

1961
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VICTORIA

RURAL FINANCE CORPORATION

REPORT

AND

STATEMENTS OF ACCOUNTS

FOR THE

YEAR ENDED 30TH JUNE, 1961

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 Eleventh Annual Report and Statements of Accounts for the year ended 30th June, 1961.

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSELL, Member.

W. P. J. EVANS, General Manager,
31st October, 1961.

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 :

258-264 Little Bourke-street, Melbourne, C.I.

ELEVENTH ANNUAL REPORT OF THE RURAL FINANCE CORPORATION OF VICTORIA

The financial year, ended 30th June, 1961, was fairly satisfactory for primary and secondary industries in the State of Victoria, except towards the end of the year when industries generally were affected by a restriction in the availability of credit, together with an air of uncertainty created by the prospect of Britain joining the European Common Market.

Should the latter possibility eventuate, producers will be compelled to give closer attention to the need for reducing costs of production to enable them to sell their products in new marketing spheres under more competitive conditions. This necessity for producers, to have regard to the world economic situation and to obtain the maximum return from their available resources at a minimum of cost, has been emphasized by the Corporation in previous reports.

During the year an amount of £1,599,365 was expended in loans for the assistance of Rural Industries, of which £1,223,209 related to Primary and £376,156 to Secondary Industries.

Since its incorporation in 1950, the Corporation has made loans amounting to £14,852,108, including £11,556,228 to Primary and £3,295,880 to Secondary Industries.

PRIMARY INDUSTRIES.

Seasonal Conditions.

The seasonal conditions experienced in most areas of the State during 1960-61 were favorable for the production of rural commodities and, as the year closed, there were indications of another favorable season with production above average.

Purchase of Farm Properties.

Loans for the purchase of farm properties including, in many cases, an additional amount for further development, amounted to £736,284.

The Corporation has detected a "levelling-off" in prices paid for farming land in some districts, especially for larger farms, which may be attributed to the difficulty in obtaining finance at present-day prices.

Farm Improvement and Development.

Loans made during the year for farm improvement and development amounted to £478,124. This amount includes payments which had to be made to eliminate existing mortgage and contract liabilities, to enable the Corporation to take a first mortgage as security.

In view of the necessity of assisting farmers to effect a reduction in costs of production, the Corporation considers it essential to provide finance where land improvement or the purchase of modern plant and equipment will enable the land to be worked more economically and effectively.

Seasonal Advances.

Seasonal advances amounting to £5,065 were made during the year to fruit growers, usually on the security of liens over their crops.

Some farmers who were assisted in previous years are now able to carry on without assistance from the Corporation and, in some cases, the financing against each season's crop has reverted to the Packing Sheds from which growers originally obtained their requirements.

Loans for Other Purposes.

The Corporation made loans totalling £3,736 for various purposes, including the installation of electricity and the 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 by farmers whose debts were adjusted under the *Farmers' Debts Adjustment Act* 1935, now amounts to £1,601,483.

This fund, which is now administered by the Corporation, may be used only 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 financial year the Corporation made loans amounting to £376,156 to Secondary Industries in rural areas.

Loans for this purpose since its incorporation now total £3,295,880.

New loans made during the year were for the establishment and/or development of various industries, including :—

- a textile factory at Wonthaggi ;
- an abattoirs in Gippsland ;
- a nylon-processing factory in Northern Victoria, and a woollen mill in Western Victoria.

Of the total loans made, a substantial proportion was for the further extension of industries which had been financed by the Corporation in previous years.

The Corporation's assistance to Secondary Industries represents a substantial step in the implementation of the Government's decentralization policy.

There are, however, several aspects to be carefully considered in making finance available for the establishment of new country industries.

The Corporation does not favour financing a Company which operates a branch in a country district as, where an industry is controlled by a head office in Melbourne, there is a tendency to close the branch as soon as local conditions are likely to affect adversely the profits being made by other more profitable branches.

There is also the danger of a country industry being the subject of a "take over" by a big firm, not for the purpose of continuing the industry but for closing it down to avoid competition.

The Corporation favours the type of industry which is established to utilize a commodity produced in the district, particularly where there is some local contribution in the form of Share Capital.

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.

Since this authority was given in 1956, loans amounting to £537,373 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.

During the year, the Corporation made loans amounting to £72,126 on an " Agency " basis for the following purposes :—

Peach Growers in the Goulburn Valley.

The administration of this scheme, for the rehabilitation of peach growers in the Goulburn Valley who sustained heavy losses of trees by flooding during the 1955-56 season, is nearing completion at an overall cost of £56,915.

