

*Rural Finance
Commission*

ANNUAL REPORT AND STATEMENT OF ACCOUNTS 1983/1984.

VICTORIA

REPORT

of the



RURAL FINANCE COMMISSION

for the
Period from 1 July 1983 to 30 June 1984

To the Honourable the Treasurer

Ordered by the Legislative Assembly to be printed

Commission	I.K. MORTON, A.M.	Chairman	
	M. McG. SMITH	Member	
	C.J. FOX	Member	
Executive Officers	D.H. LIVINGSTON	Manager, Systems Development	
	D.C. GRAHAM	Accountant, Manager, Administration	
	F.A. BUTLER	Secretary	
	V.E. LEIZEROVITZ	Deputy Secretary	
	R.C. DOUGLAS	Special Duties Officer	
	R.J. KNIGHT	Chief Valuer & Manager, Loans	
	J.A. EDMONDS	Manager, Securities Branch	
	S.E. BEAMAN	Manager, EDP	
	Regional Officers & Locations	I.J. CHARLTON	Dunoon's Building
		North Western Region	270 Campbell Street Swan Hill
		31-33 Deakin Avenue Mildura	
G.E. WALSGOTT		State Public Offices	
North Eastern Region		Welsford Street Shepparton	
H.A. FISHER		T & G Building	
Western Region	Liebig Street Warrnambool		
B.M. DWERRYHOUSE	Embank House		
Gippsland and Central Region	325 Collins Street Melbourne		

The Rural Finance Commission submits herewith its Annual Report and Statement of Accounts for the year ended 30th June, 1984.

The Rural
Finance
Commission -
'Statutory
Role'

The Commission's statutory role is described in the Rural Finance Act, 1958 as follows:-

"...the Commission may, in any case where it thinks that such a course would assist country industry or promote decentralization of industry throughout the State or assist the fishing industry, grant a loan...to any person or body establishing or carrying on any country industry or a fishing industry..."

"...where any money is provided from the Public Account for any special purpose, the Treasurer of Victoria may, subject to such directions and conditions as he thinks fit to give or impose, direct the Commission to take charge of the administration of the money for such purpose."

Statement of
position

The Rural Finance Commission is established as a major Victorian development organization with a significant influence in rural primary production and complementary secondary industries.

The main objective of the Commission is to maintain and further enhance its reputation for integrity, energy, co-operation and quality of assistance in the continuing development of the State's abounding rural resources, and to be vigilant in the identification of additional creative opportunities to expand the range of services to a wider circle of recipients.

The changing emphasis and profitability of specific areas of agriculture was demonstrated with the move towards increased crop production by many farmers as a strategy to recover from the severe affects of the 1982/83 drought.

A favourable season produced a record grain harvest with unprecedented yields in several districts. This trend towards cropping is expected to continue for the coming season.

During the year an extensive review of the spectrum of rural industries and assistance provided by the Commission was undertaken reflecting significant lending to the dairy, cereal and grazing industries. Their profitability and future prospects will be a significant factor in Rural Finance activities during the ensuing year.

Prospects for rural industry, which remains as the nation's mainstay for export income, are challenging. Commodity markets are, as always, difficult to predict. What is more predictable is an unfortunate propensity for political criteria and government subsidies to intrude as significant influences in all of Australia's major international markets for the products of the nation's farmers.

The role of the Commission in the years ahead, is to maintain its influence as a major and responsible source of finance, lending to the rural community with a range of related services. The Commission is also responsible, on an on-going basis, to provide facilities and personnel to assist the State in special projects and relief programmes.

These tasks will continue to call for the maintenance and development of a cost efficient, flexible and respected organizational structure.

It can be seen from the Victorian Government's economic initiatives announced early in 1984, that whilst the Government sees significant support continuing to improve broad acre farming, a major trend towards developing specialized industries, particularly horticulture and export commodities is seen as important.

Highlights
of the
Financial
Year
1st July, 1983
to 30th June,
1984

The past year can best be summarized as a year of consolidation by the Rural Finance Commission to better prepare for a future which will see changes in the profitability of specific areas of agriculture, the development of new economic initiatives and far-reaching changes to the financial and banking systems.

The Commission seeks to further establish itself in competition with no-one but in co-operation with all the institutional lenders to the rural community as a reliable, forceful and knowledgeable lender to the rural sector.

To meet these challenges a major organizational change has been effected with two Members of the Commission moving into executive positions of administration and operations. The Chairman has maintained responsibilities for co-ordination.

The Commission continued, as an on-going process, the development of a 5 year Strategic Plan to meet the objectives detailed in the 1982/83 Annual Report and maintain its role as a significant source of finance for worthwhile projects.

A comprehensive evaluation of current EDP capacity and future needs in the short and long term in relation to data movement and storage was included.

The implementation of further advanced technology will enable the Commission to effectively provide a full range of services to its clients and when required, to provide a rapid expansion of activities to meet any circumstance required by Government.

The Commission is pleased to report that its country offices are now fully linked to our Melbourne data base and officers stationed in the country now have access to on-line information. This has enabled our officers, regardless of where they are stationed, to provide the client, be it farmer, fisherman or secondary industry, with prompt efficient service. It has also significantly enhanced a capacity for quick decision making.

Concurrently with an expansion in EDP availability the year under review saw the finalization of the Commission's accommodation arrangements. Flexible, open plan office layout with an inbuilt capacity to accommodate emergency operations and staff is in place.

Training and development of personnel, curtailed during the emergencies of drought and fire, was undertaken to ensure all functions of the Commission are adequately administered.

The year was notable for the good seasonal conditions and strong recovery in most sectors of the rural community following the disastrous drought and bushfires experienced in the previous year. In particular, a record wheat crop saw many wheat farmers able to make substantial inroads on debts accumulated after little or no crop stripped in the previous season.

The recovery for graziers has not been so rapid although stock prices generally have been at satisfactory levels with the exception of the Spring lamb market.

During the year, there was a general winding down of subsidy schemes, particularly the fodder subsidy. Eligible claimants were required to lodge claims for fodder purchases prior to 31st December, 1983.

After the initial emergency work in bushfire areas, those involved in providing longer term assistance set about their task. The Commission's assessment is that the work done in these areas has been well handled, particularly the Trustees of the Bushfire Appeal (1983) Trust Fund and the Municipalities involved.

For its part, the Commission provided finance to householders, small businesses and primary producers affected by the fires.

Farmers generally have shown a propensity to get back to normal, helped by a good season. Small businesses also seem to be making a return to satisfactory trading. After an initial influx of applications for housing finance householders seemed to take time to finalize their arrangements for rehabilitation. The Commission, while not wishing to push householders unduly, endeavoured to have as many as was reasonably possible in occupancy prior to the 1984 Winter. In this regard the Commission acknowledges the contribution made by the building industry in general and the manner in which fire victims have gone sensibly about their accommodation arrangements. Very few householders have yet to take occupancy of their new residences.

Overall the Commission has assisted 719 fire victims involving an amount of \$13,365,450.

The Young Farmers Finance Scheme was severely restricted during the drought when applications fell to a relatively low level.

There is a prevailing caution in the community, which is shared by the Commission, of young people entering into too much debt to embark on a farming career. Nevertheless, given a cautious approach, there is still an opportunity for suitably experienced young farmers to get into primary production at lower levels of borrowing than when the Scheme was developed and introduced in 1981.

The Commission has also been able to meet the specialist needs of farmers concerned with various aspects of water management on their farms. This included conservation of water, salinity control and other water management practices generally resulting from land formation, involving the use of lazer equipment.

The Years
Ahead

The challenge for the Commission in the next decade to become a more broadly based non-metropolitan lender able to provide a wider range of financial and developmental services to a broad spectrum of rural Victoria.

The Commission will also maintain its ability to continue to provide facilities and personnel to assist the State in special projects and relief programmes.

The Commission will continue to provide loans on a traditional mortgage basis for varying purposes. Loans will also be considered for special purposes, usually providing some source or benefit to the community as well as the recipient. This may include lending which will not be secured by mortgage over land.

