCOUNT - 30 JUNE	11 756	0.21	43 598	0.60
FUNDS RETAINED IN THE CONSOLIDATED FUND - 30 JUNE	6 120	0.11	..	..
	<u>5 524 039</u>	<u>100.00</u>	<u>7 286 266</u>	<u>100.00</u>

\* Excludes debt charges, includes Melbourne Underground Rail Loop.

3.4 The biggest proportion of the payments made by the State were of a social nature and related to education, health and welfare services and housing. The amount expended on these services was \$3 760 million and represented 51.61 per cent. of the total amount available in the Consolidated Fund. The items included in the payments of \$3 760 million were education \$1 968 million, health and welfare, \$1 436 million and housing and other social items, \$356 million. These amounts exceeded those of the previous year by \$341 million in education, \$217 million in health and welfare and \$204 million in housing and other social items.

- 2.3.5 Debt charges at \$544.6 million represented 7.47 per cent. of the total payments from the Consolidated Fund. Debt charges on the public debt accounted for \$449.8 million of this amount, the balance representing interest and principal payments in respect of advances and loans made to the State for housing, soldier settlement and other purposes under Commonwealth-State agreements and arrangements.
- 2.3.6 Part of the outlay for debt charges was offset by recoups of interest, principal and sinking fund contributions from bodies which have received advances from loan moneys, and by interest received from various sources and credited to the Consolidated Fund. Details of the year's receipts and payments on account of debt charges is given in paragraph 2.4.14 of this report.

#### DETAILED ANALYSIS OF PAYMENTS

- 2.3.7 A detailed review of payments under specific headings of expenditure appropriation follows.

#### **Special Appropriations**

- 2.3.8 Special appropriations for the payment of debt charges, certain salaries and general expenses, pensions and other services are provided for on a continuing basis in many Acts of Parliament. These appropriations are not required to be authorised annually by Parliament.
- 2.3.9 A comparison of the special appropriations for the 2 years is given in the following statement:

	1981-82 \$000	1982-83 \$000	+ Increase - Decrease \$000
Interest including exchange	370 751	417 960	+ 47 209
National Debt Sinking Fund	41 376	43 442	+ 2 066
Repayment of advances- Commonwealth-State housing and soldier settlement	11 364	11 982	+ 618
Loan management, flotation expenses etc.	2 524	3 553	+ 1 029
Hospitals and Charities Fund (Totalizator)	59 455	65 042	+ 5 587
Pensions (other than Railways)	127 947	156 902	+ 28 955
Hospitals and Charities and Mental Hospitals Funds (Tattersalls)	174 131	190 568	+ 16 437
Hospitals and Charities Fund (Hospital Benefits Levy)	..	36 444	+ 36 444
Drought assistance fodder subsidy	..	41 663	+ 41 663
Payment to Commonwealth of share of royalties - submerged lands	52 321	39 671	- 12 650
Roads and Special Projects Fund	129 054	..	- 129 054
Melbourne Underground Rail Loop Authority	30 653	36 598	+ 5 945

	1981-82 \$000	1982-83 \$000	+ Increase - Decrease \$000
Racing Act 1958	5 960	17 049	+ 11 089
Forestry Fund	12 839	..	- 12 839
Salaries and allowances	9 961	10 884	+ 923
General expenses	3 908	1 954	- 1 954
Criminal injuries compensation	2 816	3 601	+ 785
Co-operative Farmers and Graziers Direct Meat Supply Ltd.	3 674	..	- 3 674
Insurers Guarantee and Compensation Supplementation Fund	..	4 965	+ 4 965
Other	7 315	3 488	- 3 827
	<hr/>	<hr/>	<hr/>
	1 046 049	1 085 766	+ 39 717
	<hr/>	<hr/>	<hr/>
Railways			
Debt charges	36 158	41 094	+ 4 936
Pensions	33 435	40 088	+ 6 653
Other	1 045	77	- 968
	<hr/>	<hr/>	<hr/>
	70 638	81 259	+ 10 621
	<hr/>	<hr/>	<hr/>
Works and Services Account	419 517	976 299	+ 556 782
	<hr/>	<hr/>	<hr/>
Total Special Appropriations	1 536 204	2 143 324	+ 607 120
	<hr/>	<hr/>	<hr/>

Comments on major variations for the year follow:

(1) Public Debt Charges

Debt charges on the public debt in 1982-83 totalled \$449.8 million compared with \$404 million in 1981-82. The increase was due to higher interest rates being payable and the increase in the public debt of the State.

(2) Hospital and Charities and Mental Hospitals Funds

Special Appropriations to the abovementioned funds in 1982-83 totalled \$293.6 million compared with \$235.2 million in 1981-82.

The main reasons for the increase were:

- (i) a transfer of \$36.4 million collected during the year from the hospital benefits levy imposed under the Hospital Benefits (Levy) Act 1982;



(ii) an additional sum of \$16.4 million being available under the Tattersalls Consultations Act 1958 due to an increase in Tattersalls duty received during the year and

(iii) \$5.6 million additional funds being available for totalizer commission received during the year.

(3) Pensions (other than Railways)

These pensions increased by \$28.9 million during 1982-83 largely to the continuing indexation of pensions during the year and an increase in the number of pensioners.

(4) Drought Assistance Fodder Subsidy

The amount of \$41.66 million was made available to farmers for fodder subsidy during the recent drought. This amount was reimbursed by the Commonwealth under the provisions of the Commonwealth-Drought Assistance (Primary Producers) Act 1982.

(5) Commonwealth Payment - Share of Royalties - Submerged Lands

The reduction in this amount was due to a change in collection procedures whereby, from February 1983, the Commonwealth collected the royalties and paid the State its relevant share. The Consolidated Fund therefore no longer records the gross receipts and disbursements of the royalties. Further comment appears in paragraph 2.2.11 of this report.

(6) Roads and Special Projects Fund

This trust fund was abolished during the year under the provisions of the Public Account (Trust Funds) Act 1982. Payments have been included in the Ministry of Transport appropriation for 1982-83.

(7) Racing Act 1958

Special appropriations under the Racing Act 1958 increased by \$11.09 million and were due mainly to new arrangements provided for in the Public Account (Trust Funds) Act 1982 for the allocation of all moneys for racing purposes to be specifically appropriated.

(8) Forestry Fund

This fund was abolished during the year under the Public Account (Trust Funds) Act 1982. Payments for 1982-83 have been included in the Forests Commission annual appropriation.

(9) Works and Services Account

The transfer to the Works and Services Account for 1982-83 under the Public Account Act 1958 totalled \$976.3 million, an increase of \$556.8 million over the previous year.

The main reasons for the large increase were:

- (i) the payment to the Consolidated Fund of funds totalling \$147.7 million and \$81.8 million for roads and housing respectively, previously credited to the Trust Fund;
- (ii) \$161.2 million received from the sale of railway assets under lease-back arrangements; and
- (iii) \$129.5 million advanced from the State Development Fund.

Further comments on the Works and Services Account are contained in section 2.5 of this report.

### **Annual Appropriations**

Annual appropriations comprised the following:

(1) Appropriation (1982-83, No. 1) Act 1982

Departmental vote payments for the year were authorised by this Act.

(2) Section 2 of the Appropriation (1982-83, No. 1) Act 1982

Section 2 of the Act authorised the Treasurer in 1982-83 to issue out of the Consolidated Fund such additional amounts as were necessary to meet increases in salaries and associated expenditure resulting from any Act or determination to the extent that the amounts provided in the Appropriation Act were insufficient. In 1982-83, \$72.2 million was authorised by the Treasurer, of which \$44.96 million was issued out of the Consolidated Fund to meet increases in salary costs.

(3) Treasurer's Advance

The Public Account Act 1958 authorises the temporary issue and application from the Public Account of any sums not exceeding in all \$30 million for advances to the Treasurer to enable him to meet urgent claims that may arise before parliamentary sanction is obtained. In addition, a further sum of \$90.6 million was available to the Treasurer in 1982-83, under the authority of the Appropriation (1982-83, No. 1) Act 1982 (Division 403). In 1982-83, \$90.59 million was expended from the Treasurer's Advance pending parliamentary sanction.

(4) Transfers under Section 25 of the Audit Act 1958

Section 25 of the Audit Act 1958 permits the appropriated amount of any item to be increased by the amount of an offsetting reduction in another item in the same sub-division.

