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VICTORIA

RURAL FINANCE CORPORATION

REPORT

AND

STATEMENTS OF ACCOUNTS

FOR THE

YEAR ENDED 30TH JUNE, 1959

PRESENTED TO BOTH HOUSES OF PARLIAMENT PURSUANT TO THE PROVISIONS OF
SECTION 34 OF ACT NO. 6360.

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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 the Rural Finance Corporation Act No. 6360 of 1958, the Rural Finance Corporation has pleasure in submitting its Ninth Annual Report and Statements of Accounts for the year ended 30th June, 1959.

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSELL, Member.

W. P. J. EVANS, General Manager,
29th October, 1959.

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.1.

NINTH ANNUAL REPORT OF THE RURAL FINANCE CORPORATION OF VICTORIA

Although the volume of rural production for the year ended 30th June, 1959, was a record, net farming income was only slightly in advance of the previous year; two contributing factors towards such improvement being the advantage taken of a profitable American beef market and a partial recovery of wool prices towards the close of the year.

There are still several disturbing factors, including the world surplus of wheat and other rural products, which emphasize the need for caution in planning the economy of a country which is so dependent upon its primary production.

In all fields of production it is becoming increasingly essential, in the face of increasing competition, to give the fullest consideration to the quality and packaging of our products, and for the maximum economy to be achieved in the utilization of our available resources.

Since its incorporation in 1950, the Corporation has approved of loans amounting to £13,058,035, including £9,973,302 to Primary and £3,084,733 to Secondary Industries.

At the end of each financial year the amount of loans approved exceeds the amount of loans actually advanced, owing to the time taken in effecting settlements and many loans being advanced in the form of progress payments. The Corporation will, in this and future Reports, give particulars of actual expenditure, any loans approved and not advanced at the end of each financial year being carried forward to the next year as a commitment.

During the year, the Corporation has expended £1,411,769 in loans to Rural Industries, of which £1,248,713 has been to Primary and £163,056 to Secondary Industries.

PRIMARY INDUSTRIES.

For the greater part of the year, fairly dry conditions were experienced in most districts of the State.

East Gippsland, which usually receives an abundant rainfall in normal seasons, had a particularly dry season until late Autumn, when useful rains over most of the State relieved the situation.

These falls, however, were insufficient or too late to improve the pastures in some areas and, at the close of the year, further rainfalls were still needed to ensure a satisfactory Spring.

Purchase of Farm Properties.

Loans for the purchase of farms and for their further development totalled £696,052.

In the Corporation's experience there has not been quite so much evidence of purchases at excessive prices as in recent years.

This may be attributed to the restraint being exercised by purchasers on account of the state of our export markets for rural products, and to the more cautious lending policy adopted by most lending institutions.

In view of greater competition and lower prices for our rural products in world markets, the Corporation has had to revise previous ideas as to the size and carrying capacity of a property necessary to constitute a reasonable "living area".

The Corporation has endeavoured to discourage the purchase of farms by purchasers with insufficient financial resources by refusing to make a loan where a purchaser has to "bridge the gap" between the maximum loan and the purchase price by entering into a second mortgage or other form of commitment which might jeopardize his ability to repay the loan and carry on his farming operations.

Farm Improvement and Development.

Loans to farmers for the development of their properties frequently involved the repayment of an existing liability in order to obtain a first mortgage as security.

It was also necessary, in many cases, to repay the liability of a farmer whose mortgage or contract had expired and who was being pressed for payment. In such cases, the Corporation felt compelled, in spite of its limited funds, to provide financial assistance, without which the farmer would have been compelled to seek a loan elsewhere at a higher rate of interest.

Loans for repaying existing liabilities and effecting further improvements amounted to £349,823.

Loans to enable farmers to make capital improvements to their farms, where it was unnecessary to repay existing liabilities, involved an expenditure of £174,994.

A large proportion of the loans made under this heading was for assisting farmers to increase the carrying capacity of their farms and to effect improvements which would enable them to work their farms more effectively and economically.

Seasonal Advances.

The Corporation continued to give assistance to dried fruit growers who have not yet been completely rehabilitated.

Seasonal advances for this purpose, on the security of crop liens, amounted to £22,382.

Loans for other Purposes.

