

1956-57

VICTORIA

RURAL FINANCE CORPORATION

REPORT

AND

STATEMENT OF ACCOUNTS

FOR THE

YEAR ENDED 30TH JUNE, 1955

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.

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

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 Fifth Annual Report, together with Balance-sheet and Profit and Loss Account for the year ended 30th June, 1955.

J. B. CLARKE, Chairman.

W. A. SANDALL, Member.

W. R. MANN, Member.

W. P. J. EVANS, Secretary,

15th June, 1956.

The Honorable H. E. BOLTE, M.L.A.,

Treasurer of Victoria.

RURAL FINANCE CORPORATION

MEMBERS :

J. B. Clarke, (Chairman).

W. A. Sandall.

W. R. Mann.

ADMINISTRATIVE OFFICERS.

SECRETARY :

W. P. J. Evans.

ACCOUNTANT :

J. E. Glassborow.

CHIEF CLERK :

R. I. Dick.

OFFICE OF THE CORPORATION :

107 Russell-street, Melbourne, C.1.

FIFTH ANNUAL REPORT

OF THE

RURAL FINANCE CORPORATION OF VICTORIA

For the ninth year in succession the State experienced a favorable season, and payable prices for primary products generally were maintained. Any feeling of optimism arising from these conditions, however, was tempered to some extent by a fall in the price of wool and increasing anxiety regarding Australia's adverse trade balance.

The volume of business reached a record level—total approved loans amounting to £2,176,224, of which £1,649,374 related to Primary Industries and £526,850 to Secondary Industries.

It is gratifying to report that the greatest demand for loans came from persons desirous of purchasing farms. Finance for the improvement and development of farming properties also accounted for a substantial amount of the Corporation's total loans.

INDUSTRIAL DEVELOPMENT.

Approved loans for the establishment or expansion of Secondary Industries amounted to £526,850. The clothing and textile industry accounted for a substantial portion of this amount. Factories in this category probably employ more people in relation to their capital than most other industries and, therefore, not only open up avenues of employment in rural areas but also contribute to a policy of decentralization.

Secondary industries associated with primary production also figured largely in the Corporation's business, and loans amounting to £164,000 were approved for these industries, a substantial portion of this amount being for the expansion of existing industries, some of which had been established with the aid of finance from the Corporation.

The financing of engineering works accounted for loans of over £100,000.

The question is sometimes raised as to whether or not undue emphasis is being placed on secondary industries in a primary-producing country like Australia. The Corporation is of the opinion that an economic balance must be retained, having regard not only to the labour pool in rural areas but also to the available markets for the products of rural secondary industries. With the increase in population there are more young people to be placed in employment and, as the opportunities for employment on farms in view of the increase in mechanization are becoming more limited, a secondary industry in a country town is an effective way of keeping people away from the cities.

PRIMARY INDUSTRIES.

Purchase of Farming Properties.

Finance for the purchase of farming properties is not readily obtainable from ordinary lending institutions or from trading banks. Assistance for this purpose was one of the objects of the Rural Finance Corporation Act, and it is a field in which the Corporation has specialized. The high prices paid for many properties, however, has proved to be an obstacle as, in some cases, the amount the Corporation has been prepared to lend on a reasonable valuation basis has been insufficient to "bridge the gap" between the amount of cash at the disposal of the purchaser and the vendor's price.

In these cases, the Corporation has declined the business, even when the vendor has been prepared to take an unregistered undertaking for payment of the balance.

It has been the policy of the Corporation to give full regard to the earning capacity of a farm—the farmer's ability to “live and pay” which has a direct relation to the debt structure.

Development and Improvement of Farms.

An amount of £554,965 was approved for the development and improvement of farm lands. With the high prices prevailing for farming properties there has been a marked tendency in recent years for persons desirous of going on the land to seek undeveloped or partly developed properties which could be purchased within the means at their disposal, and to borrow money for development of those properties. This has been particularly marked in the south-western portion of the State, where there are still substantial areas of land capable of considerable improvement.

Throughout Victoria many farms, which hitherto were regarded as being fully or adequately developed, are now considered to be capable of much improvement. Experiments over recent years with artificial manures, trace elements, and other chemicals have shown that most of our country has a greater stock carrying potential. Many farmers are already taking steps to increase the carrying capacity of their properties in order to offset, as far as possible, any reduction in income. Pasture improvement, however, is costly, and it usually involves other costly items such as machinery and the erection of subdivisional fencing, apart from the cost of any additional stock which might have to be purchased. Whilst the farming industry, generally speaking, can be stated to be prosperous, many farmers find themselves short of necessary capital for development and improvement, and the Corporation has been able to grant substantial financial assistance for these purposes.