Such transfers between items are authorised by the Governor-in-Council. During the year there were no transfers effected under Section 25 of the Audit Act 1958.

(5) Block Funding

The block funding approach, introduced in 1980-81 allows for the transfer of allocated amounts between sub-items in the Administrative Expenses item.

Payments within the following sub-items may be transferred with the approval of the Department of Management and Budget:

- . travelling and subsistence;
- . office requisites and equipment, printing and stationery;
- . books and publications;
- . postal and telephone expenses;
- . motor vehicles - purchase and running expenses;
- . fuel, light, power and water; and
- . incidental expenses.

During the year a number of transfers were approved by the Department of Management and Budget.

2.3.13 A comparison of the annual appropriations for the 2 years is given in the following statement:

	1981-82	1982-83		Increase Decrease
	\$000	\$000	-	\$000
Education	1 484 117	1 797 882	+	313 765
Health	819 757	955 045	+	135 288
Transport	53 583	386 353	+	332 770
Police and Emergency Services	244 401	312 405	+	68 004
Treasurer	178 032	231 977	+	53 945
Community Welfare Services	142 683	172 623	+	29 940
Public Works	77 037	91 165	+	14 128
Water Resources	73 230	88 185	+	14 955
Agriculture	63 263	82 117	+	18 854
Attorney-General	60 851	72 730	+	11 879
Economic Development	50 438	49 127	-	1 311
Conservation	30 464	40 592	+	10 128
Lands	35 030	39 749	+	4 719
Arts	37 806	39 430	+	1 624
Forests	16 184	31 928	+	15 744
Premier and Cabinet	22 437	26 411	+	3 974
Property and Services	15 587	17 915	+	2 328
Employment and Training	12 108	17 671	+	5 563
Minerals and Energy	11 833	14 903	+	3 070
Youth, Sport and Recreation	8 311	12 795	+	4 484
Labour and Industry	7 981	9 419	+	1 438
Tourism*	..	9 325	+	9 325
Parliament	8 088	9 209	+	1 121
Local Government	8 284	7 848	-	436
Planning	6 203	6 983	+	780
Housing	5 017	5 440	+	423
Consumer Affairs	1 687	2 352	+	665
Ethnic Affairs**	1 195	2 078	+	883
Industrial Affairs	..	441	+	441
Railway construction and property	476	..	-	476
	<u>3 476 083</u>	<u>4 534 098</u>	<u>+</u>	<u>1 058 015</u>

	1981-82	1982-83	+ Increase - Decrease
	\$000	\$000	\$000
Railways	460 369	531 838	+ 71 469
Total Annual Appropriations	3 936 452	5 065 936	+1 129 484

\* Previously included under Economic Development which was abolished from 16 June 1983

\*\* Previously included under Immigration and Ethnic Affairs which was abolished on 9 November 1982

2.3.14 In the synopsis shown at the end of this section, the actual payments for the year are compared with the amounts appropriated for the various departments and services.

2.3.15 Of the total increase of \$1 129 million in the payments made under annual appropriations for the year, payments made in the nature of salaries which include salaries and allowances, overtime and penalty rates and payments for long service leave and retiring allowances charged against the annual appropriations of the various departments shown in paragraph 2.3.13 increased from approximately \$1 962 million in 1981-82 to \$2 358 million in 1982-83, i.e. an increase of \$396 million or 20.19 per cent.

2.3.16 The increase in the cost of salaries and payments in the nature of salary can be largely attributed to:

- (1) the effect in a full year of rises granted by the appropriate tribunals in 1981-82; and
- (2) rises of 4.9 per cent. granted to police officers, public servants and teachers operative from 22 August 1982, 14 November 1982 and 28 August 1982 respectively.

2.3.17 Comments on the major variations for the year follow:

(1) Education

Payments increased by \$313.8 million in 1982-83 to a total of \$1 798 million due largely to:

- (i) additional salary costs of \$198.5 million;
- (ii) additional payroll-tax of \$15 million;
- (iii) increased grants for technical and further education of \$31 million;
- (iv) increased capitation grants to registered schools of \$16.3 million; and
- (v) increases in grants to State primary, secondary and technical schools of \$19.4 million.

(2) Health Commission

Payments made by the Health Commission in 1982-83 totalled \$955.04 million, which was an increase of \$135.29 million over those of 1981-82. The main reasons for the increase were:

- (i) the transfer to the Hospitals and Charities Fund of an additional \$76 million to meet maintenance payments to hospitals;
- (ii) additional salary costs of \$29.5 million; and
- (iii) an additional \$8.6 million provided to kindergartens and pre-school centres.

(3) Transport

Payments made by the Ministry increased from \$53.6 million in 1981-82 to \$386.4 million in 1982-83.

The principal reasons for the increase were:

- (i) the contribution to the Country Roads Board Fund of \$240.5 million in 1982-83. Under the Public Account (Trust Funds) Act 1982, moneys previously credited direct to this fund are now paid into the Consolidated Fund and subsequently transferred to the Country Roads Board Fund through the Ministry's appropriation;
- (ii) the operating expenses of the Transport Regulation Board and the Road Safety and Traffic Authority totalling \$37.9 million and \$9.9 million respectively. In 1981-82 these expenses were met from the Transport Regulation Fund and the Traffic Authority Fund respectively; and
- (iii) the payment of private bus subsidies totalling \$31.3 million which in 1981-82 were met from the Transport Fund.

(4) Police and Emergency Services

Payments made in 1982-83 totalled \$312.4 million compared with \$244.4 million in 1981-82. The increase of \$68 million was attributable mainly to:

- (i) increases in salaries and payments in the nature of salary totalling \$45.4 million;
- (ii) a contribution of \$11.9 million towards the operating costs of the Country Fire Authority. The amount was previously met from the Municipalities Assistance Fund which was abolished under the Public Account (Trust Funds) Act 1982; and
- (iii) an increase of \$6.8 million in the general expenses of the Police Department including an increase of \$3.3 million in payroll tax.

(5) Treasurer

Payments made by the Department of Management and Budget in 1982-83 increased by \$53.9 million over those of the previous year to a total of \$232 million. The increase was due largely to:

- (i) an additional contribution of \$15.9 million to the Victorian Natural Disasters Relief Account consequent upon the drought and bushfires;
- (ii) increased payments of \$15 million to other States and Territories pursuant to agreements for the sharing of the duty on consultations conducted under the Tattersalls Consultations Act 1958. The effect in a full year of the increased rates of refund of duties and an increase in interstate contributions were the main reasons for the increase;
- (iii) the additional cost of workers compensation insurance of \$7.1 million;
- (iv) an increased contribution of \$5.1 million to the Melbourne and Metropolitan Board of Works for capital works which benefit other than the metropolitan area;
- (v) an increase of \$5.1 million in refunds of stamp duty to first home buyers due to the raising of the amount of the refund by the Stamps (First Purchases of Land) Act 1982, effective from 3 April 1982, together with the provision for refunds of duty on mortgages as provided in the Financial Institutions Duty Act 1982 with effect from 1 January 1983; and
- (vi) increased salary costs of \$13.1 million, including an increase in ex-gratia payments of \$8.5 million made for the back-dating of salary increases granted during the year.

(6) Community Welfare Services

Payments by the department in 1982-83 totalled \$172.6 million, an increase of \$29.9 million over the previous year. The main reasons for the increase were:

- (i) increased salary and payments in the nature of salary of \$11.3 million;
- (ii) an increase of \$6.8 million in the cost of rate concessions for pensioners; and
- (iii) an increase of \$2.4 million in the cost of travel concessions for pensioners.

(7) Agriculture

Payments made by the department increased from \$63.2 million in 1981-82 to \$82.1 million in 1982-83.

This increase of \$18.9 million was due mainly to:

- (i) an increase in the salaries and payments in the nature of salary of \$7.1 million; and
- (ii) payments previously charged to the Trust Fund now being charged to the appropriation.

(8) Forests

Payments in 1982-83 totalled \$31.9 million as against \$16.2 million in 1981-82. The main reason for the increase was the inclusion in the appropriation of amounts which were previously paid from the Forestry Fund.

(9) Railways

Railway payments increased by \$71.5 million, due mainly to increased costs of labour of \$48 million, materials and other expenditure \$9.8 million, and other services \$7.7 million.