With the national dairy marketing scheme under discussion and an expected announcement of lower opening prices by Dairy Companies the Commission will be closely monitoring the dairying industry. Many young farmers have directed their energies and resources into this industry to establish their future in primary production.

The dried fruit industry is experiencing a difficult time with a downturn in export prices. The year ahead is likely to see attempts at rationalization of the industry with the possibility of entitlements being introduced in an endeavour to curb production.

In the final analysis, the calls on the Commission for finance and its capacity to meet them, will depend on the ability of the finance market, in its new environment, to meet the calls for finance over a broad spectrum of primary production. To some extent, the banking system and the Commission are affected by the level of prosperity of the farming sector and its cash flows.

ACTIVITIES

Loans to the Rural Sector

Under Part III of the Rural Finance Act, the Commission makes loans available to farmers and other country industries.

Funding for these loans is provided from principal and interest repayments from borrowers as well as loan raising from Government and the public sector.

Loans under Part III of the Rural Finance Act totalled \$23.2 million including \$588,000 under the Young Farmers Scheme and \$2.9 million for secondary industries.

The overall level of assistance has risen from last year during which farmers were generally reluctant to commit themselves to additional capital expenditure following Victoria's most disastrous drought on record. The Commission anticipates this trend towards increased borrowing will continue during 1984/85.

Rural Adjustment Scheme

The Rural Adjustment Scheme is funded by the Commonwealth and administered by the Commission in Victoria at the direction of the State Treasurer.

In 1983/84 total assistance under the Rural Adjustment Scheme amounted to more than \$6 million. Since 1970, \$128 million has been directed by the Commission under these Schemes towards the development of a more efficient and resilient farm sector.

Loans are provided for Farm Build-up, Farm Improvement and Debt Reconstruction. Special assistance is provided to farmers wishing to adjust out of farming in the form of Household Support where assistance is based on the rates applicable to unemployment benefits. In some instances, Rehabilitation advances are made to assist people experiencing financial hardship following the sale of their farming enterprise.

Special
Assistance
Programmes

The Commission continued to act as agent for the Treasurer in the administration of a number of assistance measures. Many of the schemes were in place, particularly drought and bushfire relief programmes which carried over from the previous year. Loan expenditure under these headings, flooding and for those affected by the storm in the Silvan area totalled \$800,796.

The canning fruit tree pull scheme with an emphasis on the removal of WBC pear trees was finalized at the end of June having effectively reduced production by the removal of 83.424 hectares of WBC pears and 43 hectares of canning peaches.

Loans approved under the Rural Finance Act, 1983/84.

The following table sets out the details of commitments for the year under report.

Total outstandings of the Commission increased by almost \$3 million to \$236.84 million.

RURAL FINANCE

	<u>Approvals</u>	
	No.	Amount
Primary	424	19,497,001
Secondary	7	2,909,018
Fishing	7	250,000
Young Farmers	16	587,814
	---	-----
TOTAL APPROVALS PART III RURAL FINANCE ACT	454	23,243,833
	===	=====

STATE GOVT. AGENCY

Soil & Water	6	84,828
	=	=====

SPECIAL GOVT. AGENCY

	1	90,000
	==	=====

NATURAL DISASTERS

(Including Drought, Bushfire, Storm & Flood Damage)	87	710,796
	===	=====

RURAL ADJUSTMENT SCHEME

Farm Build-up	73	4,203,672
Debt Reconstruction	17	772,000
Farm Improvement	41	791,215
Rehabilitation	4	20,000
Household Support	40	266,934
	<u>175</u>	<u>6,053,821</u>

CANNING FRUIT TREE PULL 35 280,863

APPLE & PEAR GROWERS
ADJUSTMENT 10 23,050
-- -----

TOTAL: 768 \$30,487,191

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OTHER ACTIVITIES

Soldier Settlement During 1983/84, eighty settlers completed full repayment of their loan liabilities to the Commission, taking the total number of settlers to have done so to 4766.

Repayments for the year were \$1.15 million and a total of \$12.85 million remains outstanding at the 30th June, 1984.

The Soldier Settlement programme enabled the settling of 5956 soldiers over a period of years, involving an outlay of almost \$100 million.

Land Settlement At Heytesbury this year the Commission sold a further 971 hectares comprising nine properties. The total sales value of these properties was \$1,158,382.

Further sales are planned for 1984/85 with the disposal of this land carried out in accordance with the statutory provisions set out in the Land Settlement Act. This involves public notice being given as to the availability of land for sale, and opportunities given for offers to be made for the purchase of properties. All of these sales are being effected at prices showing a good margin over cost of development.

Rural Finance Insurance Fund At 30th June, 1984, the value of improvements insured was \$154.7 million and insurance fund reserves were increased by \$260,000 to \$3.09 million during the year.

Special Honour Members of the Commission and present and past members of Staff, were pleased to note the recognition of the services provided by Mr. I.K. Morton, the Commission's Chairman, to rural Victoria, when he was appointed a Member in the General Division of the Order of Australia.

All offer congratulations for this fitting honour.

Acknowledgements

The Commission is again very appreciative of the co-operation and assistance it has received from Banking Organizations, Pastoral Houses, Primary Producer Groups, State and Commonwealth Government Departments, and members of the accounting and consulting community.

The Commission has continued to receive the privilege of a good understanding and working relationship with organizations and people whose responsibilities also lie with serving the rural community.

With the demands of drought and fire accomplished, the Commission wishes to record its gratitude for the support given by its staff to meet the challenges presented during the year.



M.McG. SMITH Member

C.J. FOX Member

RURAL FINANCE COMMISSION
RURAL FINANCE FUND

BALANCE SHEET AS AT 30TH JUNE, 1984

	1983	1984
	\$	\$
RURAL FINANCE FUND (Note 2)	60,863,775	77,050,066
RURAL FINANCE INSURANCE FUND (Note 10)	2,833,066	3,094,359
	-----	-----
	63,696,841	80,144,425
	=====	=====
Represented by:		
<u>Current Assets</u>		
Cash at Bank and at State Treasury	392,808	262,094
Prepayments and Miscellaneous Debtors (Note 3)	27,472	66,142
Debtors for Insurance Premiums	37,437	32,947
Interest Due and Accrued	7,529,256	7,601,322
	-----	-----
	7,986,973	7,962,505
	-----	-----
<u>Investments</u> at cost (Notes 4 & 1(f))	22,780,529	42,201,166
	-----	-----
<u>Non-Current Assets</u>		
Debtors for Loans less Provision for Doubtful Debts (Notes 1(c) & 5)	199,462,848	209,139,321
Amount due under Contracts of Sale Residences, Office Equipment & Motor Vehicles at cost less Depreciation (Note 6)	6,062	-
	-----	-----
	578,948	724,450
	-----	-----
	200,047,858	209,863,771
	-----	-----
<u>TOTAL ASSETS</u>	230,815,360	260,027,442
	-----	-----
Less:		
<u>Current Liabilities</u>		
Sundry Creditors and Amounts in Suspense (Note 7)	858,309	453,311
Interest Accrued on Loan Liabilities	2,289,784	2,625,874
Insurance Claims Admitted but not Paid	162,981	70,123
Loan Liabilities Payable within 1 year (Note 8)	5,283,737	21,352,770
	-----	-----
	8,594,811	24,502,078
	-----	-----

LIABILITIES cont:

	1983	1984
	\$	\$
<u>Non-Current Liabilities</u>		
Loan Liabilities (Note 8)	144,169,960	145,137,082
Other Advances (Note 9)	8,143,052	3,624,022
Provision for Long Service Leave	571,459	584,707
Provision for Superannuation	5,639,237	6,035,128
	-----	-----
	158,523,708	155,380,939
	-----	-----
<u>TOTAL LIABILITIES</u>	167,118,519	179,883,017
	-----	-----
NET ASSETS	63,696,841	80,144,425
	=====	=====

RURAL FINANCE COMMISSION
RURAL FINANCE FUND

BALANCE SHEET AS AT 30TH JUNE, 1984

The accompanying notes form part of these accounts.

