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VICTORIA

# RURAL FINANCE CORPORATION

## REPORT

AND

## STATEMENT OF ACCOUNTS

FOR THE

YEAR ENDED 30TH JUNE, 1953

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PRESENTED TO BOTH HOUSES OF PARLIAMENT PURSUANT TO THE PROVISIONS OF  
SECTION 39 OF ACT NO. 5414.

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# RURAL FINANCE CORPORATION

(Guaranteed by the Government of Victoria.)

Established 1950.

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## OBJECTS.

The objects for which the Corporation was established are—

- To encourage and assist country settlement and development ;
- To stimulate country production ;
- To improve the conditions under which country industries are conducted ;
- To protect maintain improve and develop country industries ;
- To encourage the establishment of new country industries ;

by the making of advances by way of loan at the lowest possible rates of interest.

## RURAL FINANCE CORPORATION

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Pursuant to the requirements of Section 39 of the Rural Finance Corporation Act No. 5414 of 1949, the Rural Finance Corporation has pleasure in submitting its Third Annual Report, together with Balance-sheet and Profit and Loss Account for the year ended 30th June, 1953.

J. B. CLARKE, Acting Chairman.

W. A. SANDALL, Member.

W. R. MANN, General Manager,  
25th February, 1954.

The Honourable John Cain, M.L.A.,  
Treasurer of Victoria.

# RURAL FINANCE CORPORATION

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## MEMBERS.

C. H. Johns (Chairman).

J. B. Clarke.

W. A. Sandall.

## ADMINISTRATIVE OFFICERS.

### GENERAL MANAGER :

W. R. Mann.

### SECRETARY :

W. P. J. Evans.

### ACCOUNTANT :

J. E. Glassborow.

### CHIEF CLERK :

R. I. Dick.

### OFFICE OF THE CORPORATION :

107 Russell-street, Melbourne, C.I.



# THIRD ANNUAL REPORT OF THE RURAL FINANCE CORPORATION OF VICTORIA

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The year commenced under conditions less favourable for both primary and secondary industries, chiefly as a result of the national efforts to retain overseas financial credits through import controls, but, as the year progressed, the national economy improved and closed on a general note of prosperity.

The seasons have continued generally favourable for primary producers, and the relatively high prices obtained in the overseas markets for our wool, wheat and dried fruits not only remedied the disability associated with the restriction of overseas funds, but, on the other hand, contributed to the inflationary trend in the prices obtained for farming properties, especially those which have reached a reasonable degree of development, and thus return a good living on present day prices.

The poorer, undeveloped lands, too, are bringing prices not in keeping with their potentials, and have required the Corporation to exercise caution in granting financial assistance to persons who, while able with financial assistance from the Corporation to make a purchase, are not capable from their own resources of developing their holdings.

The Corporation appreciates its powers to assist in the development of farming properties, but present high costs for land clearing and pasture improvement quite often raise the economic aspect—is the land in question, which may be infested with some noxious weed demanding a continuous high maintenance cost, a justifiable developmental proposition, or, is it not, having regard to its terrain, an area of land more suitable to arboriculture, an industry not developed to any extent by private enterprise within this State, which is still well blessed with natural forests.

If the purchaser of a property has the necessary physical attributes combined with some experience, and the property can be developed to a comfortable living area, then the Corporation gives the necessary assistance, usually by way of “ further advances ”, to bring a farm into production.

The Corporation takes cognisance of the “ living area ” aspect of a property ; if it is too small to maintain a farmer and his family at a reasonable standard of living, then a purchaser is warned of this aspect and generally a loan is not granted.

Secondary industries in rural areas appear to have reached the stage where the available local labour pool has been satisfied, and a danger period is approaching where farm labour, with its less determined hours, is being denuded to satisfy the demands of local factories with “ the 40 hour 5 day week ”.

The Corporation realizes that decentralization is more than the establishment of industries to absorb local labour ; it is the setting up of a balanced economy in which industries will bring with them labour from the *big* cities, and thus tend to distribute more evenly the population. With this end in view, the Corporation has financed not only factories, but homes to be used by employes in country towns, thus bringing to rural areas families which would normally reside in the metropolis.