ANNUAL APPROPRIATIONS UNDER PARLIAMENTARY AUTHORITY

	Appropriation	Expended under Parliamentary Authority	Unexpended	Expended from Treasurer's Advance-Division 403	Payments 1982-83
	\$000	\$000	\$000	\$000	\$000
Annual Appropriation					
Parliament	9 478	9 036	442	172	9 208
Premier and Cabinet	27 234	25 624	1 610	787	26 411
Economic Development	53 546	48 456	5 090	671	49 127
Tourism	11 652	9 018	2 634	307	9 325
Industrial Affairs	..	..	..	441	441
Police and Emergency Services	310 525	310 188	337	2 217	312 405
Community Welfare Services	169 030	167 704	1 326	4 919	172 623
Youth, Sport and Recreation	14 486	12 544	1 942	251	12 795
Labour and Industry	9 747	9 319	428	100	9 419
Consumer Affairs	2 182	2 177	5	175	2 352
Employment and Training	18 282	17 305	977	366	17 671
Education	1 788 100	1 786 086	2 014	11 796	1 797 882
Attorney-General	73 042	69 887	3 155	2 843	72 730
Treasurer	* 309 923	211 050	* 98 873	20 927	231 977
Conservation	40 780	39 809	971	784	40 593
Lands	39 925	39 458	467	291	39 749
Public Works	89 494	88 302	1 192	2 863	91 165
Property and Services	18 042	17 605	437	310	17 915
Local Government	7 867	7 610	257	238	7 848
Planning	6 998	6 841	157	142	6 983
Minerals and Energy	14 302	13 907	395	996	14 903
Agriculture	81 533	79 970	1 563	2 148	82 118
Health	930 169	924 155	6 014	30 891	955 046
Arts	38 995	38 643	352	787	39 430
Ethnic Affairs	1 767	1 605	162	473	2 078
Housing	5 531	5 415	116	26	5 441
Transport	393 037	382 812	10 225	3 541	386 353
Forests	33 850	31 115	2 735	812	31 927
Water Resources	91 319	87 860	3 459	325	88 185
Railways	550 340	531 838	18 502	..	531 838
Total Annual Appropriation	5 141 176	4 975 339	165 837	90 599	5 065 938

\* Includes \$90.6 million Div. 403, Advance to Treasurer

Note: Due to rounding of amounts, the figures above may vary from those in the Treasurer's Statement

## 2.4 PUBLIC DEBT

- 2.4.1 The public debt of the State as shown in the Treasurer's Statement arises from loans raised on behalf of the State by the Commonwealth under the Financial Agreement.
- 2.4.2 State borrowings as disclosed in the Treasurer's Statement under the heading "Public Debt" do not include direct borrowings of statutory authorities. However, the Department of Management and Budget has indicated that the larger statutory authorities have maturing debts totalling \$2 968 million falling due in the period 1 July 1983 to 30 June 1988 of which \$603.2 million falls due in 1983-84. The amount includes domestic raisings (including domestic infrastructure borrowings) of \$2 944 million and overseas borrowings of \$24.8 million.
- 2.4.3 In addition, there are large public borrowings by local government, water, sewerage and other authorities, the sum total of which is not published in the Treasurer's Statement.
- 2.4.4 There is additional liability to the Commonwealth in respect of advances for housing purposes under Commonwealth-State housing agreements and also in respect of advances made to the State for a variety of purposes pursuant to Commonwealth-State agreements and arrangements.
- 2.4.5 I am unable therefore to determine the total public debt of the State in respect of all its constituent authorities and, in my view, action should be taken to include this information in the Treasurer's Statement.

### Capital Liability to the Commonwealth

- 2.4.6 In accordance with the Commonwealth and States Financial Agreement, the loans raised by the Commonwealth for the State are approved by the Loan Council and consist of commonwealth securities.
- 2.4.7 The agreement placed the States' sinking funds under the control of the National Debt Commission which administers the National Debt Sinking Fund. The fund receives contributions from the Commonwealth and the States which are applied towards the redemption of the public debt.
- 2.4.8 The total liability on account of these loans at 30 June 1983 was \$4 045 million. Of this amount, \$4 044 million represented internal and \$1 million overseas borrowing. After allowing for cash at credit of the National Debt Sinking Fund, the State's capital liability to the Commonwealth under the Financial Agreement was \$4 044 million at 30 June 1983, compared with \$3 930 million at 30 June 1982.
- 2.4.9 Details of the transactions with the Commonwealth during the year and the liability of the State at 30 June 1983 in terms of the Financial Agreement, together with comparative figures for the previous year, were as follows:



	1981-82 \$000	1982-83 \$000
Liability to Commonwealth at 1 July	3 758 134	3 932 414
Loans raised for works	223 461	158 071
Loans raised for redemptions	643 867	864 017
	<hr/>	<hr/>
	4 625 462	4 954 502
Less		
Loans repurchased or redeemed		
By redemption loans	638 297	852 543
By National Debt Sinking Fund	54 879	56 751
	<hr/>	<hr/>
	3 932 286	4 045 208
Increase in public debt during the year due to variations in exchange rates for conversion of face value of overseas securities to Australian currency	128	120
	<hr/>	<hr/>
Liability to Commonwealth at 30 June	3 932 414	4 045 328
Less cash at credit of National Debt Sinking Fund	1 948	648
	<hr/>	<hr/>
Net liability to Commonwealth at 30 June	3 930 466	4 044 680
	<hr/>	<hr/>

#### Loan Receipts of the Consolidated Fund

2.4.10 Loan receipts for 1982-83 comprised moneys received from the proceeds of loans raised and the repayment of advances, and are summarised as follows:

	\$000	\$000
Australian loans*	158 071	
Less discounts on issues (net)	3 112	
	<hr/>	154 959
Repayments of Advances		15 683
		<hr/>
Receipts to the Consolidated Fund - raisings and repayments		170 642
		<hr/>

\* Details of the loans raised for works during the year are shown in the Treasurer's Statement.

2.4.11 In addition to the \$155 million raised above, \$75 million was made available to the State by the Commonwealth for expenditure on welfare housing under Section 5 of the States (Works and Housing) Assistance Act 1982. The money formed part of the total sum of \$230 million allocated by the Loan Council and received by the State as loans during the year. However, the \$75 million is not considered to be part of the public debt in terms of the Financial Agreement. The amount is repayable to the Commonwealth in similar terms to loans under the Housing Assistance Act 1981.

2.4.12 Redemptions and repurchases of loans under the Financial Agreement totalling \$909 million were met from the following sources during the year:

	\$000	\$000
Australian loans*	864 017	
Less discounts on issue (net)	11 474	
National Debt Sinking Fund	852 543	56 751
Total redemptions and repurchases		909 294

\* Details of loans raised for redemptions and repurchases during the year are shown in the Treasurer's Statement.

#### National Debt Sinking Fund

2.4.13 A summary of the transactions on the National Debt Sinking Fund in relation to Victoria, for 1982-83 is as follows:

Balance 1 July	\$000
Contributions	1 948
Commonwealth	11 078
State	44 336
Interest-fixed deposit investment	56
	57 418
Securities repurchased and redeemed, \$56 751 369, at a cost of \$56 770 205	56 770
	648

#### Debt Charges

2.4.14 In addition to the debt charges included under special appropriations in the Treasurer's Statement, certain payments are made to the Commonwealth on account of other loans and advances and these payments are included in the Treasurer's Statement as an appropriation.

2.4.15 The payment of debt charges by the State is to some extent offset by recoveries of certain amounts in respect of sums advanced to statutory authorities from both State and Commonwealth funds.

2.4.16 In addition, the amount of interest received on the Public Account less the interest allowed on certain deposits reduces the total net outgoings on debt charges.

2.4.17 The following statement details the extent to which the general revenues of the State were required to meet debt charges in the past 2 years:

	\$000	1982-83 \$000
Payments		
Special Appropriations	462 173	518 032
Annual Appropriations	25 250	26 545
	<hr/>	<hr/>
	487 423	544 577
	<hr/>	<hr/>
Recoveries		
Recovery of debt charges	185 332	207 526
Interest - Consolidated Fund	26 126	13 894
Less		
Interest paid on deposits	(15)	(46)
	<hr/>	<hr/>
	211 443	221 374
	<hr/>	<hr/>
Amount met from general State revenues	275 980	323 203
	<hr/>	<hr/>

2.4.18 In my view, to improve the financial disclosures in the Treasurer's Statement the information set out above should be shown in a similar format in that Statement.