D.C. GRAHAM Accountant

We the under signed hereby certify that:

- (a) in our opinion the financial statements present fairly the financial transactions during the financial year and the financial position of the Commission at the end of the year.
- (b) at the date of signing we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

M.McG. SMITH Member

C.J. FOX Member

MELBOURNE
30th October 1984

Auditor General's Report

The accompanying financial statements comprising a Balance Sheet, Profit and Loss Statement, Statement of Sources and Applications of Funds and Notes to the financial statements of the Rural Finance Fund have been audited as required by Subsection (1) of Section 27 of the Rural Finance and Settlement Commission Act, 1961, and in accordance with Australian Auditing Standards.

In my opinion, the financial statements have been properly drawn up so as to present fairly the state of the affairs of the Rural Finance Fund as at 30th June, 1984, and the results of its operations for the year ended on that date.

MELBOURNE
31/10/1984.

B.J. WALDRON
Auditor-General

RURAL FINANCE COMMISSION
RURAL FINANCE FUND

PROFIT AND LOSS STATEMENT FOR YEAR ENDED 30TH JUNE, 1984

	1983	1984
<u>INCOME</u>	\$	\$
Interest Earned on Loans	18,232,737	21,400,386
Interest Earned on Fund Investments	1,318,287	2,135,997
Amount provided by Consolidated Fund pursuant to Act 6846 Sec.25 (5) as amended	305,316	295,732
Administration Costs Recouped from Rural Finance Insurance Fund	72,462	74,280
Other Income	465,182	361,383
	-----	-----
TOTAL INCOME	20,393,984	24,267,778
	-----	-----
Less: <u>EXPENSES</u>		
Interest Paid and Payable	8,306,708	9,428,731
Administration Costs		
Salaries (Note 13)	2,252,073	2,487,177
Other Administration Costs (Notes 11,12 & 13)	2,271,100	2,253,645
Costs of Administration for Soldier and Land Settlement (Note 1(e))	501,055	507,680
Costs of Administration for Rural Finance Insurance Fund	72,462	74,280
Discounts and Expenses on Loans	57,794	9,000
Provision For Doubtful Debts	1,099,489	-
	-----	-----
	14,560,681	14,760,513
	-----	-----
OPERATING PROFIT FOR YEAR ENDED 30TH JUNE 1984	5,833,303	9,507,265
Extraordinary Items:		
Less: Provision for Doubtful Debts in respect of former years for Natural Disaster Loans	103,458	-
Add: Provision for Doubtful Debts no longer required (Note 1(c))	-	5,113,752
	-----	-----
OPERATING PROFIT AND EXTRAORDINARY ITEMS FOR YEAR ENDED 30TH JUNE 1984	5,729,845	14,621,017
Plus: Non Operating Income Earned on Investments on Account of Provisions, Reserves and Insurance Fund:		
Provision for Long Service Leave	68,881	65,864
Provision for Superannuation	675,017	676,708
General Reserve	338,826	353,422
Rural Finance Insurance Fund	358,657	337,475
	-----	-----
	1,441,381	1,433,469
	-----	-----
PROFIT AND EXTRAORDINARY ITEMS FOR YEAR ENDED 30TH JUNE 1984 (carried forward)	7,171,226	16,054,486

PROFIT AND EXTRAORDINARY ITEMS FOR YEAR ENDED 30TH JUNE 1984 (brought forward)	7,171,226	16,054,486
Less: Transfers to:		
Provision for Long Service Leave	68,881	65,864
Provision for Superannuation	675,017	676,708
General Reserve	338,826	353,422
Rural Finance Insurance Fund	358,657	337,475
	-----	-----
	1,441,381	1,433,469
	-----	-----
	5,729,845	14,621,017
Plus: Retained profits from previous year	20,324	29,471
	-----	-----
BALANCE AVAILABLE FOR APPROPRIATION	5,750,169	14,650,488
Less: Appropriations:		
National Debt Sinking Fund Contribution	70,698	-
Transfer to Debtors Risk Reserve (Note 1(c))	-	5,113,752
Transfer to Loan Equalization Account	5,650,000	9,500,000
	-----	-----
	5,720,698	14,613,752
	-----	-----
BALANCE RETAINED PROFITS 30TH JUNE, 1984	29,471	36,736
	=====	=====

RURAL FINANCE COMMISSION
RURAL FINANCE FUND

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

	1983 \$	1984 \$
<u>SOURCES OF FUNDS</u>		
<u>Funds from Operations</u>		
Operating Profit	5,833,303	9,507,265
<u>Add (Subtract):</u>		
<u>Non-Cash Items</u>		
Depreciation	112,862	188,557
Provision for Long Service Leave	28,347	-
Provision for Doubtful Debts	1,089,424	-
Provision for Superannuation	453,805	474,075
Profit on Sale of Non-Current Assets	(1,049)	(7,128)
<u>Income Earned on Account of Provisions and Reserves</u>		
Long Service Leave	68,881	65,864
Superannuation	675,017	676,708
General Reserve	338,826	353,422
	8,599,416	11,258,763
<u>Decrease in Assets</u>		
Current Assets	-	135,204
Non-Current Assets	11,459	6,062
Proceeds from Sale of Non-Current Assets	33,883	77,733
<u>Increase in Liabilities</u>		
Current Liabilities	1,850,613	16,405,123
Non-Current Liabilities	43,062,299	967,122
Increase in Equity in National Debt		
Sinking Fund	398,286	-
Increase in Insurance Fund	60,750	261,293
Growth in Equity in Rural Finance Fund	-	1,211,852
	54,016,706	30,323,152
	54,016,706	30,323,152
<u>APPLICATIONS OF FUNDS</u>		
<u>Increase in Assets</u>		
Current Assets	2,732,098	110,736
Non-Current Assets	38,366,694	4,967,385
Investments at Cost	7,380,318	19,420,637
<u>Decrease in Liabilities</u>		
Current Liabilities	-	497,856
Non-Current Liabilities	-	4,519,030
Bad Debts in respect of former years		
for Natural Disaster Loans	1,845	-
Long Service Leave Paid	101,255	52,616
Superannuation Paid	682,023	754,892
National Debt Sinking Fund Contributions	70,698	-
Reduction in Equity in Rural Finance Fund	4,681,775	-
	54,016,706	30,323,152
	54,016,706	30,323,152

RURAL FINANCE COMMISSION

RURAL FINANCE FUND

Notes to and forming part of the accounts of the Rural Finance Commission in respect of the Rural Finance Fund for the year ended 30th June, 1984.

1. Accounting Policies.

- (a) The accompanying financial statements have been prepared in accordance with historical cost principles using the accrual basis, but modified as necessary in the case of State Government Agency and Carry on Schemes where the agreements under the scheme have been negotiated on a cash basis.

No significant changes in accounting policies have been made in the year, except as stated in (d), (e) and (f) below.

- (b) Depreciation is provided for fixed assets at varying rates so as to write the asset off over its anticipated useful life. Generally, Office Furniture, Leasehold Alterations and the costs of maintaining an effective operational information management system are charged against administration in the year of expense.
- (c) The Commission has reviewed its provision for doubtful debts. Primary industry is subject to dramatic fluctuations in commodity prices, seasons, exchange rates and interest rates. The Commission believes it prudent to make some allowance for the possibility of non repayment that may result in the event of such occurrences. Previously, a provision for doubtful debts has been established which has been based on the assessed risk for particular types of loans. However, as the Commission has not, to date, had a history of bad debts, it has this year established a Debtors' Risk Reserve in the Rural Finance Fund and the provision for doubtful debts has been written back to the Debtors' Risk Reserve as an extraordinary item in the Profit and Loss statement. The amount transferred to the Reserve is assessed as being adequate for the year.