Investigations by the Corporation reveal that, while the demand for establishment of new factories in rural areas has fallen off considerably, there are many old established factories, especially those associated with the dairying industry, which have reached a stage demanding major rebuilding programmes and the substitution of more up-to-date labour-saving mechanical devices, usually of a specialized and costly nature. The Corporation has given assistance to factories of this type, and, as a result, modern factories have replaced a number of old landmarks. The Corporation proposes to continue this method of assistance which is resulting in an improvement in the quality of dairy products in certain areas.

The tendency for some factories to install plant for the drying of milk has caused the Corporation some degree of concern, as readily available markets at an economic price for milk powders are not assured when the overall world production is examined. In the Eastern markets, our prices are not now competitive, and it appears that these recently developed markets are being lost to Continental competitors.

The Corporation, in its examination of the establishment of a new industry in a rural area, has, in the first instance, regard to the essentiality of its product within the economic structure of the State: a luxury product is not encouraged, but an essential item, especially one in short supply, is given the fullest investigation and encouraged. In some instances, as in the case of the manufacture of cement, the Corporation has been prepared to take a greater degree of risk than its normal prudence dictates.

The prosperity of this State, in regard to its staple products, is ever dependent upon climatic conditions, and while the favourable seasons have continued for some years, the cyclical change is inevitable, and, therefore, it would seem that each year brings nearer a return to lighter yields and greater stock losses, which no possible increase in prices on world markets can offset.

The return to a competitive market for our dried fruits may demand some reduction in costs of production, which, over the years, appear to have followed the upward trend of the price which has been paid by the British Ministry of Food for the exported products. A widening of the local market may be a compensating factor in respect to future crops.

A number of growers of dried fruits, who were in financial straits as a result of local seasonal reverses, continued to obtain financial assistance from the Corporation, and the rehabilitation of some to "free growers" has been achieved.

The total loans approved by the Corporation during the financial year ended 30th June, 1953, amounted to £1,063,834, comprising £843,278 to Primary Industries and £220,556 to Secondary Industries. The whole of this money had not been advanced by the end of the financial year.

Since its inception in 1950, the Corporation has advanced by way of loan, £3,673,999, the amount outstanding at 30th June, 1953, being £3,113,078.

Following the closing down of a Secondary Industry which had been established with the assistance of a loan from the Corporation, and the inability of the Company controlling the undertaking to continue production, the Corporation was obliged to take action for the recovery of its loan moneys. Pursuant to its powers under a freehold mortgage and a debenture charge, the Corporation took appropriate legal steps for the sale of the assets held as security. The debt to the Corporation was met from the proceeds of the sale of the works.

#### INDUSTRIAL DEVELOPMENT.

Assistance was rendered to secondary industries, mainly in the form of further finance to complete or expand industrial undertakings to which loans had already been made. Loans approved for these purposes amounted to £220,556, and among the industries were those engaged in fruit packing, timber production, textiles, brick-making, and the manufacture of cheese and butter.

#### BRICK WORKS.

A substantial loan was granted for the establishment of brick works near Colac, where the most modern brickmaking kiln in Australia is being installed. The kiln is of the tunnel type which is well-known on the Continent and in the United States of America. This will introduce a new and important industry which should be of considerable benefit to the district, and, from a decentralization point of view, to the State as a whole.