2.5 **WORKS AND SERVICES**

Introduction

2.5.1 The Works and Services Account is an account established in the Trust Fund pursuant to sub-section (1) of Section 5 of the Public Account Act 1958. Payments from the account are met only under appropriations made by Parliament, the specific and enabling Acts being detailed in the Treasurer's Statement.

Legislative Changes during the Year

2.5.2 The Works and Services Appropriation Act 1982, which was deemed to have come into operation on 1 July 1982, replaced the former appropriation arrangements which involved at least 2 pieces of legislation and spanned 2 financial years and brought the Works and Services Appropriation Act into line with the Annual Appropriation Act.

2.5.3 Sections 3, 4 and 6 of the Act provided for the Governor in Council to vary the allocations between sub-items and between sub-items and any other items. Section 5 of the Act required that a copy of any Order be delivered to the Auditor-General.

2.5.4 During the year several Orders were issued totalling \$27.8 million.

Summary of Transactions

2.5.5 The balance of the account at 1 July 1982 was \$11.8 million. This amount together with receipts for the year totalling \$1 041.5 million made a total available in the account of \$1 053.3 million. Payments made under the enabling Acts, including an amount of \$7.1 million disbursed from the Treasurer's Advance pending parliamentary sanction, amounted to \$1 009.7 million, leaving a balance in the account at 30 June 1983 of \$43.6 million.

FUNDING

2.5.6 The Works and Services Account is funded mainly by a special appropriation from the Consolidated Fund. Until 30 June 1981, this was the sole source of receipt to the fund. However, in 1981-82 and 1982-83 amending legislation provided for loans raised by certain statutory authorities to be paid to the Works and Services Account.

2.5.7 Details of the receipts to the Works and Services Account for the past 2 years are as follows:

	1981-82	1982-83
	\$000	\$000
Special Appropriation from the Consolidated Fund	419 517	976 299
Loan Raisings by:		
State Rivers and Water Supply Commission	2 957	27 100
Victorian Railways Board	20 000	21 350
Country Roads Board	..	8 500
Road Safety and Traffic Authority	..	1 500
Temporary Finance - Country Roads Board	..	6 800
	<hr/>	<hr/>
Total Receipts	442 474	1 041 549
	<hr/>	<hr/>

2.5.8 Comment on the funding is made in the following paragraphs.

#### Appropriations from Consolidated Fund

2.5.9 The increase in the funds transferred from the Consolidated Fund in 1982-83 was identified in the Budget papers. The increase of \$556.8 million arose mainly from:

- (1) roads and housing funds of \$147.7 million and \$81.8 million respectively being credited to the Consolidated Fund and specially appropriated to the Works and Services Account. In previous years, these funds were credited to the Trust Fund;
- (2) \$161.2 million being available from the sale of railway assets under lease-back arrangements; and
- (3) \$129.5 million being advanced from the State Development Account.

#### Loan Raisings - State Rivers and Water Supply Commission

2.5.10 The amount of \$27.1 million paid into the Works and Services Account pursuant to sub-section 6 of Section 61A of the Water Act 1958 is specifically required to be appropriated under the Water Supply provisions of a Works and Services Appropriation Act.

2.5.11 An examination of Item 75 (Water Resources - State Rivers and Water Supply Commission) of the Works and Services Appropriation Act 1982 did not disclose any specific reference to the appropriation of the amount of \$27.1 million and it would appear that the moneys raised have formed part of the general funds available for works and services.

2.5.12 In my opinion, the failure to specifically appropriate the moneys is a breach of Section 61A of the Water Act 1958.

#### Other Loan Raisings

2.5.13 The loans raised by the Country Roads Board and the Victorian Railways Board were required by legislation to be paid into the Works and Services Account. There was no similar requirement for loans raised by the then Road Safety and Traffic Authority.

#### TREASURER'S DETERMINATION

2.5.14 Sub-section (2) of Section 5 of the Public Account Act 1958, requires the Treasurer to determine the amount to be transferred from the Consolidated Fund to the Works and Services Account, within the requirement that the Consolidated Fund be balanced.

2.5.15 Whilst not specifically stated in the Act, the amounts so transferred have generally been closely related to the loan receipts of the State.

2.5.16 Details of the loan receipts, works grants etc. paid into the Consolidated Fund and the transfer to the Works and Services Account over the past 5 years are as follows:

<u>Year</u>	<u>Loan Receipts, etc.</u> \$ Million	<u>Transfer to Works and Services Account</u> \$ Million
1978-79	437.3	431.2
1979-80	390.4	419.4
1980-81	417.2	417.2
1981-82	401.5	419.5
1982-83	979.8	976.3

2.5.17 Details of the loan receipts, works grants etc. for the past 2 years are set out below:

	1981-82 \$ Million	1982-83 \$ Million
State Sources		
State Development Account	..	129.6
Sale of railway assets	..	161.2
Loan repayments	12.2	15.7
Commonwealth Sources		
Loan raisings	218.9	154.9
Commonwealth Roads Act	..	147.7
Works grant	109.5	115.0
Housing - Commonwealth-State Agreements	..	81.8
States (Works and Housing) Assistance Act 1982	..	75.0
School building grants	58.6	69.9
Bicentennial roads program	..	20.5
National railway network	2.3	8.4
Sesquicentenary grants	..	0.1
	-----	-----
Total receipts	401.5	979.8
	-----	-----

PAYMENTS FROM THE WORKS AND SERVICES ACCOUNT

2.5.18 Payments made in 1982-83 under the works and services program together with comparative figures for the previous year are as follows:

	1981-82 \$000	1982-83 \$000
Rail transport	72 707	188 105
Country Roads Board	424	187 280
School buildings, equipment etc.	141 928	169 434
Rental assistance programs	..	117 151
Country water and sewerage works	37 774	64 201
Hospitals and charitable institutions	40 152	31 248
Various housing schemes	10 448	28 636
Forests	14 549	25 007

	1981-82 \$000	1982-83 \$000
Melbourne and Metropolitan Board of Works	..	23 340
Home Purchase Assistance Account	..	20 000
Community welfare	7 892	17 241
Victorian Arts Centre	23 500	15 000
Police buildings and equipment	10 576	14 399
Mental institutions	11 717	11 690
Public buildings	12 363	10 326
Rural finance	3 036	8 329
Other public works and services	65 958	78 320
	<hr/>	<hr/>
Total Payments	453 024	1 009 707
	<hr/>	<hr/>

2.5.19 It can be seen from the above that there were significant increases in allocations to:

	\$million
Country Roads Board	187
Housing assistance	155
Railways	115
School buildings, equipment etc.	28
Country water and sewerage works	26
Melbourne and Metropolitan Board of Works	23
Forests	10
Community welfare	9

**2.6 THE TRUST FUND**

Legislative Requirements

- 2.6.1 Section 8 of the Public Account Act 1958 authorises the Treasurer to establish trust accounts and provides that all moneys standing to the credit of trust accounts shall be deemed to be moneys standing to the credit of the Trust Fund.
- 2.6.2 The Audit Act 1958 requires that certain moneys be credited to an account kept in the Department of Management and Budget called "The Trust Fund". In practice, this statutory reference has been interpreted as the Treasury Trust Fund maintained as a separate component of the overall Trust Fund designated under the Public Account Act 1958.
- 2.6.3 A substantial number of trust accounts have been created within the Trust Fund by individual legislative directions. In many instances, these accounts record transactions which arise from revenue and expenditure decisions of government.
- 2.6.4 In broad terms, the Trust Fund may be described as the collective title accorded a segment of the Public Account and comprising the 3 elements identified in the preceding paragraphs.

Legislative Changes

- 2.6.5 Many of the accounts mentioned above were closed during the year as part of the Government's intention to bring many of the transactions previously conducted through the Trust Fund into the budgetary process.
- 2.6.6 The legislative processes by which the accounts were closed and the balances transferred to the Consolidated Fund were:
  - (1) the Public Account (Trust Funds) Act 1982 which closed certain accounts created by legislation; and
  - (2) the direction of the Treasurer under Section 8 of the Public Account Act 1958.
- 2.6.7 Included in this section of the report is a schedule of the accounts closed during the year.

REVIEW OF THE TRUST FUND

- 2.6.8 Summaries of the transactions and balances of the various trust accounts comprising the Trust Fund are given in the Treasurer's Statement. The statement lists the numerous accounts under 5 principal categories, namely:
  - State Government Funds
  - Joint Commonwealth and State Funds
  - Commonwealth Government Funds
  - Prizes, Scholarships, Research and Private Donations
  - Accounts Closed.