- (d) The form of presentation of the Profit and Loss Statement and the Balance Sheet has been modified this year so as to give a more complete picture as to the state of the financial affairs of the Commission. These changes have involved some alterations to the previous years figures. In particular, Interest Earned on Provisions, Reserves and Insurance has been brought to account in the Profit and Loss Statement. The changes have not affected the operating profit for 1983, and have been done so as to give a meaningful comparison between the years.
- (e) The Rural Finance Fund as established under Section 25 of the Rural Finance and Settlement Commission Act has no rights to surpluses nor any obligation in respect to deficiencies under the Land Settlement Act 1959 or the Soldier Settlement Act 1958. The Commission is authorised to use the Rural Finance Fund to meet the costs of administering the two Acts, which this year was \$507,680 (\$501,055 - 1983). The Commission received \$295,732 (\$305,316 - 1983) from the Treasurer under Section 25(5) of the Rural Finance and Settlement Commission Act as a contribution towards such costs. The receipt from the Treasurer and the full administration cost are both shown in the Rural Finance Fund Profit and Loss Statement however, so as to give a fair view as to the state of the Soldier Settlement and Land Settlement Accounts the costs have also been shown against their respective activities and reflected as grants from the Rural Finance Fund.
- (f) The Treasurer of Victoria has this year altered the arrangements for repayments of the Commission's liability to the Treasurer in respect of the National Debt Sinking Fund i.e. loans made prior to 1970. The liability to the Treasurer has been fixed as at 1st July 1983 and payments of principal and interest are to be made over 20 years with interest being determined from time to time by the Treasurer and generally based on attaining, over a period, a rate which equates to the States average cost of funds. In arriving at this liability the Commission's equity in the National Debt Sinking Fund has been brought to account (Note 8.). At the time of making these arrangements a request was made by the Treasurer for the Commission to make a special repayment of principal on 31st July 1984 amounting to \$15 million.

2. Rural Finance Fund.

The Fund comprises the following:

	1983	1984
	\$	\$
General Reserve		
Balance as at 1st July	2,606,357	2,945,183
Plus: Interest earned	338,826	353,422
	-----	-----
Balance as at 30th June	2,945,183	3,298,605
	-----	-----
Debtors Risk Reserve (Note 1(c))	-	5,113,752
Equity realised in National Debt Sinking Fund (Note 1(f))	5,966,670	5,966,670
Loan Equalization Account		
Balance as at 1st July	17,430,000	23,080,000
Plus: Transfer from Appropriation Account	5,650,000	9,500,000
	-----	-----
Balance as at 30th June	23,080,000	32,580,000
	-----	-----
Balance Retained Profits as at 30th June	29,471	36,736
Non Repayable Portion of Advances Received from Commonwealth and State Governments: Rural Adjustment Scheme, Rural Reconstruction Scheme, and Dairy Adjustment Program		
Balance as at 1st July	31,769,964	26,669,236
Plus: Commonwealth proportion of advances received	574,280	977,920
Transfers from Rural Rehabilitation Fund	1,632	865
	-----	-----
	32,345,876	27,648,021
Less: Grants paid	47,000	16,667
Transfer of Natural Disaster advances to Repayable loans	5,629,640	-
	-----	-----
	5,676,640	16,667
Balance as at 30th June	26,669,236	27,631,354
Less: Amounts provided for Doubtful Debts other than from Profits		
Balance as at 1st July	1,737,355	1,590,945
Less: Reduction in Provision	146,410	-
	-----	-----
Balance as at 30th June	1,590,945	1,590,945
	-----	-----
	25,078,291	26,040,409
	-----	-----

<u>Rural Finance Fund</u> cont:	1983	1984
	\$	\$
Carry on Schemes - Beef, Dairy Adjustment, Wine Grape Growers, Canning Fruit Growers		
Balance as at 1st July	3,345,207	3,764,160
Plus: State proportion of Advances not Repayable	418,953	249,734
	-----	-----
Balance as at 30th June	3,764,160	4,013,894
	-----	-----
	60,863,775	77,050,066
	=====	=====

3. Prepayments and Miscellaneous Debtors.

	1983	1984
	\$	\$
Other Debtors	21,943	60,420
Salaries in Advance	5,529	5,722
	-----	-----
	27,472	66,142
	=====	=====

4. Investments.

Investments were held in the following approved securities
as at 30th June, 1984:

	1983	1984
	\$	\$
Deposits with Authorized Dealers-Short Term Money Market	2,050,000	2,800,000
Deposits with Victorian Development Fund	5,550,000	23,450,000
Deposits with Banks	9,650,000	14,550,000
Inscribed Stock Victorian Semi-Government Authorities	5,472,112	1,358,814
SEC Extension Deposits	58,417	42,352
	-----	-----
	22,780,529	42,201,166
	=====	=====

These Investments were in respect to the following:

Provision for Long Service Leave	571,459	584,707
Provision for Superannuation	5,639,237	6,035,128
General Reserve	2,945,183	3,298,605
Rural Finance Insurance Fund	2,833,066	3,094,359
	-----	-----
	11,988,945	13,012,799
Temporary Investments	10,791,584	29,188,367
	-----	-----
	22,780,529	42,201,166
	=====	=====

5. Debtors for Loans.

Amounts owing by borrowers for loans made by the Commission through
the Rural Finance Fund were as follows:

	1983	1984
	\$	\$
Rural Finance Act Part III	112,498,558	123,361,391
Rural Finance Act Part IV	6,187	5,380
Rural Reconstruction Scheme	17,354,382	15,121,639
Dairy Adjustment Program - Vats	483,439	115,471
- Carry on	32,484	3,029
- Other	3,775,149	2,985,841
Rural Adjustment Scheme	31,879,932	34,160,822
Beef Industry Assistance Carry on Scheme	684,329	241,986
General Government Agency Schemes	2,857,492	2,508,064
Natural Disaster Schemes	34,544,388	29,883,605
Fruitgrowing Reconstruction Schemes	460,260	752,093
	-----	-----
	204,576,600	209,139,321
Less: Provision for Doubtful Debts	5,113,752	-
	-----	-----
	199,462,848	209,139,321
	=====	=====

6. Residences, Office Equipment and Motor Vehicles.

	Cost	Accumulated Depreciation	Balance
	\$	\$	\$
Residences	215,756	81,476	134,280
Office Equipment	1,167,868	690,644	477,224
Motor Vehicles	124,676	11,730	112,946
	-----	-----	-----
	1,508,300	783,850	724,450
	=====	=====	=====

Depreciation for the year amounting to \$188,557 was charged against profits under the heading of Other Administration Costs.

7. Sundry Creditors and Amounts in Suspense.

	1983	1984
	\$	\$
Creditors for Administration Costs and Accrued Expenses	294,150	89,857
Interest Bearing Deposits from Borrowers	98,153	16,479
Amounts due to Commonwealth in respect of Carry on and other schemes	136,963	136,454
Amounts in Suspense	329,043	210,521
	-----	-----
	858,309	453,311
	=====	=====

8. Loan Liabilities including amounts payable within one year amounting to \$21,352,770 (\$5,283,737 - 1983)

	1983	1984
	\$	\$
Inscribed Stock issued by the Commission	6,906,208	8,704,019
Liability to the Treasurer of Victoria for:		
Advances under National Debt Sinking		
Fund Repayment Arrangements (Note 1(f))**	22,574,865	-
Other Advances repayable to the		
Commonwealth/State by Fixed Instalments:		
Rural Finance Act	15,094,511	37,367,940
Natural Disaster Schemes (Note 1(d))	39,935,233	53,447,853
Dairy Adjustment Program	6,544,778	5,501,741
Rural Reconstruction Scheme	25,693,279	23,974,341
Rural Adjustment Scheme	32,704,823	37,493,958
	-----	-----
	149,453,697	166,489,852
	=====	=====

** Details of the Loan Liability under the new repayment arrangements for the National Debt Sinking Fund loans prior to 1970, as determined by the Treasurer, for the 1st July, 1983, (Note 1(f)) are as follows:

		\$
Advances by Treasurer of Victoria under the Rural Finance Act		28,143,518
Add: Discounts and Expenses on Loans to 30th June, 1983		398,017

		28,541,535
Less: Realisation of equity in the National Debt Sinking Fund to 30th June, 1983. Comprising:		
Securities redeemed and purchased to 30th June, 1983	5,960,711	
Cash held in National Debt Sinking Fund as at 30th June, 1983	5,959	5,966,670
	-----	-----
		22,574,865
Less: Principal Repayments during the year		1,129,065

Net Liability (now included in amount repayable under the Rural Finance Act by fixed instalment):		21,445,800

9. Other Advances.

Repayments to the Treasurer of Victoria for the following advances are based upon repayments from borrowers, with the exception of Miscellaneous Advances which are advances held for current relief schemes which had not been expended as at 30th June, 1984.

