

1958-59
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VICTORIA

RURAL FINANCE CORPORATION

REPORT

AND

STATEMENT OF ACCOUNTS

FOR THE

YEAR ENDED 30TH JUNE, 1958

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 Eighth Annual Report, together with Balance-sheet and Profit and Loss Account for the year ended 30th June, 1958.

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSELL, Member.

W. P. J. EVANS, General Manager,
11th November, 1958.

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

RURAL FINANCE CORPORATION

MEMBERS :

W. A. Sandall (Chairman).

W. R. Mann.

L. L. Beardsell.

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.

EIGHTH ANNUAL REPORT OF THE RURAL FINANCE CORPORATION OF VICTORIA

Notwithstanding the high level of production achieved in recent years, and the general prosperity of the State, rural production in Victoria during the financial year ended 30th June, 1958, was lower than in the previous year.

Some slowing down of production was inevitable after the rapid development of the post-war period, and was due partly to the less favorable season, but mainly to lower commodity prices, especially on our overseas markets.

The reduction in farming income has affected many farmers, particularly those who have entered into long-term improvement programmes, or have incurred heavy capital commitments in anticipation of a continuation of good seasons and favorable prices.

During the year the Corporation approved of loans totalling £1,576,162, of which £1,381,323 represented loans to Primary and £194,839 to Secondary Industries.

Since its incorporation in 1950 the Corporation has approved of loans amounting to £11,743,653, including £8,739,920 to Primary and £3,003,733 to Secondary Industries.

PRIMARY INDUSTRIES.

The reduced value of primary production for the year was largely attributed to the fall in the volume of wool and wheat produced, accompanied by a fall in the price of wool.

Exports of all types of dairy products also fell sharply during the year and the position of the dairy farmer was further aggravated by a reduction in the price of butter on our United Kingdom market, necessitating the maintenance of the Commonwealth Subsidy, and pointing to the need for a review of the industry with a view to reducing the costs of production.

A review of our primary industries would necessarily include an investigation into better methods of pasture improvement, soil, water, and fodder conservation, with the object of increasing the carrying capacity or productivity of farms at a reduced cost.

Since its inception the Corporation has made a substantial contribution towards a better agricultural economy in the form of loans to farmers on easy terms, with such annual repayments as will enable them to embark with confidence on long-term developmental programmes.

Notwithstanding the reduction in farm incomes, most borrowers from the Corporation have been able to meet their commitments; in fact, only in a few exceptional cases of sickness or other hardship have borrowers requested a deferment of principal repayments.

Purchase of Farm Properties.

Of the amount of £1,381,323 approved during the year for primary industries, £724,803 represented loans for the purchase of farms.

Whilst prices for farm properties remained at a high level, there has been less evidence of increasing prices or rapidity in turnover than in previous years.

The Corporation's policy of discouraging sales at inflated prices by refusing consent to borrowers "bridging the gap" by means of a second mortgage is still considered fully justified and its continuance desirable.

Farm Improvement and Development

During the year the Corporation approved of loans totalling £239,372 for the purpose of enabling farmers to effect improvements to their properties.

The Corporation usually takes a first mortgage over the farm of a borrower and the security document makes provision for "further advances" as improvements are effected. The Corporation thereby assists a borrower who has a limited amount of security to offer for his loan requirements by making an initial loan on the security available, and thereafter progress payments as and when he adds to the valuation of the property, without the necessity of taking a further mortgage.

Refinance and Improvement.

Loans for the development and improvement of farms, where it was necessary to repay an existing liability to a vendor or mortgagee in order to obtain a first mortgage as security, amounted to £244,375.

In many cases the mortgagee had imposed onerous conditions as to interest and principal repayments and was not prepared to make available the further finance required for the proper development of the farm. In such cases the borrower obtained from the Corporation the benefit of a longer term of repayment, with lower annual commitments.

In addition to the above assistance the Corporation approved of loans totalling £87,450 for the purpose of repaying liabilities of farmers whose mortgages or contracts had expired, and, being unable to obtain finance from the usual channels, were in danger of losing their properties.

Dairy Improvements and Water and Electricity Supply.

Loans at concessional rates of interest were approved during the year, as follows :—

Dairy Improvements (on the recommendation of the Department of Agriculture)	£ 1,800
Water Supply (under the supervision of the State Rivers and Water Supply Commission)	2,773
Electricity Supply (where installations on the properties of existing borrowers were recommended by the State Electricity Commission	15,350

Plant and Machinery.