2.6.9 Because of interfund transfers, a number of transactions are recorded twice in the Treasurer's Statement. As an illustration, substantial amounts are specially or annually appropriated from the Consolidated Fund and are treated as receipts to the Trust Fund (e.g. the Hospitals and Charities Fund \$877 million, the Country Roads Board Fund \$240.5 million and the Works and Services Account \$976 million) and thus are recorded in both the Consolidated Fund as payments and the Trust Fund as receipts. The movement of funds from suspense and clearing accounts often has a similar effect.

2.6.10 Although this accounting treatment leads to higher receipts and payments being recorded in the Treasurer's Statement because of double counting, it does provide full disclosure of all transactions.

2.6.11 A summary of transactions within the Trust Fund during 1982-83, together with comparative figures for the previous year, is set out below:

	Balances at 1 July \$million	Receipts \$million	Payments \$million	Balances at 30 June \$million
State Government Funds				
1981-82	247.5	4530.9	4592.1	186.3
1982-83	167.9	14481.0	14450.5	198.4
Joint Commonwealth and State Funds				
1981-82	9.9	6.8	13.6	3.1
1982-83	3.0	85.7	78.0	10.7
Commonwealth Government Funds				
1981-82	21.0	1020.2	1023.0	18.2
1982-83	11.7	924.4	900.3	35.8
Prizes, Scholarships, Research and Private Donations				
1981-82	24.5	12.6	30.3	6.8
1982-83	0.8	0.6	0.7	0.7
Accounts Closed*				
1981-82	..	..	..	..
1982-83	31.0	..	31.0	..
	<hr/>	<hr/>	<hr/>	<hr/>
Total 1981-82	302.9	5570.5	5659.0	214.4
	<hr/>	<hr/>	<hr/>	<hr/>
Total 1982-83	214.4	15491.7	15460.5	245.6
	<hr/>	<hr/>	<hr/>	<hr/>

\* Because of the closure from 1 July 1982 of certain trust accounts which were previously classified under various groupings, the total of \$31 million has been treated as Accounts Closed and the carried forward balances of the other classifications of accounts have been suitably amended from 1 July 1982.

2.6.12 Included in the balance of \$245.6 million at 30 June 1983 were investments held on account of specific trust accounts totalling \$74.3 million compared with \$18.3 million at the beginning of the year. The increase was due to the investment of \$57 million on behalf of the Payroll Deductions Suspense Account in the Cash Management Account pending disbursement.

## **State Government Funds**

- 2.6.13 There was a substantial increase in the number and magnitude of financial transactions of State government funds during the year, due largely to:
- (1) the operations of the Cash Management Account, established under the Public Account (Cash Management) Act 1982, which recorded receipts and payments of \$7 903 million;
  - (2) an increase of \$1 002 million in the amounts processed through suspense and clearing accounts;
  - (3) an increase of \$599 million in the amount transferred to the Works and Services Account from the Consolidated Fund; and
  - (4) the reclassification to State government funds of the majority of deposit and agency accounts totalling \$8.36 million which were previously classified under the heading "Bequests, Deposits etc."

## **Joint Commonwealth and State Funds**

- 2.6.14 The major movements in transactions recorded within this group of accounts in 1982-83 were:
- (1) the receipt of \$21.8 million by the State Disaster Appeal Bushfires 1983 Account. Payments made during the year totalled \$14.3 million and the balance of the account at 30 June 1983 was \$7.5 million; and
  - (2) receipts and payments of \$61 million in the Victorian Natural Disasters Relief Account. Most of the payments related to the 1983 bushfires and the drought.

## **Commonwealth Government Funds**

- 2.6.15 The Public Account Act 1958 empowers the Treasurer to credit suitable accounts in the Trust Fund with special grants made under any Commonwealth Act and to authorise payments therefrom for the purposes prescribed in the Commonwealth legislation. Most specific purpose payments by the Commonwealth to the State are included under this classification.
- 2.6.16 As indicated in paragraph 2.6.11 there has been a substantial decrease in the operations of accounts within this section of the Trust Fund. This decrease was due mainly to funds totalling \$147.7 million and \$81.8 million for roads received under the Commonwealth Roads Act and housing receipts under the Commonwealth-State housing agreements being transacted through the Consolidated Fund rather than the Trust Fund as previously.
- 2.6.17 Increases in Commonwealth grants which continued to be transacted through the Trust Fund for local government \$18.7 million, education \$78.5 million and the Wages Pause Employment Program \$26.3 million and their subsequent disbursement partly offset this reduction.
- 2.6.18 The main reason for the increase in the balance of Commonwealth trust accounts was that only \$159 114 of \$26 331 000 of the moneys received under the Wages Pause Employment Program had been disbursed at 30 June 1983.

## Prizes, Scholarships, Research and Private Donations

- 2.6.19 Receipts and payments under this heading decreased substantially due largely to the reclassification of agency and deposit accounts to the heading "State Government Funds".

### CLOSURE OF TRUST ACCOUNTS

- 2.6.20 As indicated in paragraph 2.6.5, many trust accounts were closed during the year. The balances of those trust accounts were either:
- (1) transferred to the Consolidated Fund on 1 July 1982 or when outstanding commitments were met;
  - (2) transferred to Treasury Trust Fund; or
  - (3) combined into a smaller number of accounts in the case of education and universities.
- 2.6.21 For those trust accounts which were closed, 2 new receipt items were added to the Consolidated Fund to record details of receipts which would normally have been credited directly to the Trust Fund. These items were:
- Revenue previously paid directly to the Trust Fund (Recurrent), and  
Revenue previously paid directly to the Trust Fund (Capital)
- 2.6.22 The amounts received under these items were \$248.52 million and \$40.16 million respectively.
- 2.6.23 Payments which were formerly paid from the trust accounts were included in the special or annual appropriations or in the case of capital items, the Works and Services Account.
- 2.6.24 In paragraph 2.1.24 mention was made of the closure of certain previously designated Commonwealth trust accounts and the inclusion of their balances in the Consolidated Fund.
- 2.6.25 By way of example, the following accounts have been identified by audit:

<u>Name of Account</u>	<u>Notional Balance</u> <u>30 June 1983*</u>
	\$
Commonwealth Grant Pre-School Child Education and Care Trust Account	1 190 704
Aids for Disabled Account	429 721
Commonwealth Grant Family Support Services Trust Account	527 597
Commonwealth-State Eradication of Brucellosis and Tuberculosis Account	129 661
Commonwealth Pharmaceutical Benefits Trust Account	155 783
Out of School Hours	174 752
School Vacation Care Programme (Commonwealth) Trust Account	131 840
Commonwealth National Estate Programme Trust Account	390 455
Commonwealth Overseas Aid (Agriculture) Trust Account	205 252

\* Notional balance at 30 June 1983 if the account had remained as a trust account.

2.6.26 I am concerned that the Treasurer's Statement does not clearly reference or identify such accounts and the unspent balances at 30 June. I consider this information should be disclosed as the funds are not available for general State purposes and would have to be returned to the Commonwealth if not used for the purposes for which they were advanced.