Plant and Machinery.

Because of the inability of the Corporation to engage in hire-purchase business, few loans were made directly for the purchase of plant and machinery. Borrowers, generally speaking, do not favor Bills of Sale—the usual form of security for loans of this nature—as the publicity given to Bills of Sale in trade gazettes can be detrimental to their credit and, from the Corporation's point of view, this form of security is not regarded as satisfactory.

Dried Fruits.

Some apprehension arose during the financial year in regard to the dried fruits industry, due mainly to the reversion to the open market method of sale and distribution, following years of sales to the British Ministry of Food.

Experience has shown that, although competition has become keen in the export markets, prices generally have been maintained at a satisfactory level.

Local climatic conditions affected local production—hail storms in the Sunraysia Area and high humidity in the Mid-Murray Area; these adversities required the Corporation to grant financial assistance directly and indirectly to individual growers and to Packing Companies.

Following an investigation by the Corporation it was decided, in necessitous cases where growers had sustained substantial losses, to finance schemes of arrangement with their creditors out of moneys in the Rural Rehabilitation Fund and to provide working capital by way of loan from the Corporation's ordinary lending funds. The advances from the Rural Rehabilitation Fund were made repayable over a lengthy period and at a low rate of interest.

Because of depleted incomes many growers were unable to meet their water rates by the due date. To grant these growers financial aid and to enable them to avoid the imposition of penal rates because of late payments, the Corporation advanced £126,040 in the form of special loans, repayable through the Packing Companies from the proceeds of the three succeeding crops.

Approved loans to dried fruit growers for the year under review amounted to £325,574, including loans for the purchase of blocks.

LOANS AT CONCESSION RATES OF INTEREST.

A number of farmers availed themselves of loans for the improvement of dairies and for farm water supply and drainage, established by the *Milk and Dairy Supervision Act* 1928 and *Farm Water Supplies Advances Act* 1944 and continued by the Corporation; the total amount of approved loans for these purposes was £7,016.

MEMBERS OF THE CORPORATION.

The term of office of the Members of the Corporation expired on Twelfth of April, 1955. A further term of three years was approved with the appointment of J. B. Clarke as Chairman, vice C. H. Johns, deceased, the re-appointment of W. A. Sandall and the appointment of the General Manager, W. R. Mann, as Member of the Corporation.

ACKNOWLEDGMENT.

The advice and assistance given by Commonwealth and State Departments and Instrumentalities on technical and other matters was much appreciated.

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

RURAL FINANCE CORPORATION.

BALANCE-SHEET AS AT 30TH JUNE, 1955.

(Adjusted to the nearest £.)

	1954 £	1955 £		1954 £	1955 £
Loan Funds—					
Loan Liability—Treasurer of Victoria	4,029,107		4,832,609	3,638,618	
Less Securities Redeemed from National Debt Sinking Fund .. .	39,632		61,487		4,802,310
	3,989,475		4,771,122	1,282,054	
	35,000		15,000	43,419	
	4,024,475	4,786,122		9,857	
Advances for Revenue Purposes—Treasurer of Victoria					
Treasurer of Victoria					
Less Repayments	99,618		99,618		
	56,199		62,254		
	49,419		37,364		
Funds Provided by Grant under Commonwealth Loan					
(<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	1,882	2,439,066		392,220	
Sundry Creditors	1,544	2,000		1,882	
National Debt Sinking Fund Reserve	40,253	1,028			
Provision for Long Service Leave	2,388	62,093			
Profit and Loss Account—Accumulated Surplus	7,066	4,931			
		39,292		394,102	
				66	
				6,522,729	7,334,532
Loans and Advances—					
Loans under Part III— <i>Rural Finance Corporation Act 1949</i>					
Advances under <i>Farmers Debts Adjustment Act 1935</i> and Part IV—					
<i>Rural Finance Corporation Act 1949</i> (including Doubtful Debts,					
£52,009)					
Advances under <i>Farmers Debts Adjustment Act 1943</i>					
Interest Due and Accrued					
Discounts and Expenses on Loans					
Funds held by Treasurer of Victoria—					
Rural Rehabilitation Fund					
National Debt Sinking Fund					
				1,250,220	
				606	
				1,250,826	
Furniture and Office Equipment—Less Depreciation					
Departmental Vehicles— <i>Less Depreciation</i>					
				3,229	
				520	
				3,749	
Cash—					
Revenue and Loan					
Held in Trust					
				28,408	
				2,000	
Charges Paid in Advance					
				30,408	
				195	
				7,334,532	

The accounts of the Corporation have been audited for the year ended 30th June, 1955, 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.

E. A. PEYERILL, Auditor-General.

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