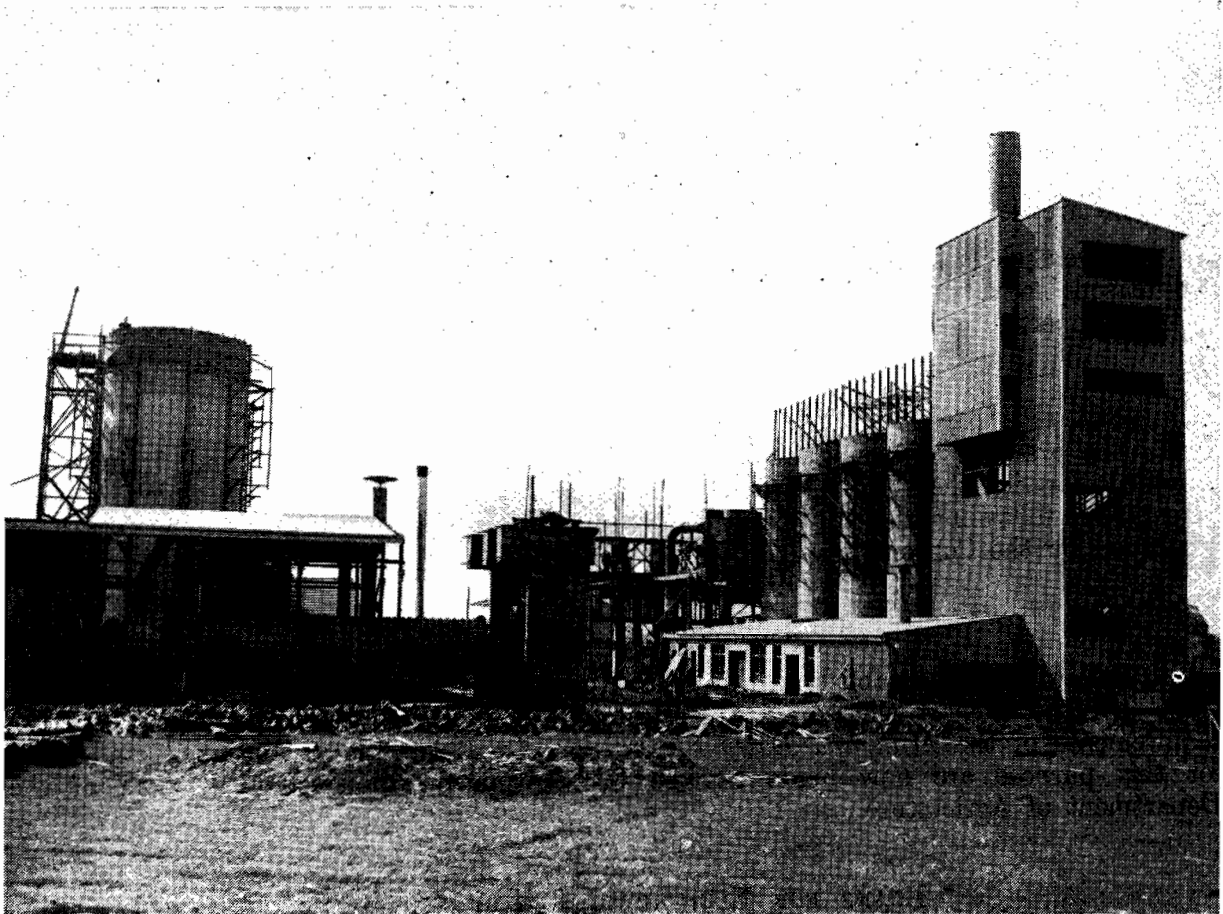
#### CEMENT WORKS.

During the year ended 30th June, 1952, the Corporation granted a loan of £100,000 for the construction of cement works at Traralgon. It is anticipated that these works will go into production towards the end of 1953.



Cement is to be manufactured by a mechanized vertical kiln process which is new to Australia. Limestone is being obtained from quarries situated a few miles from the cement works, and it is proposed to utilize as fuel brown coal from the Yallourn coal field.

This industry will play an important part in the development of Gippsland, particularly in connection with the establishment of industries in the Morwell and Traralgon districts, and in the Latrobe Valley generally.



Cement Works at Traralgon in course of construction.

#### BUTTER AND CHEESE FACTORIES.

The Corporation approved of loans amounting to £36,500 for extensions and improvements to butter and cheese factories. The increasing trend among dairy farmers is to market only whole milk, and additional finance has been required to install the plant necessary to meet the requirements of a particular district. The Corporation has been able to assist in this regard, and, in doing so, believes that it has helped not only to meet the demand of the farmers, but to maintain an important industry in a country centre.

#### PACKING SHEDS.

Additional loans amounting to £93,000 were granted for the expansion of the activities of Packing Sheds handling citrus and dried fruits in the Northern part of the State.

