

1960
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VICTORIA

RURAL FINANCE CORPORATION

REPORT

AND

STATEMENTS OF ACCOUNTS

FOR THE

YEAR ENDED 30TH JUNE, 1960

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 Tenth Annual Report and Statements of Accounts for the year ended 30th June, 1960.

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSELL, Member.

W. P. J. EVANS, General Manager,
27th October, 1960.

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.

TENTH ANNUAL REPORT OF THE RURAL FINANCE CORPORATION OF VICTORIA

A review of the activities of the Rural Finance Corporation for the year ended 30th June, 1960, should include some reference to the world economic situation and its effect upon the rural industries of the State of Victoria.

In previous reports the Corporation has stressed the need for the most economic utilization of our resources, having regard to the rising costs of production and distribution and our dependence upon export markets for the sale of our rural products.

While producers for local markets are frequently able to obtain increased prices in line with rising costs, those primary producers who are dependent on world markets are not so fortunately situated, being faced with increasing competition from other exporting countries, many of which subsidize their products and dispose of surplus stocks on a concessional basis.

The rapid development of the State of Victoria and our high standard of living create a feeling of pride and satisfaction, but this could result in an unjustified optimism if we disregard the problems affecting the future of our rural industries.

The past year was noted for several important official measures which will affect our national economy. These include a substantial marginal wage increase and the virtual termination of import licensing, the effects of which have not yet been felt fully but will impose a severe test of the capacity of our industries.

Several rural industries, including the dairying industry, are to be commended for holding investigations into the possibility of reducing costs of production. This appears to be the only way in which we can expect to hold our overseas markets, the only possible alternative being an increase in subsidies, but this is merely the passing of the high costs of production of one industry on to other sections of the population.

Economies can be effected by the employment of more efficient farming techniques, better equipment, standardization, &c., resulting very often in increased production at a lower cost.

The Corporation's lending policy is directed towards the most effective use of our resources and, during the year, £1,217,389 was expended in loans for the assistance of Rural Industries, of which £1,134,745 represents loans to Primary and £82,644 to Secondary Industries.

Since its incorporation in 1950, the Corporation has made loans amounting to £13,252,743, including £10,333,019 to Primary and £2,919,724 to Secondary Industries.

PRIMARY INDUSTRIES.

Seasonal Conditions.

In the early part of the year there were indications of an unfavorable season in most districts of the State, resulting in sacrificial sales of livestock in some of the most badly affected grazing areas.

However, the whole outlook took a sudden change for the better at the end of April and during May, when widespread rains gave the best Autumn break for farmers for many years.

In some districts crops were sown on land which had been prepared the previous year and which, on account of the bad season, had not been sown or had been sown and failed. On the other hand, the wet conditions in other districts delayed the sowing operations of many farmers. The heavy rains, unfortunately, were followed by cold weather, which resulted in the slow growth of pastures and emphasized the need for more fodder reserves.

In the dairying industry, increasing costs of production resulted in the announcement of a rise of 2d. per lb. in the home consumption price of butter, and the continuance of the heavy subsidy which has prevailed over the last few years.

The report of the Dairy Industry Investigation Committee on the problems of this industry is awaited with interest.

The volume of wool production each year continues to increase, but, in the absence of any substantial rise in the level of wool prices, a continuation of the present rise in costs of production will result in a narrowing margin of profit for the woolgrower.

The future of the wool industry depends, not only on a reduction in costs, but also on improved marketing organization and on the results of scientific experiments being conducted to give to wool certain qualities to enable it to compete with synthetic fibres which are becoming popular.

Purchase of Farm Properties.

Loans for the purchase of farm properties, including their further development, amounted to £580,953.

This figure is lower than the previous year owing to the Corporation's policy of declining more applications on the ground that the size or carrying capacity of the subject property was insufficient to constitute a living area.

The Corporation finds it difficult to reconcile the high prices being paid for farm properties with the diminishing returns due to rising costs.

Farm Improvement and Development.

As explained in previous reports, a loan for the development of a farm frequently necessitates the repayment of an existing liability, such as a private mortgage or bank overdraft, in order that the Corporation may take a first mortgage as security.

Loans for the purpose of repaying such liabilities and providing further finance for development amounted to £373,057.