Whilst loans for general farm development included finance for the purchase of plant and machinery, loans for this specific purpose alone were made in a few cases, and in the last year amounted to £5,550.

Dried Fruits Industry.

Growers in the Mid-Murray area who received assistance from the Corporation in previous years, and who, in spite of the better season, have not yet been completely rehabilitated, received further advances totalling £47,687 on the security of crop liens.

Rural Rehabilitation Fund.

The Rural Rehabilitation Fund, which represents repayments by farmers whose debts were adjusted under the *Farmers' Debts Adjustment Act 1935*, now amounts to £1,378,526, and is available for effecting Compositions or Schemes of Arrangement with the creditors of farmers who, without such assistance, would be financially unable to carry on successfully their farming operations.

This Fund provides a valuable source of assistance in the event of farmers experiencing a succession of bad seasons, or other adversities.

SECONDARY INDUSTRIES.

The fall in farming income during the financial year has emphasised the necessity of reducing our dependence on primary production by increasing the output of our secondary industries and spreading our exports over a wider field.

Whilst there has been a rapid expansion in our secondary industries in recent years, local demand is not keeping pace with our production capacity, and it appears that new markets must be found for our manufactured goods.

During the year the Corporation approved of loans amounting to £194,839 to secondary industries, of which £109,839 represented further loans to industries which had been previously financed by the Corporation and needed assistance for the completion or extension of their factories.

New industries financed by the Corporation, involving loans totalling £85,000, included a new textile mill at Wonthaggi and a dairy products factory in the Goulburn Valley.

GOVERNMENT AGENCY.

As explained in previous reports, the Corporation now has statutory authority to act as agent for the Treasurer in making loans, out of funds specifically provided by the Treasurer, for any special purpose, where the security is inadequate or unsuitable for a loan under the Corporation's normal lending conditions, or where, for some special reason, it is necessary to assist some country industry.

Lake Corangamite.

Many farmers in the vicinity of Lake Corangamite lost valuable agricultural land in recent years owing to the progressive flooding of the Lake, and their farms were so substantially reduced in area as to be no longer capable of providing a reasonable standard of living.

As many of these properties had heavy mortgages or other liabilities thereon, there was usually insufficient security for a loan out of the ordinary funds of the Corporation.

During the last financial year the Corporation, out of funds made available by the Treasurer, made loans totalling £104,285 to assist these farmers to purchase additional land and for other urgent necessities.

This amount, together with loans made in the previous year, represents a total advance by the Treasurer of £133,810 for the rehabilitation of these farmers.

The moneys advanced were made repayable in ten years, with interest at the concession rate of 2 per cent. per annum, subject to a review of the interest rate at the end of five years.

There are several farmers who have been unable to purchase additional land at a reasonable price in order to provide a "living area", and who have, therefore, not yet been completely rehabilitated.

Peach Growers in the Goulburn Valley.

During the year the Corporation approved of loans totalling £53,050 to orchardists in the Goulburn Valley who had lost peach trees following heavy rains during the previous year.

The Treasurer provided the necessary funds to enable the Corporation to make progress payments for the replanting of the trees, and, by the end of the year, payments amounting to £11,650 had been made by the Corporation.

Many of the growers affected, because of their stronger financial position, were able to effect their own rehabilitation without recourse to loans from the Corporation.

Those who received assistance from the Corporation for the replanting of peach trees obtained loans up to ten years, with interest at the rate of $5\frac{1}{4}$ per cent. per annum, except in special cases where interest was charged at the rate of 2 per cent. per annum.

Capital Improvements in the Sunraysia Area.

Many dried fruits properties in the Sunraysia district have been in production for some years, with the result that most of them are now in need of drainage and other capital improvements, which are beyond the financial resources of most growers.

The Treasurer has agreed to make the funds available and has authorized the Corporation to implement the scheme under the supervision of the State Rivers and Water Supply Commission and the First Mildura Irrigation Trust.

By the end of the year only a few farmers had been assisted by loans totalling £1,109, but the scheme will be put fully into operation during the ensuing year.

Tobacco Growers in the Ovens Valley.