Payments made during the year amounted to £2,475, and payments amounting to £7,000 are pending.

Capital Improvements in the Sunraysia Area.

The Corporation made further payments amounting to £8,503 to dried-fruits growers in the Sunraysia district for drainage and other capital improvements.

This amount, together with £19,372 pending and amounts expended in previous years, will represent a total expenditure of £81,083 for these purposes.

Hail Damage Tresco-Lake Boga District.

The Corporation made payments amounting to £10,368 to farmers in the Tresco-Lake Boga district who suffered damage to their vines, trees and vegetable crops through hail damage in December, 1959.

This scheme is practically completed and no further payments are anticipated.

The Corporation is at present considering applications from farmers in this district for financial assistance to carry out internal drainage of their properties in order to take advantage of an external drainage scheme being carried out by the State Rivers and Water Supply Commission and expected to be completed by 1962.

Lake Corangamite Flood Relief.

Further loans under this scheme for the rehabilitation of farmers who suffered losses through the flooding of their properties by the rising water level of Lake Corangamite were made to four farmers, and involved an expenditure during the year of £18,980.

Having regard to loans made in previous years and the payments pending in two cases amounting to £2,570, the total cost of this scheme is estimated at £185,800.

Hail Damage, Sunraysia.

During the year, £13,550 was paid to growers in the Sunraysia area who suffered hail damage in respect of the 1959-60 crop.

Total payments to growers in this district on account of hail damage in recent years amount to £47,896.

Tidal Flooding at Anderson's Inlet.

Reference was made in last year's Report to the plight of farmers whose properties adjoin Anderson's Inlet and who experienced losses following an abnormally high tide on 17th April, 1960.

Applications are being received from farmers affected and, to date, a payment of £1,900 has been made to one farmer and a payment of £600 is pending.

Secondary Industries.

During the year, the Corporation, at the direction of the Treasurer, made loans totalling £16,350 to secondary industries.

These included a loan to a Company for the development of new agricultural and sheep-handling equipment, and for the extension of an abattoirs in the Western district.

Having regard to payments pending amounting to £21,850, the assistance given to secondary industries on an " Agency " basis since the introduction of this statutory power, represents a total expenditure of £180,567.

Removal of Premises.

Since its inception, the Corporation has lacked suitable accommodation for the conduct of its activities.

Towards the end of the year, negotiations were entered into with the State Savings Bank of Victoria for the leasing, as from 24th July, 1961, of more suitable accommodation in a newly-erected building at the corner of Swanston and Little Bourke streets, Melbourne.

Not only will the new premises be more suitable for the purposes of administration, but country clients of the Corporation will find them more conveniently situated in the heart of the City.

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, 1961.

(Adjusted to the nearest £.)

	1960		£		£
8,092,441	7,898,404	Loans under Part III. <i>Rural Finance Corporation Acts</i>	..	..	8,602,106
256,406	4,289	Fixed Assets—			
	844	Furniture and Office Equipment less Depreciation	..	..	3,688
7,836,035	5,133	Motor Vehicle less Depreciation	..	..	1,400
		Investments—At Cost—			
257,113	14,595	Long Service Leave Investment Fund..	..	..	16,572
316,562	149,319	General Reserve Investment Fund	..	..	179,207
573,675	15,500	Superannuation Investment Fund	..	..	21,500
	179,414	Current Assets—			
2,612	707	National Debt Sinking Fund Cash	..	..	885
1,177	148,020	Interest Due and Accrued	..	..	147,935
15,626	209	Charges Paid in Advance, &c.	..	..	197
16,255	53,493	Cash—			
35,670	160,000	Current Account, &c.	..	..	106,118
		Money at Call, &c.	..	..	..
	362,429				255,135
8,445,380	8,445,380	Advances, &c., out of Special Funds—			9,079,608
	17,680	Advances under <i>Farmers' Debts Adjustment Act 1943</i>	..	..	13,249
17,680	814,591	Advances under <i>Farmers' Debts Adjustment Act 1935 and Part IV. Rural Finance Corporation Acts</i>	..	..	749,863
	832,271				763,112
2,351,341	1,536,750	Held by Treasurer of Victoria—Rural Rehabilitation Fund	..	..	1,601,483
	2,369,021				2,364,595
10,814,401	10,814,401				11,444,203

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

R. W. GILLARD, Auditor-General,
26th September, 1961.

The accounts of the Corporation have been audited for the year ended 30th June, 1961, 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.

RURAL FINANCE CORPORATION.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1961.

(Adjusted to the nearest £.)

