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VICTORIA

# RURAL FINANCE CORPORATION

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## REPORT

AND

## STATEMENT OF ACCOUNTS

FOR THE

## YEAR ENDED 30TH JUNE, 1957

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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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*[Approximate Cost of Report.—Preparation, not given. Printing (400 copies), £50.]*

# 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 Seventh Annual Report, together with Balance-sheet and Profit and Loss Account for the year ended 30th June, 1957.

J. B. CLARKE, Chairman.

W. A. SANDALL, Member.

W. R. MANN, Member.

W. P. J. EVANS, General Manager,  
19th December, 1957.

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



# RURAL FINANCE CORPORATION

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## MEMBERS:

J. B. Clarke (Chairman).

W. A. Sandall.

W. R. Mann.

## ADMINISTRATIVE OFFICERS.

### GENERAL MANAGER:

W. P. J. Evans.

### SECRETARY:

J. E. Glassborow.

### ACCOUNTANT:

D. H. Livingston.

### OFFICE OF THE CORPORATION:

107 Russell-street, Melbourne, C.I.



# SEVENTH ANNUAL REPORT OF THE RURAL FINANCE CORPORATION OF VICTORIA

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The financial year which ended on 30th June, 1957, has shown a continuation of favorable economic conditions in the State of Victoria.

During the year, the Corporation approved of loans totalling £1,371,727, comprising £1,201,894 for primary and £169,833 for secondary industries.

Since its establishment in 1950, the Corporation has made a substantial contribution towards the rural development of the State, having approved of loans amounting to £10,166,748, of which £7,357,854 related to primary and £2,808,894 to secondary industries.

## PRIMARY INDUSTRIES.

The dry conditions during the Autumn resulted in delayed wheat sowing in many areas and, while the position is not serious in Victoria, a reduced harvest is anticipated.

It is to be hoped that the generally favorable trend will enable farmers to adopt a proper outlook in their programmes of farm development.

Favorable conditions and improved pastures in grazing areas have resulted in increasing numbers of livestock, and the wool clip reached a record level.

Borrowers generally have been able to meet their commitments to the Corporation, and some have been able to make special repayments of principal, resulting in a reduction in the annual interest commitment on their farms.

### *Purchase of Farm Properties.*

Of the amount of £1,201,894 approved during the year for primary industries, the sum of £547,815 represented loans for the purchase of farms.

Valuations made by the Corporation confirm that many purchasers are acquiring farming properties at prices far in excess of the income-earning capacity. This applies particularly to the dairying districts of the State where prices remain at a high level.

As far as possible, the Corporation has endeavoured to discourage purchases at excessive prices by refusing consent to the borrower obtaining, on the security of a second mortgage, the amount necessary to "bridge the gap" between the purchase price and the approved loan.

### *Farm Improvement and Development.*

During the year, the Corporation approved of loans totalling £163,770, the purpose of which was to finance improvements to farms. This amount included loans for dairy improvements, water supply and electric supply, at concession rates of interest.

### *Refinance and Improvement.*

In addition to the above assistance many applications were received during the year from farmers whose properties were subject to existing mortgages, but who were unable to obtain from their mortgagees any additional finance for further development of their farms. In suitable cases the Corporation repaid the mortgage liability and, in addition, provided funds for effecting further improvements; loans approved for these purposes amounting to £338,740.

Some farmers had heavy liabilities to mortgagees or vendors and were unable to meet their obligations on the maturity date, or were required to make heavy payments which prevented them from developing their farms. The Corporation approved of loans amounting to £109,750 to farmers in this position, and gave them the benefit of longer term loans with comparatively low annual repayments of principal.

#### *Plant and Machinery.*

Loans approved for the purchase of plant and machinery amounted to £5,125, but this is not a true indication of the amount of assistance of this type, as a substantial proportion of loans for farm development and improvement represented finance for additional items of plant.