In addition to the foregoing, the Corporation made loans totalling £5,462 for the following purposes:—

- Installation of electricity (where installations on the properties of existing borrowers were recommended by the State Electricity Commission);
- Dairy improvements (on the recommendation of the Department of Agriculture);
- Purchases of Livestock, Plant and Machinery, &c.

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 £1,476,226.

This Fund, which may only be used for effecting Compositions or Schemes of Arrangement with creditors of farmers who are in financial difficulties through circumstances beyond their control, provides a valuable source of assistance in the event of farmers experiencing a succession of bad seasons or other adversities.

SECONDARY INDUSTRIES.

During the year, the Corporation made loans amounting to £163,056 for the assistance of Secondary Industries.

Of this amount, £81,000 represented loans to develop a dairy factory and extend two farm machinery works; the balance comprised further loans to industries which had been previously financed by the Corporation and required assistance for the completion or extension of their factories and installation of modern plant.

GOVERNMENT AGENCY.

The Corporation is empowered to act as Agent for the Treasurer in making loans, out of funds provided by the Treasurer, for any particular purpose.

This statutory authority has been exercised following seasonal or other adversities when the security available has been inadequate or unsuitable for a loan under the Corporation's usual lending conditions, or where it has been necessary to encourage some form of country development beyond the ordinary scope of the Corporation.

During the year the Corporation, pursuant to the above authority, made loans totalling £160,841 out of the "Agency Account" for the following purposes:—

Lake Corangamite Flood Relief.

Loans amounting to £30,440 were made to farmers whose farms, in recent years, were affected by the progressive rising of Lake Corangamite.

In most cases, assistance was given for the purchase of new farms or additional areas sufficient to compensate for the areas inundated.

In some cases loans were made for the repayment of existing liabilities in order to give the farmer financial relief by more favorable terms of repayment.

The above amount of £30,440, together with loans made in previous years, represent a total payment under this scheme of £164,250 to thirty-five farmers.

Peach Growers in the Goulburn Valley.

Further assistance was given during the year to peach growers in the Goulburn Valley who lost a substantial proportion of their peach trees following heavy rains during the 1955-56 season.

Of the growers who originally sought assistance under this scheme, many were subsequently able to effect their own rehabilitation, and only twenty-two growers finally accepted loans under easy conditions of repayment.

During the year the Corporation made loans totalling £33,415 which, with the sum of £11,650 advanced in previous years and £13,285 for payments pending, will represent total assistance by the Treasurer to the extent of £58,350.

Capital Improvements and Hail Damage in the Sunraysia Area.

The Corporation continued making loans to dried fruit growers in the Sunraysia district for drainage and other capital improvements to their properties and, during the year, made advances totalling £27,486.

Payments are still pending in a number of cases, and will involve an additional estimated expenditure of £47,417.

In addition to the above assistance, loans amounting to £34,346 were made to thirty-two growers whose crops were damaged by hail.

Tobacco Growers in the Ovens Valley.

As mentioned in the previous year's Report, the Corporation, following recommendations by a special committee appointed to investigate requests by tobacco growers in the Ovens Valley for financial assistance to plant their 1958-59 crops, made offers of loans on the security of liens with easy conditions of repayment. Only one grower took advantage of the offer, involving an expenditure of £650, the remainder being apparently able to carry on without Government assistance.

Assistance to Apiarists.

During the year, loans totalling £6,936 were made to sixteen apiarists, following the recommendations of a special committee appointed to investigate their claims for financial assistance.

Assistance to Secondary Industries.

During the year, the Corporation, at the direction of the Treasurer, made loans amounting to £27,568 to three secondary industries which, for various reasons, did not qualify for a loan under the Corporation's usual lending conditions, viz. :—a textile industry in North Central Victoria, a frozen-food packing works at Geelong and a heat-treatment plant at Ballarat.

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, 1959.

(Adjusted to the nearest £.)

	1958 £	£	£	1958 £
7,386,746	7,386,746	7,941,752	7,941,752	7,101,520
163,721	163,721	208,016	208,016	4,448
7,223,025	7,223,025	7,733,736	7,733,736	1,500
163,898	163,898	208,451	208,451	5,948
195,980	195,980	245,691	245,691	8,458
359,878	359,878	454,142	454,142	29,663
18,598	18,598			38,121
2,112	2,112			177
8,535	8,535			127,193
..	..			173
29,245	29,245			94,016
				245,000
				466,559
				7,612,148
				22,644
				1,023,176
				1,045,820
				1,378,526
				2,424,346
				10,036,494
				404,680
				8,215,391
				21,123
				875,105
				896,228
				1,476,226
				2,372,454
				10,587,845

The accounts of the Corporation have been audited for the year ended 30th June, 1959, 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,
26th October, 1959.

