

1955-56

VICTORIA

# RURAL FINANCE CORPORATION

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## REPORT

AND

## STATEMENT OF ACCOUNTS

FOR THE

# YEAR ENDED 30TH JUNE, 1954

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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 Fourth Annual Report, together with Balance-sheet and Profit and Loss Account for the year ended 30th June, 1954.

J. B. CLARKE, Acting Chairman.

W. A. SANDALL, Member.

W. R. MANN, General Manager,

W. P. J. EVANS, Secretary,  
29th November, 1955.

The Honorable H. E. BOLTE, M.L.A.,  
Treasurer of Victoria.

# RURAL FINANCE CORPORATION

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## MEMBERS:

J. B. Clarke, (Acting Chairman).

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.1.



# FOURTH ANNUAL REPORT OF THE RURAL FINANCE CORPORATION OF VICTORIA

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The necessity for a State Financial Authority to make loans for the establishment and expansion of primary and secondary industries in rural districts has long been recognized by most Governments. Victoria was the last of the Australian States to establish an institution of this nature, and it was not until 1950 that the Rural Finance Corporation was constituted. It is gratifying to report that within its comparatively short life the Corporation has been able to fulfil many of the objects for which it was created and that it has become firmly established.

To 30th June, 1954, the Corporation approved of loans to an amount of £5,249,187, of which £3,348,536 related to primary and £1,900,650 to secondary industries. With the aid of finance from the Corporation a large number of people has been settled on the land and many important country industries have been established in different parts of the State. All industrial undertakings have been of an essential character, many of them being engaged in processing foodstuffs from locally grown products.

Notwithstanding the general prosperity of the State the year was not without its uncertainties and difficulties. In a country relying largely on exports, external conditions invariably create problems for lending authorities. Prospective borrowers, as a result of a long run of good seasons and high prices, are prone to ignore the warnings of history, and sometimes cannot understand the reasoned restraint of those from whom they seek financial assistance. Competition for primary products in overseas markets has become more intensified, and sooner or later this competition will affect our rural economy.

It is generally recognized that we are virtually on a "wool" currency, and the Corporation is not unmindful of the effect of a fall in the price of wool upon the value of all farm lands.

Although the amount advanced on loan was lower than in the previous twelve months, the number of loans was greater and the money was more widely spread throughout the State. It was noticeable that many applications for assistance were received from districts where there is still room for development.

Credit facilities must be planned in relation to existing local conditions and, in a country where there are still areas of land to be developed, the provision of finance for that development should be the aim and object of any lending institution.

The farming industry has been greatly stimulated by the good prices for primary products. It has been of great benefit to the industry to have profitable returns at a period when so much money has been required for mechanization and development. There is a shortage of well improved farming land and, apart from the income factor and general inflationary trend, this shortage has created a "demand" value.

During the financial year ended 30th June, 1954, the Corporation approved of loans amounting to £1,053,109, comprising £909,599 for primary industries and £143,511 for secondary industries.

It is the policy of the Corporation to require portion of the principal sum of a loan to be repaid annually, and in only few cases have borrowers failed to meet their payments.

Under the Rural Finance Corporation Act a borrower has the right to repay a loan in whole or in part at any time during its currency, provided he gives three months' notice of his intention. Many borrowers have availed themselves of the right to make repayments in excess of their statutory repayments.

## INDUSTRIAL DEVELOPMENT.

Loans for secondary industries included enterprises of a diversified nature, such as engineering, clothing manufacturing, sawmilling, and milk and fruit processing.

Additional loans were made to industries already established by the Corporation. These included cement works, brick works, and butter factories.

The Corporation, by granting financial assistance to a Robinvale Packing Shed to handle the produce of the local dried fruit area being developed by the Soldier Settlement Commission, and to a Butter and Cheese Factory at Cobram to handle dairy products in that area, made a substantial contribution toward the successful establishment of ex-servicemen on the land within this State.

The necessity for some change often becomes apparent after a factory has been established. In such circumstances, the Corporation, being satisfied as to the desirability of some modification or expansion, has provided additional finance for these purposes.

Of the total approved loans of £143,511 to secondary industries, £37,500 was for the establishment of clothing factories in country towns. A large number of persons is employed in these factories, and the loans granted by the Corporation will be of great assistance in implementing the policy of decentralization.

## PRIMARY INDUSTRIES.

### *Purchase of Farming Properties.*

Loans amounting to £403,215 were approved for the purchase of farming properties.

Loans were distributed throughout the State but were mainly for the purchase of dairy farms. As sales are still being effected at inflated prices, the Corporation, in advancing moneys to assist in the purchase of farms, has been required to maintain a conservative policy in regard to values.

With the advent of modern earth-moving machinery, the grubbing and clearing of land which formerly took many years of hard toil may now be carried out in a few weeks, but the expense of a developmental and improvement programme is beyond the cash resources of many farmers. The Corporation has made the granting of loans for work of this nature a feature of its activities and, during the year, it approved £299,375 for this purpose. Within this classification are loans for clearing, sowing down, erection of boundary and subdivisional fences, buildings and plant and equipment.

It is gratifying to note the steps being taken by farmers of well-established farms to bring their properties up to a high standard and, therefore, increase production. Many farmers believe that the increased returns which will be obtained from highly developed and improved farms will materially offset any marked decrease in prices for primary products. New homes, too, are to be seen dotted over the landscape and, whilst the cost of building is high, comfortable accommodation and modern amenities should assist to stabilize the industry and attract more young people to the land.