The Corporation is at present dealing with the recommendations of a special Committee which was formed to consider requests by tobacco growers in the Ovens Valley for Government assistance to plant the 1958-59 crop following the loss of their crops by hail damage during the previous season.

Although the Treasurer has approved of the Corporation making loans on an Agency basis, it is not yet possible to assess the amount involved owing to the reluctance on the part of some owners to give liens over their crops being worked by sharefarmers.

Assistance to Apiarists.

During the year a special Committee was formed to consider applications of apiarists for Government assistance following heavy financial losses as a result of the previous unfavorable season.

Assistance to Secondary Industry.

The Corporation was authorized by the Treasurer to make available an amount of £10,000 to finance the establishment of a textile industry in North Central Victoria under the Government's decentralization plan.

MEMBERS OF THE CORPORATION.

The term of office of the Members of the Corporation expired on 12th of April, 1958.

On the retirement of the Chairman, Mr. J. B. Clarke, Mr. W. A. Sandall was appointed as Chairman, Mr. W. R. Mann was reappointed Member of the Corporation, and Mr. L. L. Beardsell was newly appointed as a Member of the Corporation.

ACKNOWLEDGMENT.

The assistance rendered by Commonwealth and State Departments and Instrumentalities, during the year, 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, 1958.

(Adjusted to the nearest £.)

	1957 £		1957 £	
1957	£		£	
Loan Funds—				
Loan Liability—Treasurer of Victoria	6,881,024	7,386,746		7,101,520
Less Securities Redeemed National Debt Sinking Fund	123,607	163,721		
	<u>6,557,417</u>	<u>7,223,025</u>		<u>1,023,176</u>
Other Funds—				<u>22,644</u>
Advances — <i>Farmers' Debts Adjustment Act 1943</i>	99,618			
Treasurer of Victoria	72,327	99,618		
Less Repayments	27,291	76,974		
	<u>2,392,000</u>	<u>2,392,000</u>		
Funds Provided by Grant under <i>Commonwealth Loan (Farmers' Debts Adjustment) Act 1935</i>	9,702	9,702		
Add Interest on Mortgages	2,401,702	2,401,702		
	<u>124,236</u>	<u>2,424,346</u>		<u>1,378,703</u>
General Reserve—				<u>5,948</u>
National Debt Sinking Fund Reserve	78,140			
Balance as at 30th June, 1957	55,838	133,978		
Add Transfer from Profit and Loss Account	133,978	62,002		
	<u>134,978</u>	<u>195,980</u>		<u>38,121</u>
Trust Account—				<u>127,193</u>
Amounts in Suspense	5,143	18,598		
Sundry Creditors	1,324	2,112		
Provision for Long Service Leave	10,113	8,535		
	<u>16,580</u>	<u>29,245</u>		<u>94,016</u>
Fixed Deposits	301,793			<u>245,000</u>
Cash—				<u>339,016</u>
Current Account and Petty Cash	154			
Charges Paid in Advance, &c.	107,188			
Interest Due and Accrued	9,152			
Investments (Commonwealth Inscribed Stock at Cost—				
Long Service Leave Investment Fund	6,799			
General Reserve Investment Fund	9,152			
	<u>15,951</u>	<u>163,898</u>		<u>8,458</u>
Long Service Leave Investment Fund	4,299			<u>29,663</u>
General Reserve Investment Fund	2,500			<u>1,500</u>
Advances under Part III, Rural Finance Corporation Act 1949				
Loans under Part III, Rural Finance Corporation Act 1949	6,406,496			
Advances under <i>Farmers' Debts Adjustment Act 1935</i> and Part IV, Rural Finance Corporation Act 1949 (including Doubtful Debts, £51,413)	1,125,081			
Advances under <i>Farmers' Debts Adjustment Act 1943</i>	27,291			
Funds held by Treasurer of Victoria—				
Rural Rehabilitation Fund	1,276,621			
National Debt Sinking Fund	629			
	<u>1,277,250</u>	<u>22,644</u>		<u>4,448</u>
Furniture and Office Equipment less Depreciation	4,299			<u>1,500</u>
Motor Vehicle less Depreciation	2,500			<u>177</u>
Investments (Commonwealth Inscribed Stock at Cost—				
Long Service Leave Investment Fund	9,152			
General Reserve Investment Fund	6,799			
	<u>15,951</u>	<u>2,424,346</u>		<u>8,458</u>
Interest Due and Accrued	9,152			<u>29,663</u>
Charges Paid in Advance, &c.	154			<u>38,121</u>
Cash—				<u>127,193</u>
Current Account and Petty Cash	301,793			
Fixed Deposits	154			
	<u>301,947</u>	<u>195,980</u>		<u>173</u>
1958	£		£	
9,261,204	10,036,494		10,036,494	

The accounts of the Corporation have been audited for the year ended 30th June, 1958, 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,
3rd November, 1958.