#### NEW TRUST ACCOUNTS

2.6.27 A number of new trust accounts were opened within the Trust Fund during the year. Details of the purposes for which they were established are set out below:

<u>Account or Fund</u>	<u>Purpose for which Established</u>
Country Racing, Harness Racing and Greyhound Racing Clubs' Assistance Fund	The fund was established under sub-section (1) of Section 117 the Racing Act 1958 to record the receipt of that part of commission on totalizator revenue specified in the Act and the disbursement of funds to the various racing clubs
Forests Commission Prizes and Scholarships Account	To record the receipt and disbursement of funds received by the Commission for awards and scholarships
State Disaster Appeal Bush Fires 1983 Account	To record amounts received from appeals to the public and record the disbursement of those funds on behalf of bush fire victims
States Grants (Schools Assistance) 1982 - Government programs - Non-Government programs - Joint programs	To record receipt and disbursement of funds received from the Commonwealth to schools under the States Grants (Schools Assistance) Act 1982
Transport Regulation Board Clearing Account	To hold moneys paid into the Public Account under the vehicle billing system which do not match amounts recorded on the data base, pending corrective action being taken
Victorian Railways Sinking Fund	To record amounts set aside in respect of loans raised by the Victorian Railways Board, the investment (if any) of the sinking fund and the final disbursement of those moneys
Cash Management Account	Established under sub-section (1) of Section 7 of the Public Account Act 1958, to record deposits received from relevant accounts and authorities for periods not exceeding 12 months, the investment of such funds and the disbursement in accordance with the provisions of the Act
State Development Account	Established under sub-section (1) of Section 7D of the Public Account Act 1958, to record deposits received from relevant accounts and authorities for periods exceeding 12 months, the investment of such funds and the disbursement in accordance with the provisions of the Act

Account or Fund

Purpose for which Established

Plant Hire Trust Account

To record receipts and expenditure on motor vehicles of the Department of Agriculture

Commonwealth Wages Pause  
Employment Program

To record the receipt and expenditure of funds under the program

Employment Initiatives  
Program Trust Accounts

To record the receipts of funds from the Works and Services Account and the disbursement of these funds on approved projects

Commonwealth Education  
Programs (Unspent Balances)  
Account

To amalgamate a number of education trust accounts and to record the payments therefrom

SCHEDULE OF TRUST ACCOUNTS CLOSED DURING THE YEAR

Trust accounts closed pursuant to the provisions of the Public Account (Trust Funds) Act 1982:

Agricultural High Schools Fund  
Appeals Costs Fund  
Aquatic Clearance Fund  
Assurance Fund  
Australian Football Fund  
Casual Fire Fighters Compensation Fund  
Closer Settlement Insurance Fund  
Dairy Herd Improvement Fund  
Development Fund  
The Development Railways Account  
Driver's Licence Suspense Account  
Drought Relief Fund 1940  
Drought Relief (1940) Repayments Account  
Extractive Industries Land Reclamation Fund  
Firearms Training Fund  
Fisheries Research Fund  
Forestry Fund  
Forests Roads Account  
Gas Regulation Fund  
Government Buildings Fire Insurance Fund  
Government Employees' Accident Fund  
Groundwater Development Account  
Insolvency Estates Fund  
Insolvency Suitors Fund  
Insolvency Unclaimed Dividend Fund  
Irrigation Districts Maintenance Equalization and Renewals Account  
Lake Corangamite Improvement Account  
Lunatic Asylums Fund  
Mineral Water Development Fund  
Municipalities Assistance Fund  
National Parks Fund  
Office of Titles Strong Room Fund  
The Port Phillip Fund  
Public Officers Fidelity Guarantee Fund  
Pulpwood Road Construction Account  
Raffles and Bingo Fund  
Railway Accident and Fire Insurance Fund  
Railway Equalization Account  
Railway Renewal and Replacements Fund  
Recreation Operating Fund  
Rivers and Streams Fund  
The Roads and Special Projects Fund  
Sanatoria for Consumptives Fund  
Sports and Recreation Fund  
Sundry Railway Construction Trusts Fund  
Technical Schools Fund  
Tourist Fund  
Traffic Authority Fund  
Transport Fund  
Transport Regulation Fund  
Unemployment Relief Fund  
Water Supply Development Account  
Water Supply Maintenance and Renewals Account  
Wildlife Management Fund  
Youth Fund

Trust Accounts closed at the direction of the Treasurer under Section 8 of the Public Account Act 1958:

State Government Funds

Accounts closed and any balance transferred to the Consolidated Fund:

Adult Education Fund  
Budwood Orchard Trust Account  
Delatite Arm Reserve Trust Account  
Emergency Relief and State Disaster Plan Account  
Estate Agents' Guarantee Fund  
Fisheries Dartmouth Dam Surveys Trust Account  
Forests Commission Publications Trust Account  
Forests (William Ricketts) Sanctuary Trust Account  
Gippsland Softwoods Projects Trust Account  
Inverloch Foreshore Reserve Trust Account  
Jiangsu Province Joint Project Trust Account  
Latrobe Valley Epidemiological Study Trust Account  
Legal Aid Fund  
Mount Dandenong Reserves Trust Account  
Municipalities Forests Roads Improvements Fund  
Newport Power Station Predictive Study Account  
Parole Board Prisoners Earnings Account  
Pensioners Rental Relief Trust Account  
Princess Margaret Rose Caves Trust Account  
Railway Construction & Property Board - Housing Accounts  
Railway Construction & Property Board - Land Development Account  
Rural Credits Development Account  
Rural Finance and Settlement Suspense Account  
Sewerage Treatment Operator Training Trust Account  
Soil Conservation Authority Trust Account+  
State Bicycle Fund  
Study & Protection of Port Phillip Bay Trust Account  
Tanjil Dam Construction Account  
Victorian Art Purchase Fund\*  
Victorian (P.T.) Seed Potato Trust Account  
Water Supply Recreational Areas Trust Account  
Westernport Bay Study Trust Account

+ \$3 777 transferred to Ministry for Conservation Trust Account

\* Transferred to Arts Fund

Accounts closed and any balances therein transferred to Treasury Trust Fund:

Stallion Compensation Fund  
Stallion Examination Fund

Accounts to be closed, when outstanding commitments are paid, and balances to be credited to the Consolidated Fund:

Fly Suppression Program Account  
Motor Transport Account  
Rural Employment Scheme 1979-80 No.1 Account

## Joint Commonwealth and State Funds

Accounts closed and any balance transferred to the Consolidated Fund:

Apple and Pear Research Account  
Commonwealth-State Sirex Trust Account  
Dartmouth Dam Construction Account  
International Year of the Child Committee Account  
National Dairy Herd Improvement Scheme Account  
1988 Olympic Games Application Trust Account  
Virus Tested Materials Repositories Trust Account  
Wilsons Promontory Lighthouse Track Account

Account to be closed, when outstanding commitments are paid, and balance to be credited to the Consolidated Fund:

International Year of Disabled Persons Account

## Commonwealth Government Funds

Accounts closed and any balance transferred to the Consolidated Fund:

Aboriginal Health Services Trust Account  
Aboriginal Housing (Commonwealth) Trust Account  
Adult Migrant English Language Needs Account  
Agriculture Technical & Further Education Trust Account  
Aids for Disabled Account  
Apicultural Research Account  
Archaeological & Aboriginal Relics Trust Account  
Asian Studies-States Special Projects Grants Trust Account  
Australian Arbo-Encephalitis Control Program Trust Account  
Australian Meat Research Account  
Australian Red Cross Society Building Trust Account  
Australian Science Education Project Trust Account  
Barley Industry Research Council Trust Fund  
Chicken Meat Research Trust Account  
Commonwealth Apprentices Employment Scheme Trust Account  
Commonwealth Assistance Medibank (Nos. 1-5) Trust Account  
Commonwealth Assistance Metalliferous Mining Account  
Commonwealth Community Health Programme Trust Account  
Commonwealth Dairy Research Grant Account  
Commonwealth Dental Services Capital Trust Account  
Commonwealth Extension Services (Agriculture) Grant Account  
Commonwealth Extension Services (Conservation) Grant Account  
Commonwealth Grant - Community Treatment Units Trust Account  
Commonwealth Grant - Family Support Services Trust Account  
Commonwealth Grant - Pre-School Child Education and Care Trust Account  
Commonwealth Grant (Fruit Growing) Reconstruction Trust Account  
Commonwealth Government Winter Relief Fund Repayment Account  
Commonwealth Health Grants Trust Account  
Commonwealth Indo-Chinese Refugee Children Trust Account  
Commonwealth National Estate Programme Trust Account  
Commonwealth Overseas Aid (Agriculture) Trust Account  
Commonwealth Pharmaceutical Benefits Trust Account  
Commonwealth Sheep & Wool Grants Account  
Commonwealth Special Research Grant Trust Fund