### *Electric Supply.*

In certain districts where the State Electricity Commission has indicated its willingness to extend power lines on condition that the prospective consumers provide portion of the finance required, some farmers desirous of being included in the scheme have applied to the Corporation for a loan to enable them to make the necessary cash contribution towards the project. Where the circumstances appeared to justify this assistance loans were granted, and an amount of £5,580 was approved for the year ended 30th June, 1954.

### *Dried Fruits Industry.*

Assistance to the dried fruit growers in the Nyah-Woorinen area again made demands on the funds of the Corporation, and approved advances in respect of the 1954 crop amounted to £82,934. Loans of this nature are for seasonal advances, and they are repayable out of the proceeds from the sale of the fruit. The position of the grower is reviewed at the commencement of each season and an amount is agreed upon to cover essential requirements for that year. Under this arrangement material assistance has been granted to growers and, given a continuance of favorable seasons and payable prices, many of them should soon be in a position to carry on without this assistance.



**RATES OF INTEREST.**

There was no increase in the rates of interest charged by the Corporation in respect of the various classes of loans.

**ACKNOWLEDGMENT.**

The advice and technical assistance which the Corporation received from Officers of Commonwealth and State Departments and Instrumentalities throughout the year were much appreciated.

**DEATH OF CHAIRMAN.**

It is with great regret that the Corporation records the death of the Chairman, Mr. C. H. Johns, on 10th July, 1953.

**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, 1954.

(Adjusted to the nearest £.)

	1953 £	1954 £		1953 £	1954 £
Loan Funds—					
Loan Liability—Treasurer of Victoria . . . . .			4,029,107		
Less Securities Redeemed—National Debt Sinking Fund			39,632		
	3,304,809	3,989,475			
Advances for Revenue Purposes—Treasurer of Victoria					
	50,000	35,000			
	3,354,809	4,024,475			
Other Funds—					
Advances— <i>Farmers Debts Adjustment Act 1943</i> —					
Treasurer of Victoria . . . . .			99,618		
Less Repayments . . . . .			56,199		
	48,679	43,419			
Funds Provided by Grant under <i>Commonwealth Loan</i> ( <i>Farmers Debts Adjustment Act 1935</i> ) . . . . .			2,392,000		
Add Interest on Mortgages . . . . .			9,702		
	2,401,702	2,401,702			
Trust Account—Amounts in Suspense . . . . .	5,234	2,445,121			
Sundry Creditors . . . . .	1,395	1,882			
National Debt Sinking Fund Reserve . . . . .	22,849	1,544			
Provision for Long Service Leave . . . . .					
Profit and Loss Account—Accumulated Surplus . . . . .					
	5,834,668	6,522,729			
Loans and Advances—					
Loans under Part III.— <i>Rural Finance Corporation Act 1949</i> . . . . .	3,113,078				
Advances under <i>Farmers Debts Adjustment Act 1935</i> and Part IV.— <i>Rural Finance Corporation Act 1949</i> (including Doubtful Debts, £49,105) . . . . .	1,409,148				
Advances under <i>Farmers Debts Adjustment Act 1943</i> . . . . .	48,679				
Interest Due and Accrued . . . . .	20,858				
Discounts and Expenses on Loans . . . . .	7,743				
Funds held by Treasurer of Victoria—					
Rural Rehabilitation Fund . . . . .					
National Debt Sinking Fund . . . . .					
	993,219	1,119,648			
Furniture and Office Equipment— <i>Less Depreciation</i>					
Departmental Vehicles— <i>Less Depreciation</i> . . . . .	4,952	3,475			
Cash—					
Held in Trust . . . . .					
Other—Revenue and Loan . . . . .	223,059	1,882			
Charges Paid in Advance . . . . .	96	392,220			
	13,836	394,102			
	5,834,668	6,522,729			

The allocation of part of the profits to the National Debt Sinking Fund Reserve is not permitted by the legislation under which the Rural Finance Corporation functions.

The accounts of the Corporation have been audited for the year ended 30th June, 1954, by officers acting under my direction, and, subject to the foregoing comment, in my opinion the Balance-sheet is a correct statement of the financial position at the close of the period, and the Profit and Loss Account correctly summarizes the operations during the year.

E. A. PEVERILL, Auditor-General.

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

RURAL FINANCE CORPORATION.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1954.

(Adjusted to the nearest £.)

1953 £	Dr.	1954 £	1953 £	Cr.	1954 £
31,319	To Administration—		109,317	By Interest .. .. .	144,306
2,081	Salaries .. .. .	27,546	2,324	Application and Legal Fees .. .. .	2,535
1,443	Travelling and Other Expenses .. .. .	1,792		Other .. .. .	181
472	Rent .. .. .	1,443			
443	Printing, Stationery, &c. . . . .	317			
184	Postage and Telephones .. .. .	395			
728	Light and Power .. .. .	184			
749	Office Cleaning .. .. .	728			
369	Pay-roll Tax .. .. .	604			
200	Maintenance, &c.—Office Equipment .. .. .	27			
165	Audit Fee .. .. .	240			
	Incidentals .. .. .	235			
38,153					
57,819	Interest on Loan Indebtedness .. .. .	33,511			
	National Debt Sinking Fund—	80,314			
6,450	Contribution .. .. .	8,505			
413	Interest on Redeemed Securities .. .. .	998			
	Provision for—				
430	Depreciation .. .. .	404			
	Long Service Leave .. .. .	2,388			
8,376	Profit carried down .. .. .	2,792			
111,641		20,902			
		147,022	111,641		147,022
22,212	To Accumulated Deficit beginning of Year .. .. .	13,836	8,376	By Profit brought down .. .. .	20,902
	Accumulated Surplus 30th June .. .. .	7,066	13,836		
22,212		20,902			

E. A. PEVERILL, Auditor-General.

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