The *Rural Finance Corporation Act 1949* was amended last year to enable the Corporation to provide finance for existing borrowers to acquire plant and machinery on hire-purchase conditions, but few applications have been received for this purpose.

#### *Fishing Boats.*

During the financial year further assistance was given for the construction of fishing boats to be operated in conjunction with Fishermen's Co-operative Societies. Loans of this type now amount to £17,987, and are a contribution to an industry which has hitherto experienced difficulty in obtaining its financial requirements from the usual lending institutions.

#### *Dried Fruits Industry.*

Growers in the Sunraysia and Mid-Murray Valley districts who suffered financial losses following unfavorable weather conditions during the 1955-56 season required assistance to meet pruning, spraying and other commitments necessary to produce the 1957 crop.

In addition to £300,000 granted to growers (as explained under the heading "Government Agency") the Corporation agreed to assist certain growers by way of loans at a concession interest rate of 2 per cent. per annum to cover production costs.

This additional assistance was due to the fact that, following the grant allocation, the Corporation received further requests for grants from growers who had previously refrained from lodging application for loans. These cases were considered by the Corporation and special assistance was given in deserving cases by means of loans amounting to £13,707 out of the ordinary funds of the Corporation.

Growers in the Mid-Murray district, who had received assistance in previous years, obtained further aid, and seasonal advances amounting to £21,017 were approved on the security of crop liens.

#### *Rural Rehabilitation Fund.*

The Rural Rehabilitation Fund now amounts to £1,276,621, and represents the repayments of a grant of £2,392,000 by the Commonwealth Government in 1935 for effecting compositions and schemes of arrangement with the creditors of farmers who, without such assistance, would have been unable to carry on successfully their farming operations.

This fund may only be used for the adjustment of existing debts in accordance with specified terms and conditions under the *Loan (Farmers' Debt Adjustment) Act 1935*.

Repayments by farmers to the Fund during the year amounted to £95,799 and included repayments from the sale of properties and, during the year, the sum of £25,792 was utilized in making adjustments with creditors of some necessitous dried fruits growers.

## SECONDARY INDUSTRIES.

During the year, the Corporation approved of loans amounting to £169,833 to Secondary industries, of which £68,083 represented further loans to industries which had been previously financed by the Corporation, and were mainly for the completion or extension of factories.



New industries included two butter factories, two engineering works, and a factory for the treatment of nylon yarn.

A slackening of activity in the building industry has affected not only sawmillers, but also those firms associated with the industry.

#### GOVERNMENT AGENCY.

As explained in the report for the year ended 30th June, 1956, the Corporation, pursuant to Section 8 (1) of the *Rural Finance Corporation (Amendment) Act 1956*, is now empowered, at the request of the Government, to grant financial assistance of a special nature.

##### *Assistance to Dried Fruits Growers.*

The Victorian Government made available, during the period under review, an amount of up to £300,000 for special assistance by way of grants to growers for the production of the 1957 dried fruits crop.

Pursuant to the provisions of the amending Act relating to "Government Agency" the Corporation administered the distribution of this amount, after consideration of the needs of each grower.

##### *Lake Corangamite.*

In recent years, there has been a gradual rise in the water level of Lake Corangamite and, during 1956, there was a rapid rise resulting in the flooding of thousands of acres of rich dairying land. Some farmers had large areas inundated, with homes and dairies isolated, and many were forced, owing to the reduction in area of available dry land, to graze their stock along the roads.

The Corporation was requested by the Government to make loans to farmers in necessitous circumstances, at a concession rate of interest, to purchase additional areas of land, in some cases to purchase new farms, and for other urgent necessities.

The investigation of the financial plight of these farmers is still proceeding, but, up to the end of the year, loans amounting to £47,375 had been approved, repayable in ten years with interest at the rate of 2 per cent. per annum, subject to a review of the interest rate at the end of five years.

##### *Peach Growers in the Goulburn Valley.*

In contrast to the position of farmers in other parts of the State, peach growers in the Goulburn Valley are experiencing difficulty following losses of peach trees after heavy rains during the year.