Commonwealth-State Emergency Service Victoria Trust Account  
 Commonwealth-State Eradication of Brucellosis and Tuberculosis Account  
 Commonwealth-State Marginal Dairy Farms Reconstruction Scheme Trust  
 Account  
 Commonwealth-State Urban & Regional Development Trust Account  
 Commonwealth Subsidy Vermin Control Account  
 Commonwealth Traffic & Road Safety Improvement Programme Trust Account  
 Commonwealth Transport (Planning & Research) Account  
 Commonwealth Transport Planning & Research (Financial Assistance) 1977  
 Trust Account  
 Commonwealth Works Account  
 Defence Housing (Commonwealth) Account  
 Drug Education Programme Trust Account  
 Education Apprenticeship Training Centres Trust Account  
 Fairfield Hospital Quarantine Unit Trust Account  
 Feral Cat Consultancy Trust Account  
 Gold Mining Encouragement Account  
 Health Services Planning & Research Account  
 Health Services Research Projects Account  
 Housing Grants (Commonwealth) Account  
 Immigration & Ethnic Affairs Translation Unit Account  
 Loan Video Program Trust Account  
 Mouse Research Trust Account  
 National Fitness Account  
 National Sewerage Program (Commonwealth) Trust Account  
 National Water Resources Programme Trust Account  
 Oilseeds Research Account  
 Pig Industry Research Trust Account  
 Poultry Research Grant Trust Account  
 Puckapunyal Soil Conservation Project Trust Account  
 Railway Mainline Upgrading Account  
 Renal Failure-Home Dialysis (Commonwealth) Trust Account  
 Road Accident Mortality Fund  
 Road Grants Act 1980 Account  
 School Vacation Care Programme (Commonwealth) Trust Account  
 Skeleton Weed Research Account  
 State Grants (Dwelling for Aged Pensioners) Trust Account  
 State Grants (Nature Conservation) Trust Account  
 State Grants (Rural Reconstruction) Trust Account  
 State Grants (School Assistance) 1976 - Trust Account  
 State Grants (School Assistance) 1977 - Joint Programs Trust Account  
 State Grants (School Assistance) 1977 - Non Government Programs Trust  
 Account  
 State Grants (Schools Assistance) 1978 - Joint Programs Trust Account  
 State Grants (Schools Assistance) 1978 - Non-Government Programs Trust  
 Account  
 State Grants (Schools Assistance) 1979 - Non-Government Programs Trust  
 Account  
 State Grants (Urban Public Transport) Trust Fund  
 Tobacco Advisory Services Grant Account  
 Tobacco Experimental Works Account  
 Victorian Wheat Industry Account  
 Water Resources Research Trust Account  
 Wheat Research Account  
 Wheat Stabilisation Disposal Account  
 Wild Radish Control Trust Account  
 Youth Accommodation Services Program Account

Accounts closed and future transactions to be recorded in a single account from which payments will be made to individual Universities:

Deakin University (Commonwealth Subsidy) Account  
La Trobe University (Commonwealth Subsidy) Account  
Melbourne University (Commonwealth Subsidy) Account  
Monash University (Commonwealth Subsidy) Account

Accounts closed and the balances therein transferred to a new account to be called Commonwealth Education Programs (Unspent Balances) Account pending disposal:

Commonwealth Child Migrant Education Trust Account  
Commonwealth (Schools) Capital Projects 1973-78 Trust Account  
Commonwealth (Schools) 1974-75 Trust Account  
Commonwealth (Schools) 1976 Trust Account  
Commonwealth (Technical Training) Trust Account 1968  
Commonwealth (Advanced Education) Trust Accounts, 1966-69, 70-72, 73-75  
Commonwealth (Advanced Education) Recurrent Trust Account  
Commonwealth (Schools Assistance) 1979 Joint Programs Trust Account  
Commonwealth (Schools Assistance) 1980 - Non-government Programs Trust Account

Account to be closed, when outstanding commitments are paid, and balance to be credited to the Consolidated Fund:

C.H.O.G.M. 1981 Trust Account

Moneys Held for Bequests, Donations, Deposits and Research

Accounts closed and any balance transferred to the Consolidated Fund:

Adult Education Trustees Account  
Agriculture Department Film Production Account  
Barley Industry Research Committee of Victoria Trust Fund  
Biological Control of Noxious Weeds Trust Account  
Bushfire Allowances Account  
Dried Fruits Research Trust Account  
Education Department Film-Grant and Bequest Trust Account  
Goats Milk Processing Trust Account  
Goulburn Valley Orchard Census Account  
Inner Urban Student Unit Trust Fund  
International Potato Production Trust Fund  
Lead Research Trust Account  
Mathew Flinders Bicentennial Scholarship Fund  
Mentally Ill Amenities Trust Account  
Mildura Nursery Account  
Mining Reclamation Account  
Ornamental Plant Research Trust Account  
Potato Marketing Board Liquidators Account  
Random Laying Tests Account  
Securities Industry Deposits Account  
Tomato Research Account  
Tourist Camping Fees Account  
Turf Research Advisory Institute Trust Account  
Victorian Barley Improvement Account  
Victorian Brown Coal Council Trust Account  
Water Commission Special Projects Trust Account  
Water Supply Research Trust Account  
Wheat Research Institute (Horsham) Account

Accounts closed and any balances therein transferred to Treasury Trust Fund:

Bull Purchase Scheme Account

Institute of Social Welfare Student Counsellors' Fund

Account to be closed, when outstanding commitments are paid, and balance to be credited to the Consolidated Fund:

S.Y.E.T.P. Trust Account

## PART 3

### STATUTORY INFORMATION

#### 3.1 GUARANTEES

##### Introduction

- 3.1.1 In certain instances, authorities for guarantees have been provided by specific legislation such as that relating to co-operative housing societies. On other occasions, the State has been committed in respect of guaranteed bank overdrafts by the Executive without the specific authority of Parliament.

##### Guarantees included in Treasurer's Statement

- 3.1.2 Particulars are given in the Treasurer's Statement of the contingent liability of the State in respect of guarantees issued by the Treasurer and authorised by statute, and of the contingent liability for government guarantees in respect of borrowings by State instrumentalities. The amounts involved were: guarantees issued, \$379.8 million; contingent liability 30 June 1983, \$165.6 million (does not include Housing Societies and Home Finance Trust - figures not yet available at the date of preparation of this report).
- 3.1.3 The contingent liability for government guarantees in respect of borrowing by State instrumentalities totalled \$13 121 million. No figure is available for policies, contracts or arrangements of insurance made by the Insurance Commissioner of the State Insurance Office which are guaranteed by the Government of Victoria.
- 3.1.4 Other guarantees listed in the Treasurer's Statement totalling \$2.98 million are not authorised by statute.
- 3.1.5 As indicated in the Treasurer's Statement, the contents have been prepared from information provided by the instrumentalities and certain of the figures will be subject to audit verification at the time of audit of the organisations concerned.

##### Government Guarantee - Epworth Hospital

- 3.1.6 At 30 June 1983, loans amounting to \$24 million to the Epworth Hospital were guaranteed by the Treasurer. During the year the hospital defaulted in interest payments and the Treasurer has agreed to guarantee a further loan for \$5 million to the Epworth Hospital subject to the hospital providing detailed monthly financial reports to the Department of Management and Budget, and to government representation at meetings of the finance committee of the hospital.

## **3.2 DISALLOWANCES AND SURCHARGES**

3.2.1 There were no unsatisfied disallowances or surcharges at 30 June 1983.

## **3.3 TREASURER'S ACQUITTANCE**

3.3.1 Sub-sections (1) and (2) of Section 34 of the Audit Act 1958 require me to acquit the Treasurer, in the form of the eleventh schedule to the Act, for the amount of the public moneys spent which has been ascertained by me to have been duly and properly expended. Sub-section (3) of the said section excludes from the acquittance expenditure which is "the subject of query or observation or of show cause action or of disallowance or surcharge".

3.3.2 All moneys disbursed from the Public Account in 1982-83 were acquitted by me to the Treasurer except for \$6.2 million which represented the value of advances to departments on hand at 30 June 1983 and an amount of \$2 100 118 in respect of emergency grants paid by the Department of Community Welfare Services to the victims of the recent bushfires in Victoria and which are awaiting certification by the Department in accordance with the Department of Management and Budget Regulations 1981.

3.3.3 The amount of the unacquitted advances to departments decreased from \$10.9 million at 30 June 1982 to \$6.2 million at 30 June 1983.

### 3.4 DEFALCATIONS AND IRREGULARITIES

3.4.1 I am required by Section 47 of the Audit Act 1958 to provide particulars of cases in which there has been default in accounting for public or other moneys or stores and of relevant proceedings taken against any person under the Act.

3.4.2 The Department of Management and Budget Regulations 1981 require departments and authorities to notify the Treasurer and the Auditor-General of all cases of suspected or actual theft, wilful damage, arson, irregularity or fraud in connection with the receipt or disposal of money, stores or other property under the control of the State.