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

RURAL FINANCE CORPORATION.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1959.

(Adjusted to the nearest £.)

1958		£	£	£	£
	Income—				
336,626	Interest				380,894
5,166	Application and Legal Fees, &c.				5,280
<u>341,792</u>					<u>386,174</u>
	Less—				
	Expenditure—				
201,773	Interest on Loan Indebtedness			242,401	
5,563	Interest on Redeemed Securities—National Debt Sinking Fund			7,368	
	Administration—				
37,414	Salaries		39,242		
9,774	Other		9,989		
<u>47,188</u>				49,231	
	Provision for—				
806	Depreciation		772		
..	Superannuation		1,950		
1,914	Long Service Leave		2,724		
<u>2,720</u>				5,446	
257,244					304,446
<u>84,548</u>	Operating Profit for Year				<u>81,728</u>
	Add—				
191	Interest on General Reserve Investments				1,918
<u>84,739</u>					<u>83,646</u>
	Less—				
17,015	National Debt Sinking Fund Contribution			18,792	
5,722	Discounts and Expenses on Loans			5,005	
..	Bad Debts			87	
..	Under-provision for Superannuation in Previous Years			10,050	
<u>22,737</u>					<u>33,934</u>
<u>62,002</u>	Net Profit for Year Transferred to General Reserve				<u>49,712</u>

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSELL, Member.

W. J. EVANS, General Manager.

R. W. GILLARD, Auditor-General,

26th October, 1959.

RURAL FINANCE CORPORATION

GOVERNMENT AGENCY DEPARTMENT.

RECEIPTS AND PAYMENTS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1959.

(Adjusted to the nearest £.)

		£	£			£	£
Cash in Hand Brought Forward, 1st July, 1958	..		34,403	Loans and Advances—			
Funds Provided by Treasurer of Victoria—				Flood Relief (Lake Corangamite)	..	30,440	
From Loan Funds	..	113,000		Rehabilitation of Peach Growers (Goulburn Valley)	..	33,415	
From Decentralization Fund	..	17,567		Capital Improvements and Replacements (Sunraysia District)	..	27,486	
			130,567	Secondary Industries	..	27,567	
Repayments by Borrowers—				Assistance to Apiarists	..	6,936	
Principal	..	2,671		Assistance to Tobacco Growers	..	650	
Interest	..	5,000		Hail Damage Relief (Sunraysia District)	..	34,346	
			7,671				160,840
				Repayments to Treasurer of Victoria—			
				Principal	..	2,671	
				Interest	..	5,000	
							7,671
				Cash in Hand Carried Forward, 30th June, 1959	..		4,130
			172,641				172,641

RURAL FINANCE CORPORATION.

GOVERNMENT AGENCY DEPARTMENT.

STATEMENT OF BALANCES AS AT 30TH JUNE, 1959.

(Adjusted to the nearest £.)

1958		£	£	1958		£	£
180,972	Advances—Treasurer of Victoria	..	311,540	132,810	Loans and Advances—		
1,000	Less—Repayments	..	3,671	11,650	Flood Relief (Lake Corangamite)	160,743	
					Rehabilitation of Peach Growers (Goulburn Valley)	..	45,065
179,972			307,869	1,109	Capital Improvements and Replacements (Sunraysia District)	..	28,432
					Secondary Industries	..	27,567
					Assistance to Apiarists	..	6,936
					Assistance to Tobacco Growers	..	650
					Hail Damage Relief (Sunraysia District)	..	34,346
				145,569			303,739
				34,403	Cash	..	4,130
179,972			307,869	179,972			307,869

The statement of Receipts and Payments correctly summarizes the transactions on the Agency Account of the Corporation for the year ended 30th June, 1959. 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, 1959.

R. W. GILLARD, Auditor-General,

26th October, 1959.

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSELL, Member.

W. J. EVANS, General Manager.