#### TIMBER INDUSTRY.

Due to the rapid expansion in timber production, together with heavy imports of overseas timbers, stocks became comparatively heavy in relation to demand. For this reason, loans to the timber industry were curtailed during the year.

By making substantial loans when funds were urgently needed for development of the sawmilling industry, especially in the Heyfield district where a new area of timber was made available, the Corporation was able to make a substantial contribution to the home construction programme.

## PRIMARY INDUSTRIES.

### DEVELOPMENT AND IMPROVEMENT OF FARMS.

Of recent years considerable publicity has been given to the necessity, from a national point of view, for the development and improvement of farming lands, and the Corporation received many applications for loans for this purpose, the total amount so approved being £313,927 for the period under review.

### PURCHASE OF FARMING PROPERTIES.

There has been a sustained demand for farming properties throughout the State, particularly in the dairying districts, notwithstanding the inflated price of land and the high cost of the livestock and machinery that is usually sold with the land on a walk-in walk-out basis. It is regrettable that, with the prevalence of these high costs, many farms are beyond the financial limitations of prospective purchasers, especially of young men who are desirous of establishing themselves on the land.

Nevertheless, it has been possible for the Corporation, whilst keeping within sound and reasonable valuations, to advance sufficient money to enable prospective purchasers to buy properties. The total amount of approved loans for this purpose was £435,480.

### FARM WATER SUPPLY AND DRAINAGE.

The granting of loans for improvements to farm water supply and drainage, as provided for in the Farm Water Supplies Advances Act of 1944, which became inoperative following the establishment of the Rural Finance Corporation, has been continued by the Corporation.

### IMPROVEMENT OF DAIRIES.

Following the establishment of the Rural Finance Corporation, the granting of loans by the Department of Agriculture for dairy improvement, pursuant to the requirements of the *Milk and Dairy Supervision Act* 1928, was discontinued, and loans for this purpose are now made by the Corporation on the recommendation of the Department of Agriculture.

### LOANS FOR ELECTRICITY SUPPLY TO FARMS

The provision of amenities is a contributing factor to a contented farming community. The benefits of electrical energy bringing, as it does, so many comforts for the housewife and power for the economic working of the farm, are fully realized by the Corporation.

The provision of financial assistance to extend electrical energy to those properties already under mortgage to the Corporation is an added safeguard to its securities, and a number of loans has been approved for this purpose.

### DRIED FRUITS INDUSTRY.

The Nyah-Woorinen district, where most of the advances to the industry were made, was the subject of a close survey by the Commonwealth, and the conclusions indicate that the area has certain defects in regard to dried fruits production.

The Corporation approved of advances to the dried fruit growers in the Nyah-Woorinen area amounting to £25,784 during the year; but the total amount advanced against the 1953 crop aggregated £94,688.

### RURAL REHABILITATION.

As successor-in-law of the Farmers' Debts Adjustment Board, the Corporation assumed control of a large number of cases in which farmers, whose debts had been adjusted under the Farmers' Debts Adjustment Act, were obliged to make periodical payments in repayment of the moneys advanced to their creditors under compositions or schemes of arrangement.

In almost every case, repayment was secured by a mortgage over the farm, and, with few exceptions, the repayments were spread over a lengthy period free of interest in order to give the farmer the maximum relief which the circumstances of the time necessitated.

With the passage of time sales and transfers of properties have become more frequent, and these movements in "adjusted" farms continue to occupy the time of the Corporation. In some instances the terms and conditions are varied, having regard to the circumstances of the particular case.

#### RATES OF INTEREST.

With the general increase in rates, the Corporation was obliged, during the year, to increase the rates of interest charged to its borrowers.

The general rate of interest was increased from 4 per cent. per annum to  $4\frac{1}{2}$  per cent. per annum, and the concession rate, applicable to loans for farm water supply and drainage, and for improvements to dairies, was increased to 4 per cent. per annum.

#### ACKNOWLEDGMENT.

The assistance rendered by Commonwealth and State Departments and Instrumentalities, in advising the Corporation on technical and other matters, is gratefully acknowledged.

#### STAFF.

The Corporation desires to record its appreciation of the services rendered by its staff throughout the year.