1960									£	£	£
	£										
		Income—									
404,772		Interest .. .. .	..	..	..	..	..	..	..	436,758	
5,049		Application and Legal Fees, &c. ..	..	..	..	..	..	..	..	4,572	
<u>409,821</u>											441,330
		Less—									
		Expenditure—									
251,777		Interest on Loan Indebtedness .. .. .	..	..	..	..	..	..	..	266,064	
9,361		Interest on Redeemed Securities—National Debt Sinking Fund ..	..	..	..	..	..	..	..	11,538	
		Administration—									
43,381		Salaries .. .. .	..	..	..	..	..	..	..	46,234	
10,723		Other .. .. .	..	..	..	..	..	..	..	11,484	
<u>54,104</u>											57,718
		Provision for—									
663		Depreciation .. .. .	..	..	..	..	..	..	..	1,195	
3,793		Superannuation .. .. .	..	..	..	..	..	..	..	6,310	
3,535		Long Service Leave .. .. .	..	..	..	..	..	..	..	3,591	
<u>7,991</u>											11,096
<u>323,233</u>											346,416
86,588		Operating Profit for Year .. .. .	..	..	..	..	..	..	..	..	94,914
		Add—									
4,963		Interest on General Reserve Investments .. .. .	..	..	..	..	..	..	..	..	7,956
<u>91,551</u>											102,870
		Less—									
19,854		National Debt Sinking Fund Contribution .. .. .	..	..	..	..	..	..	..	20,568	
689		Discounts and Expenses on Loans .. .. .	..	..	..	..	..	..	..	5,449	
137		Bad Debts .. .. .	..	..	..	..	..	..	..	..
<u>20,680</u>											26,017
<u>70,871</u>		Net Profit for Year Transferred to General Reserve .. .. .	..	..	..	..	..	..	..	..	76,853

W. A. SANDALL, Chairman.

W. R. MANN, Member.

L. L. BEARDSELL, Member.

W. J. EVANS, General Manager.

R. W. GILLARD, Auditor-General,
26th September, 1961.

RURAL FINANCE CORPORATION.

GOVERNMENT AGENCY DEPARTMENT.

RECEIPTS AND PAYMENTS ACCOUNT FOR YEAR ENDED 30TH JUNE, 1961.

(Adjusted to the nearest £.)

		£	£			£	£
Cash in Hand Brought Forward, 1st July, 1960	..		6,142	Loans and Advances—			
Funds Provided by Treasurer of Victoria—				Lake Corangamite—Flood Relief	..	18,980	
From Loan Funds	..	65,800		Rehabilitation of Peach Growers	..		
From Decentralization Fund	..	200		(Goulburn Valley)	..	2,475	
			66,000	Capital Improvements and Replacements	..		
				(Sunraysia District)	..	8,503	
				Secondary Industries	..	16,350	
				Hail Damage—Sunraysia District	..	13,550	
				Hail Damage—Tresco District	..	10,368	
				Tidal Flooding—Anderson's Inlet	..	1,900	
							72,126
Repayments by Borrowers—				Repayments to Treasurer of Victoria—			
Principal	..	49,801		Principal	..	49,801	
Interest	..	14,419		Interest	..	14,419	
			64,220				64,220
				Cash in Hand Carried Forward, 30th June,			
				1961	..	..	16
			136,362				136,362

RURAL FINANCE CORPORATION.

GOVERNMENT AGENCY DEPARTMENT.

STATEMENT OF BALANCES AS AT 30TH JUNE, 1961.

(Adjusted to the nearest £.)

1960		£	£	£	1960		£	£
471,389	Advances—Treasurer of Victoria	..	537,389	446,979	149,498	Loans and Advances—		
40,610	Less—Repayments	..	90,410		40,872	Flood Relief (Lake Corangamite)	157,575	
430,779						Rehabilitation of Peach Growers		
						(Goulburn Valley)	38,147	
						Capital Improvements and		
						Replacements		
						(Sunraysia		
						District)	49,134	
						Secondary Industries	153,262	
						Assistance to Apiarists	5,378	
						Assistance to Tobacco Growers	..	
						Hail Damage Relief (Sunraysia		
						District)	20,738	
						Drought Relief (Western Victoria)	1,000	
						Tourist Development	12,500	
						Hail Damage—Tresco District	7,329	
						Tidal Flooding—Anderson's Inlet	1,900	
								446,963
						424,637		16
						6,142	Cash	..
430,779			446,979	430,779		430,779		446,979

The statement of Receipts and Payments correctly summarizes the transactions on the Agency Account of the Corporation for the year ended 30th June, 1961. 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, 1961.

R. W. GILLARD, Auditor-General,
26th September, 1961.

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