	1983	1984
	\$	\$
Farmers' Debt Adjustment Act 1935	6,187	5,380
General Government Agency Schemes	2,674,353	2,229,670
Dairy Adjustment Program Carry on Loans	32,484	3,028
Beef Industry Assistance Carry on Loans	684,329	241,986
Wine Grape Growers Carry on Loans	3,090	1,500
Rural Adjustment Scheme Household Support	28,964	264,374
Canning Fruitgrowers Carry on Loans	127,338	89,121
Fruitgrowing Reconstruction Schemes	460,260	752,093
Miscellaneous Advances	3,281,434	36,870
Natural Disaster Advances	844,613	-
	-----	-----
	8,143,052	3,624,022
	=====	=====

10. Rural Finance Insurance Fund.

Details of the operations of the fund are as follows:

	1983	1984
	\$	\$
Balance as at 1st July	2,772,316	2,833,066
Add: Premiums Receivable	356,172	357,433
Interest on Investments	358,657	337,475
	-----	-----
	3,487,145	3,527,974
Less: Claims Admitted	458,324	240,359
Fire Authority Contributions	133,173	130,376
Administration Costs	73,853	74,280
	-----	-----
	665,350	445,015
	-----	-----
Add: Claims Recovered	2,821,795	3,082,959
	11,271	11,400
	-----	-----
Balance as at 30th June	2,833,066	3,094,359
	=====	=====

11. Provision for Long Service Leave

The Provision for Long Service Leave is based upon the liability of all officers with over ten years service and an entitlement to long service leave as at 30th June, 1984. This year it was found that the existing provision was adequate and as such no charge was made against profits under the heading Other Administration Costs (\$28,347 - 1983).

12. Provision for Superannuation.

An amount of \$474,075 was provided in the year and charged against profits under the heading of Other Administration Costs.

13. Administration Costs.

The administration costs of all schemes and funds including those administered on behalf of the Treasurer pursuant to Section 35 of the Rural Finance Act are met by the Commission through the Rural Finance Fund. Recoups received were in respect to the carry-on schemes shown below from repayments by borrowers and \$39,320 in respect to the Rural Adjustment Scheme from the Commonwealth.

The Commission has to administer many varied and diverse schemes from year to year. These schemes alter considerably in complexity and magnitude requiring flexibility in the Commission's utilization of its resources. The allocation of administration costs has been based on the results of the actual costs incurred in administering the various schemes and has been allocated on an activity basis. The comparative costs for the year reflect the varying level of activity. The allocation of administration costs over the various schemes is as follows:

	1983	1984
	\$	\$
Rural Finance General Business	1,120,577	2,068,252
General State Government Agency Schemes	95,894	110,964
Rural Adjustment Scheme	550,363	746,831
Rural Reconstruction Scheme	246,280	199,782
Natural Disaster Schemes	1,597,912	1,089,939
Dairy Adjustment Program	176,610	143,551
Commonwealth/State Carry-on Schemes	266,715	60,286
Commonwealth Drought Fodder Subsidies	468,822	217,443
Commonwealth Tree Pull Scheme	-	82,685
Commonwealth/State Apple and Pear Assistance	-	21,089
	-----	-----
Total Administration Costs		
Rural Finance Fund	4,523,173	4,740,822
	=====	=====

14. Loans to Borrowers

Loans advanced to borrowers during 1983/84 were made under the following Schemes:

	\$	\$
Rural Finance		
General Business	21,158,201	
Young Farmers Finance	714,999	
	-----	21,873,200
General State Government Agency		273,290
Natural Disaster		
Drought 1982	4,685,796	
Bushfire 1983	9,397,524	
Other	443,618	
	-----	14,526,938
Rural Adjustment		4,910,117
Fruit Growers		300,427

		41,883,972
		=====

Subsidies Paid

The subsidies that were paid under the various Natural Disaster Schemes in 1983/84 were:

	\$
Drought 1982 Fodder Subsidies	9,479,768
Drought 1982 Other	3,433,644
Bushfire 1983	199,457

	13,112,869
	=====

15. Contingent Liabilities.

(a) Loan Commitments

The Commission has a commitment to clients in respect of loans approved but not yet paid out of \$10,428,550.

(b) Leases Commitments

The Commission has a contingent liability in the form of leases over premises it occupies in Melbourne, Swan Hill, Warrnambool and Mildura. Commitments at 30th June, 1984, have been classified into the following categories to take into account the termination date of the lease including option renewals, but no allowance has been made for any increase or decrease in rental charges that may be negotiated at review dates.

	\$
Not later than one year	479,726
Later than one year and not later than two years	479,761
Later than two years and not later than five years	1,419,404
Later than five years	1,072,543

These figures do not include amounts that are payable in respect of premises the Commission occupies in the State Public Offices at Shepparton in respect of which no formal lease applies.

Total rental included in administration costs this year is \$538,787.

RURAL FINANCE COMMISSION
SOLDIER SETTLEMENT

BALANCE SHEET AS AT 30TH JUNE, 1984

	1983	1984
	\$	\$
ACCUMULATED DEFICIENCY (Note 2)	(34,796,058)	(10,961,266)
GRANTS PROVIDED FOR INTEREST AND COSTS OF ADMINISTRATION (Note 4)	33,532,144	13,398,756
	-----	-----
	(1,263,914)	2,437,490
	=====	=====
Represented by:		
<u>Current Assets</u>		
Cash at Bank due to Treasurer of Victoria	2,707	10,968
Interest Due and Accrued	93,538	82,852
	-----	-----
	96,245	93,820
<u>Non Current Assets</u>		
Debtors for Loans and Advances (Note 5)	13,997,715	12,849,874
	-----	-----
<u>TOTAL ASSETS</u>	14,093,960	12,943,694
Less:		
<u>Non Current Liabilities</u>		
Liability to Treasurer of Victoria (Note 3)	4,624,821	-
Loan Liability to Commonwealth Government	10,733,053	10,506,204
	-----	-----
<u>TOTAL LIABILITIES</u>	15,357,874	10,506,204
	-----	-----
NET ASSETS (LIABILITIES)	(1,263,914)	2,437,490
	=====	=====

RURAL FINANCE COMMISSION
SOLDIER SETTLEMENT

BALANCE SHEET AS AT 30TH JUNE, 1984

The accompanying notes form part of these accounts.

D.C. GRAHAM Accountant

We the under signed hereby certify that:

- (a) in our opinion the financial statements present fairly the financial transactions during the financial year and the financial position in respect of Soldier Settlement at the end of the year.
- (b) at the date of signing we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

M.McG. SMITH Member

C.J. FOX Member

MELBOURNE
30th October 1984.

Auditor General's Report

The accompanying financial statements comprising a Balance Sheet, Profit and Loss Statement, Statement of Sources and Applications of Funds and Notes to the financial statements of Soldier Settlement have been audited as required by Subsection (1) of Section 27 of the Rural Finance and Settlement Commission Act, 1961, and in accordance with Australian Auditing Standards.

In my opinion, the financial statements have been properly drawn up so as to present fairly the state of the affairs of Soldier Settlement as at 30th June, 1984, and the results of its operations for the year ended on that date.

MELBOURNE
31/10/1984.