In such cases, the Corporation was generally able to give to the borrower the benefit of longer and easier terms of repayment than he had previously enjoyed, thus enabling him to operate on a budget and work his farm more economically.

Most borrowers appear to regard the long and definite terms of repayment as being more important and beneficial than the slightly lower rate of interest they are required to pay to the Corporation.

Loans for development, where the Corporation was able to take a first mortgage without the necessity of removing an existing encumbrance, amounted to £162,546.

In some cases, the Corporation was required to repay the liability of a borrower whose mortgage or contract had expired and was unable to obtain an extension of time other than at a high rate of interest and principal repayment which would have affected his ability to carry out a programme of farm development.

Bulk Handling of Milk.

Many dairy farmers are changing from the can system to the bulk handling of milk, and loans by the Corporation for farm improvements included loans for the installation of bulk receival tanks and refrigeration units.

It is anticipated that, when all suppliers adopt the new system, the bulk handling of milk in tankers will result in a saving of cartage, owing to the less frequent collection of milk, and this saving in cost in the case of a co-operative factory will be of ultimate benefit to the suppliers in the form of increased factory returns, apart from a reduction in expenditure on cans.

In making loans for the above purpose, the Corporation has always taken into consideration whether or not the size and capacity of the property justified the expenditure involved.

Seasonal Advances.

Seasonal advances amounting to £14,445 were made during the year to dried fruit growers who have not yet been fully rehabilitated.

The Corporation has discontinued the financing, on the basis of annual crop liens, of several growers whose history of repayments has been unsatisfactory, and the future financing of these growers has now reverted to the packing sheds from which they originally obtained their requirements.

Loans for Other Purposes.

The Corporation made loans totalling £3,743 for the following specific purposes:—

- Installation of electricity;
- Dairy improvements;
- Purchase of plant and machinery.

Loans for other purposes and which included loans for the above items are included under the heading of "Farm Improvement and Development".

Rural Rehabilitation Fund.

The Rural Rehabilitation Fund, which represents repayments made by farmers whose debts were adjusted under the *Farmers' Debts Adjustment Act 1935*, now amounts to £1,536,750.

This fund, which is now administered by the Corporation, may only be used for the purpose of effecting Compositions or Schemes of Arrangement with the creditors of farmers who require some adjustment of their liabilities to enable them to carry on successfully their farming operations.

The fund is not available for the making of advances, but only for the payment of existing liabilities.

It is nevertheless a valuable fund which has already been used to advantage for the rehabilitation of farmers who have suffered from bush fires, seasonal and other adversities.

SECONDARY INDUSTRIES.

During the year under review, the Corporation made loans amounting to £82,644 to Secondary Industries.

Of this amount, £47,752 included loans for the establishment and/or expansion of the following industries:—

- (1) A new textile factory.
- (2) A new case-making mill for the manufacture of softwood cases, mainly for the fruit industry.
- (3) A shell-grit deposit providing one of the essential ingredients for the manufacture of glass.
- (4) A town electric supply in a remote part of the State.

The balance of £34,892 was advanced to industries which had been financed by the Corporation in previous years and were in need of further finance for expansion and development.

GOVERNMENT AGENCY.

The Corporation has statutory authority pursuant to Section 35 of the *Rural Finance Corporation Act 1958* to make loans, out of funds provided by the Treasurer, for such special purposes and under such conditions as the Treasurer may direct.

Loans have been made under this Section when the security available has been considered inadequate or unsuitable for a loan out of the ordinary funds of the Corporation or where the purpose for which the loan was required was beyond the scope of the Corporation.

This statutory power has enabled the Treasurer, through the Corporation and its staff, to render valuable assistance following bush fires, floods and other seasonal adversities, when the security offered has been unattractive or has deteriorated to such an extent that the borrower has been unable to obtain finance through the ordinary channels.

During the year, the Corporation made loans amounting to £157,838 on an "Agency" basis for the following purposes:—

Peach Growers in the Goulburn Valley.

Further advances totalling £2,375 were made to peach growers in the Goulburn Valley, who sustained heavy losses of peach trees following heavy floods during the 1955-56 season.

Progress payments are still being made to growers under this scheme in accordance with their requirements and, with payments pending amounting to £9,475, it is estimated that total payments to these growers will be £56,915.