Some growers lost up to 70 per cent. of their trees and, even if able to finance their replanting, they are faced with a reduced income for several years until the new trees come into bearing.

At the end of the year, the Government was considering the appointment of a special committee, comprising officers of various departments and representatives of the Corporation and the growers, to examine and make recommendations for financial assistance on an agency basis.

#### 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.

# RURAL FINANCE CORPORATION.

## BALANCE-SHEET AS AT 30TH JUNE, 1957.

(Adjusted to the nearest £.)

	1956 £	£	£	£	£
Loan Funds—					
Loan Liability—Treasurer of Victoria..	6,758,230	6,681,024			
Less—Securities Redeemed from National Debt Sinking Fund ..	89,775	123,607			
	6,668,455	6,557,417			
Other Funds—					
Advances— <i>Farmers' Debts Adjustment Act 1943</i> —					
Treasurer of Victoria ..	99,618				
Less—Repayments ..	69,047	72,327			
	30,571	27,291			
Funds Provided by Grant under <i>Commonwealth Loan (Farmer's Debts Adjustment) Act 1935</i> ..		2,392,000			
Add—Interest on Mortgages ..		9,702			
	2,401,702	2,401,702			
National Debt Sinking Fund Reserve ..	90,937				
General Reserve—					
Balance as at 30th June, 1956 ..	78,140	78,140			
Add—Transfer from Profit and Loss Account ..		56,838			
	5,862	5,143			
Trust Account—Amounts in Suspense ..	597				
Sundry Creditors ..	7,083				
Provision for Long Service Leave ..					
	8,283,347	9,261,204			
Loans and Advances—					
Loans under Part III.— <i>Rural Finance Corporation Act 1949</i> ..					6,406,496
Advances under <i>Farmers' Debts Adjustment Act 1935</i> and Part IV.— <i>Rural Finance Corporation Act 1949</i> (including Doubtful Debts, £51,423) ..					1,125,081
Advances under <i>Farmers' Debts Adjustment Act 1943</i> ..					27,291
Funds held by Treasurer of Victoria ..					1,276,621
Rural Rehabilitation Fund ..					629
National Debt Sinking Fund ..					1,277,250
Furniture and Office Equipment <i>Less Depreciation</i> ..					4,299
Departmental Vehicles <i>Less Depreciation</i> ..					2,500
					6,799
Interest Due and Accrued ..					107,188
Long Service Leave Investment Fund ..					9,152
Charges Paid in Advance etc. ..					154
Cash—					
Revenue and Loan ..					296,650
Held in Trust ..					5,143
					301,793
					9,261,204

The accounts of the Corporation have been audited for the year ended 30th June, 1957, by officers acting under my direction, and, 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.

R. W. GILLARD, Auditor-General,  
28th November, 1957.

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



## RURAL FINANCE CORPORATION.

GOVERNMENT AGENCY ACCOUNT AS AT 30TH JUNE, 1957.

(Adjusted to Nearest £.)

	£	£
<i>Funds Provided by Treasurer of Victoria.</i>		
(a) From Consolidated Revenue for Special Assistance to growers for production of 1957 Dried Fruits Crop .. .. .		300,000
Payments :—		
Grants to Dried Fruits Growers .. .. .	299,134	
Undistributed balance repaid to Treasury .. .. .	866	
	300,000	300,000
 (b) From Loan Fund for assistance to settlers affected by floods, droughts, or other disasters .. .. .		 50,000
Payments :—		
Loans Flood Relief (Lake Corangamite) .. .. .	29,525	
Undistributed Balance .. .. .	20,475	
	50,000	50,000

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

The above statement correctly summarizes the transactions on the Agency Account of the Corporation. All payments from the Account were made for the respective purposes for which the funds were provided by the Treasurer of Victoria.

R. W. GILLARD, Auditor-General,  
28th November, 1957.