B.J. WALDRON
Auditor-General

RURAL FINANCE COMMISSION
SOLDIER SETTLEMENT

PROFIT AND LOSS STATEMENT FOR YEAR ENDED 30TH JUNE, 1984

	1983	1984
<u>INCOME</u>	\$	\$
Interest Earned	280,435	262,287
Fees and Charges	3,616	3,804
	284,051	266,091
Less: <u>EXPENSES</u>		
Interest on Loan Liabilities (net)	602,588	402,490
Costs of Administration (note 1(d))	243,440	285,862
	846,028	688,352
OPERATING LOSS	(561,977)	(422,261)
Less: Extraordinary Item		
Realisation of Equity in National Debt Sinking Fund (Note 2 (c))	-	24,257,053
	(561,977)	23,834,792
Accumulated Deficiency from previous year	(34,234,081)	(34,796,058)
ACCUMULATED DEFICIENCY 30TH JUNE, 1984	(34,796,058)	(10,961,266)

RURAL FINANCE COMMISSION
SOLDIER SETTLEMENT

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

	1983 \$	1984 \$
<u>SOURCES OF FUNDS</u>		
<u>Funds from Operations</u>		
Operating Loss	(561,977)	(422,261)
<u>Add: Non-Cash Item</u>		
Costs of Administration	243,440	285,862
	-----	-----
	(318,537)	(136,399)
 <u>Decrease in Assets</u>		
Current Assets	11,158	10,686
Non-Current Assets	860,218	1,147,841
 <u>Increase in Liabilities</u>		
Non-Current Liability	317,490	-
 <u>Realisation of Equity in National Debt</u>		
<u>Sinking Fund</u>	-	24,257,053
	-----	-----
	870,329	25,279,181
	=====	=====
 <u>APPLICATIONS OF FUNDS</u>		
<u>Increase in Assets</u>		
Current Assets	361	8,261
 <u>Decrease in Liabilities</u>		
Non-Current Liabilities	869,968	25,270,920
	-----	-----
	870,329	25,279,181
	=====	=====

RURAL FINANCE COMMISSION
SOLDIER SETTLEMENT ACT 1958

Notes to and forming part of the accounts of the Rural Finance Commission in respect of Soldier Settlement for the year ended 30th June, 1984.

1. Accounting Policies.

- (a) The accompanying financial statements have been prepared in accordance with historical cost principles using the accrual basis.
- (b) Settlement under the provisions of the Soldier Settlement Act has been completed for a number of years and administration by the Rural Finance Commission is confined to collection of liabilities.
- (c) Having regard to the increase in farming land values since Purchase Lease liabilities were established and Single Unit loans were made it has not been considered necessary to make any provision for doubtful debts.
- (d) The administration costs of Soldier Settlement are paid out of the Rural Finance Fund but so as to show a fair view as to the costs of administering Soldier Settlement the cost of administration is also shown against the costs in the Profit and Loss Statement. The Rural Finance Fund as established under Section 25 of the Rural Finance and Settlement Commission Act has no rights to surpluses nor any obligation in respect to deficiencies under the Soldier Settlement Act 1958. The Commission is authorised to use the Rural Finance Fund to meet the costs of administering Soldier Settlement and meets all administration costs but receives a contribution towards such costs from the Treasurer as provided for in Section 25(5) of the Rural Finance and Settlement Commission Act.

The amounts provided for interest and costs of administration were previously shown as a liability in the Balance Sheet but this year have been shown as a grant so as to more accurately reflect the situation where the amounts provided for interest and administration are not recoverable. Further amounts provided by the State towards interest and debt charges may be reduced by future collections of principal and interest.

2. Accumulated Deficiency.

The Accumulated Deficiency is due mainly to the provisions of the agreement between the Commonwealth and the State of Victoria and of State Legislation designed to assist the establishment of discharged soldiers on the land. The effect of these provisions is as follows:

	\$
(a) Remissions of Rent and Interest - During the early stages of occupation referred to in the agreement as the Assistance Period, all interest and rent charges were remitted. The cost was shared equally by the Commonwealth and State Governments. The total State share included in the Accumulated Deficiency is:	378,359
(b) The Act fixed the rate of interest to be charged to settlers at 2% per annum. Having regard to the interest rate payable on loan moneys the reduced rate is estimated to be a statutory concession of:	23,579,142
(c) The costs of administration of the Acts have also been borne by the State directly or from 1st July, 1963 through the Rural Finance Fund. Costs to date are:	10,788,352
Estimated Total Cost of Concessions	34,745,853
Add: Capital Expenses not borne by estates	1,352,282
	36,098,135
	36,098,135

The above amount has been partially offset by the net profit on past operations and the transfer this year of the equity in the National Debt Sinking Fund* as at 1st July, 1983. to give a total net deficiency of \$(10,961,266)

- * The Treasurer of Victoria has this year decided to bring into account the National Debt Sinking Fund equity attributable to the advances as at 1st July, 1983. The total equity in respect of Soldier Settlement amounts to \$30,011,765. of which \$5,754,712 is attributable to the amount previously written off and borne by State under Section 53 of the Soldier Settlement Act, 1958. The equity in respect of Soldier Settlement is \$24,257,053, which has been directly applied against the accumulated deficiency.

The realisation of the equity has resulted in the extinguishing of the Commission's Loan Liability to the Treasurer of Victoria in respect of Soldier Settlement. This has created a surplus in Consolidated Fund Loan Repayments as at 1st July, 1983, of \$19,635,325, which together with \$906,646. for 1983/84 brings the total to \$20,541,971, which has been applied against the amounts provided for interest and costs of administration (Note 4).

3. Liability to Treasurer of Victoria.

The Liability consists of amounts as detailed below:

	1983	1984
	\$	\$
Amounts Advanced	116,891,334	116,891,334
Less: Amounts transferred and borne by State under Section 53 of the Soldier Settlement Act 1958 reduced by amounts received from the Commonwealth		
Government for Capital Contributions	22,922,413	22,922,413
Repayments	89,347,193	89,347,193
Realisation of equity in National Debt Sinking Fund	-	24,257,053
	-----	-----
	112,269,606	136,526,659
	-----	-----
	4,621,728	(19,635,325)
Add: Liability for Crown Lands taken over	3,093	-
Transfer of Surplus Loan Repayments as at 1st July, 1983, to Grants provided for Interest and Costs of Administration	-	19,635,325
	-----	-----
Net Liability	4,624,821	-
	=====	=====

4. Grants Provided for Interest and Costs of Administration.

	1983 \$	1984 \$
Grants Provided by Consolidated Fund for Costs of Administration to 30th June, 1963 and for Interest charges less repayments of interest and other income to the Fund as at 30th June, 1983	27,864,196	28,181,686
Add: Interest on Loan Liabilities for year	602,588	402,490
	-----	-----
	28,466,784	28,584,176
Less: Interest and fees received from debtors and paid to the Treasurer of Victoria for the year	285,098	279,769
Transfer of Surplus Consolidated Fund Loan Repayments as at 30th June, 1984 (Notes 1(d), 2(c))	-	20,541,971
	-----	-----
	285,098	20,821,740
	-----	-----
	28,181,686	7,762,436
Grants from the Rural Finance Fund for Costs of Administration since 1st July, 1963 as at 30th June, 1983	5,107,018	5,350,458
Administration Costs provided from Rural Finance Fund for the Year	243,440	285,862
	-----	-----
	33,532,144	13,398,756
	=====	=====

5. <u>Debtors for Loans.</u>	1983		1984
	\$	\$	\$
Settlers' Liabilities under Purchase Leases		5,961,067	
Less: Settlers' Credit Accounts		155,499	
	6,708,449	-----	5,805,568
Settlers' Liabilities for Purchase Leases converted to Mortgages under Section 67A of the Soldier Settlement Act 1958	5,077,898		5,025,589
Settlers' Liabilities under Mortgages pursuant to Part VII of the Soldier Settlement Act 1958 (Single Unit Loans)		2,049,336	
Less: Mortgagors' Credit Accounts		30,619	
	2,211,368	-----	2,018,717
	-----		-----
	13,997,715		12,849,874
	=====		=====