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# RURAL FINANCE CORPORATION.

## BALANCE-SHEET AS AT 30TH JUNE, 1953.

(Adjusted to the nearest £.)

	1952 £	1953 £	1953 £		1953 £
Loan Funds—				Loans and Advances—	
Loan Liability—Treasurer of Victoria			3,326,992	Loans under Part III.— <i>Rural Finance Corporation Act 1949</i>	
Less Securities Redeemed—National Debt Sinking Fund			22,183	Advances under <i>Farmers Debts Adjustment Act 1935</i> and Part	3,113,078
			3,304,809	IV.— <i>Rural Finance Corporation Act 1949</i> —	
Advances for Purposes of Establishment and Administration—Treasurer of Victoria			.. 50,000	Current Advances	1,359,973
			3,354,809	Irrecoverable Amounts	49,175
Other Funds—				Advances under <i>Farmers Debts Adjustment Act 1943</i>	1,409,148
Advances— <i>Farmers Debts Adjustment Act 1943</i>			99,618	Interest Due and Accrued	48,679
Treasurer of Victoria			50,939	Discounts and Expenses on Loans	20,858
Less Repayments			48,679	Funds held by Treasurer of Victoria—	7,743
	53,952			Rural Rehabilitation Fund	992,554
Funds Provided by Grant under <i>Commonwealth Loan (Farmers Debts Adjustment) Act 1935</i>			2,392,000	National Debt Sinking Fund	665
Add Interest on Mortgages			9,702	Furniture and Office Equipment— <i>Less Depreciation</i>	3,745
	2,401,702		2,401,702	Departmental Vehicles— <i>Less Depreciation</i>	1,207
				Cash—	4,352
Trust Account—Amounts in Suspense	8,323		2,450,381	Held in Trust	5,234
Sundry Creditors	14,276		1,395	Other—For General Purposes	217,825
Reserve—National Debt Sinking Fund	9,347		22,849	Charges Paid in Advance	223,059
				Appropriation Account	96
					13,836
	4,953,355		5,834,668		5,834,668

The accounts of the Rural Finance Corporation have been audited for the year ended 30th June, 1953. In my opinion the Balance-sheet is a correct statement of the financial position of the Corporation at the close of the period, and the Profit and Loss Account correctly summarizes the operations during the year.

It should be explained that the credit balance shown in the Balance-sheet item "Reserve—National Debt Sinking Fund" includes the related Commonwealth contributions to that Fund.

E. A. PEVERILL, Auditor-General.

J. B. CLARKE, Acting Chairman.  
W. A. SANDALL, Member.  
W. R. MANN, General Manager.

RURAL FINANCE CORPORATION.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1953.  
(Adjusted to the nearest £.)

1952	Dr.	1953	1952	Cr.	1953
£		£	£		£
28,778	To Administration—				
2,289	Salaries .. .. .	31,319	60,746	By Interest .. .. .	109,317
	Travelling Expenses .. .. .	2,081	2,632	Application and Legal Fees .. .. .	2,324
	Rent .. .. .	1,443			
341	Printing, Stationery, &c. . . . .	472			
270	Postage and Telephones .. .. .	443			
	Light and Power .. .. .	184			
	Office Cleaning .. .. .	728			
694	Pay-roll Tax .. .. .	749			
	Repairs, &c.—Office Equipment .. .. .	369			
200	Audit Fee .. .. .	200			
154	Incidentals .. .. .	165			
32,726					
29,125	Interest on Loan Indebtedness .. .. .	38,153			
388	Depreciation .. .. .	57,819			
	National Debt Sinking Fund—	430			
3,924	Contribution .. .. .	6,450			
62	Interest on Redeemed Securities .. .. .	413			
	Balance to Appropriation Account .. .. .	6,863	2,847	Balance to Appropriation Account .. .. .	
66,225		8,376			111,641
		111,641			

APPROPRIATION ACCOUNT.

1952	1953
£	£
July 1 To Balance .. .. .	22,212
	June 30 By Profit for year ended 30th June, 1953 .. .. .
	Balance .. .. .
	13,836
	22,212

E. A. PEVERILL, Auditor-General.  
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