W. A. SANDALL, Chairman.
W. R. MANN, Member.
L. L. BEARDSSELL, Member.
W. J. EVANS, General Manager.

RURAL FINANCE CORPORATION.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1958.

(Adjusted to the nearest £.)

1957		1957		Cr.		£	
Dr.	£	£	£	£	£	£	£
Administration—							
Salaries	32,104	..	37,414	Interest	283,259	..	336,626
Travelling and Valuation Expenses	3,794	..	4,491	Application and Legal Fees, &c.	6,193	..	5,166
Rent, &c.	2,354	..	2,354				
Printing, Stationery, Postages, &c.	1,026	..	1,479				
Pay Roll Tax	644	..	688				
Audit Fee	340	..	340				
Incidentals	572	..	422				
	40,834	..	47,188				
Interest on Loan Indebtedness	166,886	..	201,773				
National Debt Sinking Fund—							
Contribution	14,615	..	17,015				
Interest on Redeemed Securities	4,040	..	5,563				
	18,655	..	22,578				
Provision for—							
Depreciation	540	..	806				
Long Service Leave	2,789	..	1,914				
	3,329	..	2,720				
Profit Carried Down	59,748	..	67,533				
	289,452	..	341,792				
Discounts and Expenses on Loans	2,794	..	5,722	Profit Brought Down	59,748	..	67,533
Bad Debts	1,116	..	62,002	Interest on General Reserve Investment Fund	..	..	191
Transfer to General Reserve	55,838	..	67,724				
	59,748	..	67,724				

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSELL, Member.

W. J. EVANS, General Manager.

R. W. GILLARD, Auditor-General,
3rd November, 1958.

RURAL FINANCE CORPORATION.

GOVERNMENT AGENCY DEPARTMENT.

RECEIPTS AND PAYMENTS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1958.

(Adjusted to the nearest £.)

	£	£	£
Cash in Hand Brought Forward, 1st July, 1957	..	..	20,475
Funds Provided by Treasurer of Victoria—			
From Loan Funds	..	120,972	..
From Decentralization Fund	..	10,000	..
Repayments by Borrowers—			130,972
Principal	..	1,000	..
Interest	..	1,377	..
Cash in Hand Carried Forward, 30th June, 1958	..	..	2,377
			153,824
Loans and Advances—			
Flood Relief (Lake Corangamite)	..	..	104,285
Rehabilitation of Peach Growers (Goulburn Valley)	..	..	11,650
Capital Improvements and Replacements (Sunraysia District)	..	..	1,109
Repayments to Treasurer of Victoria—			
Principal	..	..	1,000
Interest	..	..	1,377
			2,377
			34,403
			117,044
			153,824

RURAL FINANCE CORPORATION.

GOVERNMENT AGENCY DEPARTMENT.

STATEMENT OF BALANCES AS AT 30TH JUNE, 1958.

(Adjusted to the nearest £.)

	1957	£	£
50,000	£	180,972	..
Advances—Treasurer of Victoria
Less Repayments
50,000	179,972
			179,972
			145,569
			34,403
			179,972
Loans and Advances—			
Flood Relief (Lake Corangamite)	132,810
Rehabilitation of Peach Growers (Goulburn Valley)	11,650
Capital Improvements and Replacements (Sunraysia District)	1,109
Cash
			179,972

The statement of Receipts and Payments correctly summarizes the transactions on the Agency Account of the Corporation for the year ended 30th June, 1958. All payments from the Account in that period were made for the respective purposes for which the funds were provided by the Treasurer of Victoria.

The Statement of Balances correctly shows the application of advances from the Treasurer of Victoria for agency purposes as at 30th June, 1958.

R. W. GILLARD, Auditor-General,
3rd November, 1958.

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSSELL, Member.

W. J. EVANS, General Manager.