Capital Improvements in the Sunraysia Area.

The Corporation made further advances to the extent of £24,613 to dried fruit growers in the Sunraysia area for drainage and other capital improvements.

Payments amounting to £23,336 are pending in a number of cases, as many growers can carry out drainage improvements only when the opportunity offers.

The total cost of this assistance to growers is estimated at £76,544.

Drought Relief in Western Victoria.

Notwithstanding the unfavorable conditions in Western Victoria in the early part of the year and with prospects of a drought, only a few farmers found it necessary to apply for relief and, by the end of the year, only one payment amounting to £1,000 had been made.

Hail Damage in Tresco-Lake Boga District.

Following a heavy hailstorm in December, about 80 farmers in the Tresco-Lake Boga district made representations to the Government for financial assistance on account of damage to their vines, trees and vegetable crops.

At the request of the Treasurer, the Corporation investigated the position of those farmers affected, as a result of which 40 farmers applied for assistance, the balance being either able to carry on from their own resources or reluctant to give security for the repayment of any loan.

Of the growers who lodged applications, some were not considered by the Corporation to be eligible for assistance on a concessional basis, and finally loans to twenty growers, amounting to £14,225, were approved on the security of liens over their crops, repayable by three equal annual instalments with interest at the rate of 3 per cent. per annum.

In one case, financial assistance was given by the repayment of existing liabilities under a Scheme of Arrangement pursuant to Part IV. of the Rural Finance Corporation Act.

Tidal Flooding at Anderson's Inlet.

The Corporation, at the request of the Treasurer, is at present considering applications for financial aid from farmers whose properties abut Anderson's Inlet and the lower reaches of the Tarwin River, and which suffered damage by an abnormally high tide on the 17th April, 1960.

Over a period of years the Inlet has experienced occasional high tides with consequent flooding of farms and, if it were not for the fact that some farmers had provided some protection by the building of levees, the recent damage would have been much greater.

An investigation, with the co-operation of Departmental officers familiar with the problem, is being undertaken at the present time. It does seem, however, there will be an ever-present hazard until substantial levee banks are constructed by some competent authority.

Tourist Development.

Loans totalling £15,050 were made for various purposes associated with the development of tourism in this State.

These included a motel in a rapidly developing tourist district, toilet amenities at one of our beaches and an improved water supply at Tidal River, Wilson's Promontory.

Assistance to Secondary Industries.

During the year the Corporation, at the direction of the Treasurer, made loans amounting to £114,800 to various secondary industries.

These loans included a further advance of £110,000 to a cement industry, £3,500 to a brick works and £1,300 further loan to a textile industry.

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, 1960.

(Adjusted to the nearest £.)

	1959 £	£	£	£	1959 £
7,941,752	208,016	7,733,736	208,451	245,691	7,714,694
Less—Securities Redeemed—National Debt Sinking Fund	..	..	..	..	Loans under Part III. <i>Rural Finance Corporation Acts</i>
Reserves—		7,836,035	..	..	Fixed Assets—
National Debt Sinking Fund Reserve ..	..	..	257,113	..	Furniture and Office Equipment less Depreciation ..
General Reserve ..	..	..	316,562	..	Motor Vehicle less Depreciation ..
Current Liabilities and Provisions—		573,675	..	..	Investments—At Cost—
Trust Account—Amounts in Suspense ..	..	..	..	..	Long Service Leave Investment Fund ..
Sundry Creditors ..	..	..	2,612	..	General Reserve Investment Fund ..
Provision for Long Service Leave ..	..	..	1,177	..	Superannuation Investment Fund ..
Provision for Superannuation ..	..	..	15,626	..	Current Assets—
12,000	..	..	16,255	..	National Debt Sinking Fund Cash ..
27,513	..	..	..	..	Interest Due and Accrued ..
			35,670	..	Charges Paid in Advance, &c. ..
				..	Cash—
				..	Current Account, &c. ..
				..	Money at Call, &c. ..
8,215,391					404,689
					362,429
					8,445,380
21,123					Advances, &c., out of Special Funds—
2,351,331					Advances under <i>Farmers' Debts Adjustment Act 1943</i> ..
2,372,454					Advances under <i>Farmers' Debts Adjustment Act 1935 and Part IV.</i>
10,587,845					<i>Rural Finance Corporation Acts</i> ..
					814,591
					832,271
					1,536,750
					2,369,021
					10,814,401

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

The accounts of the Corporation have been audited for the year ended 30th June, 1960, 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,
5th October, 1960.