3.4.3 The majority of notifications received during the year related mainly to losses of money and equipment due to burglary and theft. In most instances police were notified and, where appropriate, claims made on respective insurers for the amounts involved.

3.4.4 The following were the larger losses and thefts reported in 1982-83:

\$

#### Department of Agriculture

• Pastoral Research Institute, Hamilton	Buildings, equipment livestock, fencing etc. lost in bushfire	340 250
• Plant Quarantine Service	12 Radio transceivers and accessories stolen	10 500

#### Department of Community Welfare Services

• Western Suburbs Attendance Centre	Colour video recorder and monitor receiver stolen	1 182
• Publications and Publicity Unit	Camera and accessories stolen	1 088

#### Ministry for Conservation

• Victoria Archaeological Survey	Camera and accessories stolen	1 000
• Organ Pipes National Park	Tools and equipment stolen	2 679
• Zoological Gardens	Mounted specimens and whole skins stolen	4 100
• Gellibrand Hill Park	Vehicles, tools and equipment stolen	14 191

#### Country Roads Board (now Road Construction Authority)

• Midland Highway Construction Site	Plant and stores destroyed or damaged by vandalism and arson	13 546
-------------------------------------	--	--------

		\$
Deakin University	Apple II computer and accessories lost or stolen	2 618
	Portapak video kit lost or stolen	1 800
Melbourne College of Advanced Education	Video cartridge recorder stolen	1 450
	Portapak video recorder lost or stolen	1 669
	Projector lost or stolen	1 450
Latrobe University	Sporting clothes, equipment and cash stolen	1 857
	Tractor and mower stolen and later found in creek	7 692
Ministry for Police and Emergency Services		
. Caulfield Crime Car Squad	Seized drugs stolen	Value not given
	Cash stolen	3 576
. Elwood Police Station	Cash, game stamps and property stolen	2 824
. Chelsea Police Station	Cash and equipment stolen	1 251

3.4.5 In relation to the bushfire damage to the Pastoral Research Institute, Hamilton, the Department advised that funds had been provided by the Treasurer from the Victorian Natural Disasters Relief Account so that reconstruction could commence.

3.4.6 A major armed hold up occurred at Ascot Vale railway station where the sum of \$288 450 was stolen. One person was brought to trial, found guilty and is awaiting sentence.

3.4.7 Instances reported of irregularities in accounting for public or other moneys or stores were:

(1) AGRICULTURE

Animal Health Division

Police investigations were carried out concerning the issue by a meat inspector of fraudulent slaughtering returns in exchange for free meat from the abattoir concerned. An amount of \$7 048 was paid by the owner of the abattoir to the Agriculture Department as restitution.

The inspector appeared before the County Court and was placed on a \$500 good behaviour bond on a charge of deception and fined \$1 000, in default 20 days imprisonment, on a charge of conspiracy. Charges under the Public Service Act are pending.

(2) ATTORNEY GENERAL

Master of the Supreme Court

There was a misappropriation of trust funds administered by the Court to the order of \$200 000. Following a police investigation, a former employee of that office was charged on 26 counts of theft and remanded to 10 October 1983 on his own recognisance of \$10 000.

Geelong Court

A clerk of courts manipulated cheques and cash to cover his misappropriation of cash totalling \$1 100. At an audit cash count he attempted to disguise the shortage by inclusion of his personal cheque for this amount. The clerk was suspended, resigned and pleaded guilty in the Magistrates' Court at Geelong. He was placed on a \$500 good behaviour bond for one year.

County Court

Two cheques totalling \$11 812 drawn in favour of a certain solicitor were apparently negotiated by a person or persons other than the payee. A claim was subsequently made by the solicitor's firm for the amounts concerned.

The police were advised and the Crown Solicitor indicated that on the information available the State was not liable to make good the amount involved. At date of preparation of this report he was considering what further action should be taken.

(3) CONSERVATION

Fisheries and Wildlife Division

Four former collecting agents had failed to account for proceeds from the issue of amateur fishing licences amounting in all to \$3 360. The matter has been placed in the hands of the police.

(4) EDUCATION

Hawkesdale Primary School

An investigation by the Department's Audit and Review Unit established that cash shortages of \$3 818 had occurred as a result of failure to bring moneys received to account and the negotiation of school cheques for private use. A departmental employee was committed to appear in the Melbourne County Court.

Building Operations

An officer of the Education Department arranged for removal of a house situated on land purchased for school use to his own land without proper authority and without making payment.

When departmental enquiries commenced, he submitted a cheque for \$1 000 for the house. Since the enquiry he has resigned and paid a further \$2 000, thereby repaying in full the removal value of the house.



## Facilities Branch

An Education Department officer was charged with theft of departmental equipment which has since been recovered. The officer was convicted on 4 charges of theft before the Melbourne Magistrates' Court on 28 February 1983 and was fined \$100 on each count. The Department has also reduced the officer's classification subject to review in 12 months.

## Ballarat College of Advanced Education

A staff member at the College's library failed to account for moneys received through the coin operated copying machines totalling \$5 477.

When the case was heard at the Ballarat Magistrates' Court on 4 October 1982, the staff member admitted to the theft of \$1 000. This sum was paid into court prior to the case being heard. The Magistrate did not record a conviction subject to the defendant entering into a good behaviour bond. A further sum of \$4 376 was recovered from the College's insurers.

## Other

The Director-General of Education is currently seeking explanations on the following irregularities disclosed in investigations by the Audit and Review Unit:

- John Gardiner High School

Books to the value of \$593 purchased with school funds through the school library for personal use.

- Brunswick South Primary School

School funds totalling \$1 266 used for periods of 6 weeks to 3 months for personal purposes.

- Brighton Technical School

Investment of \$43 000 in unsecured debentures issued by the recently failed Trustees and Executors Agency Co. Ltd., contrary to departmental memoranda on authorised investments.

## (5) IMMIGRATION AND ETHNIC AFFAIRS

### Translation Services

Three officers were charged under the Public Service Act 1974 in connection with payment for translation services ostensibly carried out by contract translators but which in fact were not performed by those persons. One officer was also charged with engaging in employment without permission of the Public Service Board.

The officers were reprimanded and fines totalling \$900 were imposed.

(6) LABOUR AND INDUSTRY

Accounts Branch

The Department advised that an officer had failed to bank collections totalling more than \$12 000 for which he was responsible and had subsequently failed to report for duty.

Police were advised and the officer returned cheques, money orders and documentation, but failed to return cash amounting to \$401. The officer concerned resigned and the moneys were recovered from sums owing to him. Police enquiries are continuing.

(7) MINERALS AND ENERGY

Gas and Fuel Corporation

L.P. Gas Department - Hawthorn

A contractor of the Corporation submitted fraudulent claims for reimbursement of Vic Rail freight charges and Australia Post charges on Corporation goods over a period of time to June 1983. The total amount of fraudulent claims has not yet been determined but at least \$97 000 is known to be involved. Corporation and police investigations are continuing.

Gas and Fuel Corporation - Horsham Branch

Moneys totalling \$2 958 received in relation to gas accounts, security deposits, appliance sales and installation were not brought to account at the branch. Police investigations are continuing.

## PART 4

### STATUS REPORT

4.1 This section reports on the status of observations and recommendations contained in my previous reports on the Treasurer's Statement.

<u>REPORT</u>	<u>PAGE</u>	<u>SUBJECT</u>	<u>STATUS AT DATE OF PREPARATION OF THIS REPORT</u>
1978-79 1979-80	7 9	Balance of Consolidated Revenue Deficits at 30 June 1970 still unfunded and temporarily financed from Public Account	Position remains as previously reported.
1981-82	6	Changed administrative arrangements - before arrangements are finalised, the necessary administrative procedures should be established to ensure the financial recording and reporting processes reflect the changes in accountability.	The Administrative Arrangements Act 1983 is designed to overcome this problem.
1981-82	17	The balances shown in the Treasurer's Statement should include the State's equity in the Gas and Fuel Corporation.	The relevant information is now shown as a note to the Works and Services Account in the Treasurer's Statement.
1981-82	35	Salary costs should not be charged to the Treasurer's Advance until the total amount authorised under the Appropriation Act is fully expended.	Position remains as previously reported.
1981-82	50	Satisfactory arrangements should be made to formalise matters in respect of loans totalling \$2 957 000 to certain sewerage authorities.	Formal arrangements have now been made.