RURAL FINANCE COMMISSION
LAND SETTLEMENT

BALANCE SHEET AS AT 30TH JUNE, 1984

	1983 \$	1984 \$
ACCUMULATED SURPLUS (DEFICIENCY) (Note 2)	(2,659,705)	2,366,182
GRANTS PROVIDED FOR INTEREST AND COSTS OF ADMINISTRATION (Note 9)	9,254,019	8,537,100
	6,594,314	10,903,282
	6,594,314	10,903,282
Represented by:		
<u>Current Assets</u>		
Interest Due and Accrued	342,537	354,744
Cash at Bank due to Treasurer of Victoria	2,517	6,927
Livestock Proceeds held in Treasury		
Trust Fund	855,610	585,869
Livestock at Valuation (Note 5)	227,870	227,045
	1,428,534	1,174,585
	1,428,534	1,174,585
<u>Non Current Assets</u>		
Debtors for Loans (Note 3)	15,800,908	15,495,071
Land and Improvements at Cost	3,258,096	2,718,758
Working Plant and Vehicles at Cost less Depreciation (Note 4)	56,259	41,719
	19,115,263	18,255,548
	19,115,263	18,255,548
<u>TOTAL ASSETS</u>	20,543,797	19,430,133
	20,543,797	19,430,133
Less:		
<u>Non Current Liabilities</u>		
Liability to Treasurer of Victoria (Note 8)	13,949,483	8,526,851
<u>TOTAL LIABILITIES</u>	13,949,483	8,526,851
	13,949,483	8,526,851
NET ASSETS (Note 2)	6,594,314	10,903,282
	6,594,314	10,903,282

RURAL FINANCE COMMISSION
LAND SETTLEMENT

BALANCE SHEET AS AT 30TH JUNE. 1984

The accompanying notes form part of these accounts.

D.C. GRAHAM Accountant

We the under signed hereby certify that:

- (a) in our opinion the financial statements present fairly the financial transactions during the financial year and the financial position in respect of Land Settlement at the end of the year.
- (b) at the date of signing we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

M.McG. SMITH Member

C.J. FOX Member

MELBOURNE
30th October 1984.

Auditor General's Report

The accompanying financial statements comprising a Balance Sheet, Profit and Loss Statement, Statement of Sources and Applications of Funds and Notes to the financial statements of Land Settlement have been audited as required by Subsection (1) of Section 27 of the Rural Finance and Settlement Commission Act, 1961, and in accordance with Australian Auditing Standards.

In my opinion, the financial statements have been properly drawn up so as to present fairly the state of the affairs of Land Settlement as at 30th June, 1984, and the results of its operations for the year ended on that date.

MELBOURNE
31/10/1984.

B.J. WALDRON
Auditor-General

RURAL FINANCE COMMISSION
LAND SETTLEMENT

PROFIT AND LOSS STATEMENT FOR YEAR ENDED 30TH JUNE, 1984

	1983	1984
<u>INCOME</u>	\$	\$
Interest and Other Income earned	1,018,407	1,104,485
Profit on Livestock Trading (Note 6)	220,031	115,317
Surplus on Sale of Land (Note 7)	1,328,281	525,155
	-----	-----
TOTAL INCOME	2,566,719	1,744,957
	-----	-----
Less: <u>EXPENSES</u>		
Interest on Loan Liability (Net)	661,821	463,137
Costs of Administration (Note 1(e))	257,615	221,818
Discounts and Expenses on Renewal Loans	35,540	-
	-----	-----
	954,976	684,955
	-----	-----
OPERATING PROFIT	1,611,743	1,060,002
 Add: Extraordinary Item		
Realisation of Equity in National Debt Sinking Fund (Note 2)	-	3,965,885
	-----	-----
OPERATING PROFIT AND EXTRAORDINARY ITEM	1,611,743	5,025,887
Accumulated Surplus (Deficiency) from the previous year	(4,271,448)	(2,659,705)
	-----	-----
ACCUMULATED SURPLUS (DEFICIENCY) 30TH JUNE, 1984	(2,659,705)	2,366,182
	=====	=====

RURAL FINANCE COMMISSION
LAND SETTLEMENT

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

	1983 \$	1984 \$
<u>SOURCES OF FUNDS</u>		
<u>Funds from Operations</u>		
Operating Profit	1,611,743	1,060,002
<u>Add (Subtract); Non-Cash Items</u>		
Depreciation	14,008	13,523
Costs of Administration	257,615	221,818
Profit on Sale of Non-Current Assets	(8,902)	(791)
	-----	-----
	1,874,464	1,294,552
 <u>Decrease in Assets</u>		
Current Assets	200,366	270,566
Non-Current Assets	793,138	845,175
Proceeds from Sale of Non-Current Assets	16,935	1,919
 <u>Realisation of Equity in National Debt Sinking Fund</u>		
	-	3,965,885
	-----	-----
	2,884,903	6,378,097
	=====	=====
 <u>APPLICATIONS OF FUNDS</u>		
<u>Increase in Assets</u>		
Current Assets	57,051	16,617
Non-Current Assets	435,130	111
 <u>Decrease in Liabilities</u>		
Non Current Liabilities	2,392,722	6,361,369
	-----	-----
	2,884,903	6,378,097
	=====	=====

RURAL FINANCE COMMISSION

LAND SETTLEMENT ACT 1959

Notes to and forming part of the accounts of the Rural Finance Commission in respect of Land Settlement for the year ended 30th June, 1984.

1. Accounting Policies.

- (a) The accompanying financial statements have been prepared in accordance with historical cost principles using the accrual basis.
- (b) Depreciation on Land Settlement assets is provided for at various rates so as to write off the asset over its useful life.
- (c) By legislation enacted in 1977 alternate procedures for the disposal of land developed for settlement have been available to the Rural Finance Commission. Under these procedures land has been disposed of by way of sale by tender and auction (Note 7). Pending disposal, livestock operations are being carried out on the land (Note 6).
- (d) Having regard to the increase in farming land values since Purchase Lease liabilities were established, and to the 40% deposit or more required in respect to land sold by the Commission it has not been considered necessary to make provision for doubtful debts.
- (e) The administration costs of Land Settlement are paid out of the Rural Finance Fund but so as to show a fair view as to the costs of administering the Land Settlement Scheme the cost of administration is also shown against the costs in the Profit and Loss Statement. The Rural Finance Fund as established under Section 25 of the Rural Finance and Settlement Commission Act has no rights to surpluses nor any obligation in respect to deficiencies under the Land Settlement Act 1959. The Commission is authorised to use the Rural Finance Fund to meet the costs of administering Land Settlement and meets all administration costs but receives a contribution towards such costs from the Treasurer as provided for in Section 25(5) of the Rural Finance and Settlement Commission Act.

The amounts provided for interest and costs of administration were previously shown as a liability in the Balance Sheet but this year have been shown as a grant so as to more accurately reflect the situation where the amounts provided for interest and administration are not recoverable. Further amounts provided by the State towards interest and debt charges may be reduced by future collections of principal and interest.

2. Accumulated Surplus.

The deficit accumulated prior to 1st July, 1983 was mainly brought about by the provisions of the Land Settlement Act 1959 which was designed to establish settlers on the land. The concessional interest fixed by the Act to apply to a settlers liability under Purchase Lease has been insufficient to meet the cost of money borrowed and the administration costs applicable. Estimated cost of concessions to date are as follows:

	\$
Interest Concessions-the net loss on account of interest since 1st July, 1966 amounts to:	5,353,421
The costs of administration of the Act borne by the State directly or since 1st July, 1963 through the Rural Finance Fund amounts to:	5,543,035

Total Estimated Cost of Concessions	10,896,456
	=====

These concessions have been off set by profits on livestock operations and sale of land and the transfer this year of the equity in the National Debt Sinking Fund* as at 1st July, 1983, resulting in a net surplus of \$2,366,182.