RURAL FINANCE CORPORATION.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1960.

(Adjusted to the nearest £.)

1959		£	£	£
	Income—			
380,894	Interest			404,772
5,280	Application and Legal Fees, &c.			5,049
<u>386,174</u>				<u>409,821</u>
	Less—			
	Expenditure—			
242,401	Interest on Loan Indebtedness		251,777	
7,368	Interest on Redeemed Securities—National Debt Sinking Fund		9,361	
	Administration—			
39,242	Salaries	43,381		
9,989	Other	10,723		
<u>49,231</u>			<u>54,104</u>	
	Provision for—			
772	Depreciation	663		
1,950	Superannuation	3,793		
2,724	Long Service Leave	3,535		
<u>5,446</u>			<u>7,991</u>	
<u>304,446</u>				<u>323,233</u>
81,728	Operating Profit for Year			86,588
	Add—			
1,918	Interest on General Reserve Investments			4,963
<u>83,646</u>				<u>91,551</u>
	Less—			
18,792	National Debt Sinking Fund Contribution		19,854	
5,005	Discounts and Expenses on Loans		689	
87	Bad Debts		137	
10,050	Under-provision for Superannuation in Previous Years .. .. .		..
<u>33,934</u>			<u>20,680</u>	
<u>49,712</u>	Net Profit for Year Transferred to General Reserve			<u>70,871</u>

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSSELL, Member.

W. J. EVANS, General Manager.

R. W. GILLARD, Auditor-General,

5th October, 1960.

RURAL FINANCE CORPORATION.

GOVERNMENT AGENCY DEPARTMENT.

RECEIPTS AND PAYMENTS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1960.

(Adjusted to the nearest £.)

		£	£			£	£
Cash in Hand Brought Forward, 1st July, 1959	..		4,130	Loans and Advances—			
Funds Provided by Treasurer of Victoria—				Rehabilitation of Peach Growers (Goulburn Valley)	..	2,375	
From Loan Funds	..	147,500		Capital Improvements and Replacements (Sunraysia District)	..	24,613	
From Decentralization Fund	..	4,800		Secondary Industries	..	114,800	
From Tourist Fund	..	7,550		Drought Relief Western Victoria	..	1,000	
			159,850	Tourist Development	..	15,050	
							157,838
Repayments by Borrowers—				Repayments to Treasurer of Victoria—			
Principal	..	36,939		Principal	..	36,939	
Interest	..	9,494		Interest	..	9,494	
			46,433				46,433
				Cash in Hand Carried Forward, 30th June, 1960	..		6,142
			210,413				210,413

RURAL FINANCE CORPORATION.

GOVERNMENT AGENCY DEPARTMENT.

STATEMENT OF BALANCES AS AT 30TH JUNE, 1960.

(Adjusted to the nearest £.)

1959		£	£	1959		£	£
311,540	Advances—Treasurer of Victoria	..	471,389	160,743	Flood Relief (Lake Corangamite)	149,498	
3,671	Less—Repayments	..	40,610	45,065	Rehabilitation of Peach Growers (Goulburn Valley)	..	40,872
307,869			430,779	28,432	Capital Improvements and Replacements (Sunraysia District)	..	48,232
				27,567	Secondary Industries	..	140,814
				6,936	Assistance to Apiarists	..	6,528
				650	Assistance to Tobacco Growers	..	400
				34,346	Hail Damage Relief (Sunraysia District)	..	23,793
				..	Drought Relief Western Victoria	..	1,000
				..	Tourist Development	..	13,500
				303,739			424,637
				4,130	Cash	..	6,142
307,869			430,779	307,869			430,779

The statement of Receipts and Payments correctly summarizes the transactions on the Agency Account of the Corporation for the year ended 30th June, 1960. 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, 1960.

R. W. GILLARD, Auditor-General,

5th October, 1960.

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSSELL, Member.

W. J. EVANS, General Manager.