* The Treasurer of Victoria has this year decided to bring into account the National Debt Sinking Fund equity attributable to the advances as at 1st July, 1983. The total equity in respect of Land Settlement amounts to \$4,437,224, of which \$471,339 is attributable to the amount previously written off and borne by State under Section 41 of the Land Settlement Act, 1959. The Commission's equity in respect of Land Settlement is \$3,965,885, which has been directly applied against the accumulated deficiency as at 30th June, 1983

3. Debtors for Loans.

	1983	1984
	\$	\$
Settlers' Liabilities under Purchase Leases	9,125,905	8,439,255
Less: Settlers' Credit Accounts	116,955	110,624
	-----	-----
	9,008,950	8,328,631
Settlers' Liabilities under Purchase Leases Converted to Mortgages under Section 23(2) of the Land Settlement Act 1959	694,480	640,081
Settlers' Liabilities for Advances made for Stock, Plant, and Improvements	18,664	5,246
Amounts due from Purchasers of Land under Contracts of Sale	3,369,984	3,691,556
Amounts due from Purchasers of Land under Mortgages	2,708,830	2,829,557
	-----	-----
	15,800,908	15,495,071
	=====	=====

4. Working Plant and Vehicles.

	Cost	Accumulated Depreciation	Balance
	\$	\$	\$
Motor Vehicles	61,464	38,881	22,583
Plant & Equipment	68,041	48,905	19,136
	<u>129,505</u>	<u>87,786</u>	<u>41,719</u>
	=====	=====	=====

Depreciation for the year 1983/84 amounting to \$13,523 was charged against Livestock Trading.

5. Livestock at Valuation.

Cattle have been valued at a consistent level at the beginning and end of the financial year. Rates adopted are \$10 per head in respect of calves, and \$55 per head in respect of all other cattle. Cattle on hand as at 30th June, 1984 were as follows:

	\$
1,480 Calves @ \$10	14,800
3,859 Cattle @ \$55	212,245
<u>5,339</u>	<u>227,045</u>
=====	=====

The average selling price received for livestock during the year was \$383.32, per head with most stock being sold for slaughter as fat cattle.

6. Profit on Livestock Trading.

Operating details of Livestock Trading are as follows:

	1983	1984
	\$	\$
Sales	931,148	638,532
	=====	=====
Gross Profit	847,011	599,797
Less: Operating Expenses	626,980	484,480
	<u>220,031</u>	<u>115,317</u>
Net Profit for Year	=====	=====

Operating Expenses include the cost of pasture and property maintenance which in the year amounted to \$229,473 (\$300,829 - 1983). Proceeds received from cattle sales are paid to the Treasurer of Victoria, firstly in repayment of loan funds advanced for livestock operations and secondly as general revenue.

7. Surplus on Sale of Land.

Sales of land finalised during the year at Heytesbury under Sections 5 and 5A of the Land Settlement Act 1959 totalled \$1,158,382 (\$2,292,460 - 1983). Surpluses realized for the year over the cost of the land and improvements in the books of the Commission amounted to \$525,155 (\$1,328,281 - 1983). Terms of sales made during the year included a deposit of 40% of the Purchase price with the balance repayable over 10 years with interest at 13.0% per annum. Two of the lots were sold by auction on a deposit of 50%.

Under provisions of the Act surpluses on sales made under Section 5A totalling \$6,217,341 to date are applied against the Accumulated Deficiency and are not applied against amounts previously transferred and borne by the State pursuant to Section 41 of the Act (Note 8). These amounts previously transferred pursuant to Section 41 represent the difference between the gross costs of allotments including public roading and other indirect costs, and the Purchase Lease liabilities of settlers.

The net capital surplus on land development to date is as follows:

Surpluses on sales of land under Section 5A of the Act	\$ 6,217,341
Less: Amounts transferred and borne by the State under Section 41 of the Land Settlement Act 1959	4,811,016
	----- 1,406,325 =====

Receipts in respect of sales are paid to the Treasurer of Victoria.

8. Loan Liability to Treasurer of Victoria.

	1983	1984
	\$	\$
Amounts Advanced	45,291,258	45,862,284
Less: Amounts transferred and borne by State under Section 41 of the Land Settlement Act 1959	4,811,016	4,811,016
	----- 40,480,242	----- 41,051,268
Less: Repayments	27,366,489	29,391,862
Realisation of equity in National Debt Sinking Fund	-	3,965,885
	----- 27,366,489	----- 33,357,747
Add: Liability for Crown Lands taken over	13,113,753	7,693,521
Liability to Consolidated Fund for Interest Capitalized	13,252	10,852
	----- 822,478	----- 822,478
	----- 13,949,483	----- 8,526,851 =====

9. Grants Provided for Interest and Costs of Administration.

	1983 \$	1984 \$
(a) Grants provided by Consolidated Fund for Costs of Administration to 30th June, 1963 and for interest charges less payments made to 30th June, 1983	5,210,305	4,559,200
Add: Interest Charged on Loan Liabilities during year	661,821	463,137
	-----	-----
	5,872,126	5,022,337
	-----	-----
Less: Interest received from Debtors and paid to Treasurer of Victoria during year	964,008	1,088,877
Cash Surplus on Livestock operations for the year	336,079	295,126
Cash Surplus on Land Sales for the year	12,839	17,871
	-----	-----
	1,312,926	1,401,874
	-----	-----
	4,559,200	3,620,463
	-----	-----
(b) Grants from the Rural Finance Fund for Costs of Administration from 1st July, 1963 to 30th June, 1983	4,437,204	4,694,819
Add: Costs of Administration during the year met from Rural Finance Fund	257,615	221,818
	-----	-----
	4,694,819	4,916,637
	-----	-----
	9,254,019	8,537,100
	=====	=====

RURAL FINANCE COMMISSION

SUMMARY OF RESULTS 1983/1984

	EXPENDITURE ETC DURING YEAR 1983/1984 \$	TOTAL TO 30TH JUNE 1984 \$	BALANCE OUTSTANDING 30TH JUNE 1984 \$
PART 111 RURAL FINANCE ACT			
Primary Loans	19,630,850	199,680,853	112,072,022
Fishing Loans	182,416	2,259,380	1,166,547
Secondary Loans	1,123,473	29,495,596	4,918,448
Salinity Loans	206,443	2,119,971	1,722,914
Young Farmers Finance	714,999	3,951,203	3,481,460
TOTAL	21,858,181	237,507,003	123,361,391
SECTION 35 RURAL FINANCE ACT			
Primary Loans (Including Natural Disasters)	12,734,841	65,179,389	27,464,836
Secondary, Tourist & Natural Disaster Small Business Loans	2,080,407	12,178,433	4,926,833
Grants & Subsidies	13,112,869	62,911,557	-
Special Canneries Assistance Loans	-	8,450,388	-
TOTAL	27,928,117	148,719,767	32,391,669
RURAL RECONSTRUCTION SCHEME			
Debt Reconstruction	-	25,624,956	4,741,160
Farm Build-Up	-	26,237,921	10,380,479
Rehabilitation	-	52,600	-
TOTAL	-	51,915,477	15,121,639
DAIRY ADJUSTMENT PROGRAM			
Bulk Milk Vats	-	9,034,451	115,471
Carry-On Loans	-	5,349,204	3,029
Other Loans, etc.	-	9,211,824	2,985,841
Rehabilitation	-	30,000	-
TOTAL	-	23,625,479	3,104,341
RURAL ADJUSTMENT SCHEME			
Debt Reconstruction	859,000	9,325,169	5,917,000
Farm Build-Up	2,806,367	32,136,933	24,698,357
Farm Improvement Loans	972,274	4,186,628	3,121,312
Wine Grape Growers Carry-On	-	21,500	1,500
Household Support	257,475	425,170	282,604
Rehabilitation	15,000	72,666	40,000
Salinity	-	12,000	10,928
TOTAL	4,910,116	46,180,066	34,071,701

BEEF INDUSTRY ASSISTANCE SCHEME	-	4,101,820	241,986
FRUIT GROWING RECONSTRUCTION SCHEME	-	1,699,759	-
CANNING FRUIT GROWERS SCHEME	278,457	730,123	730,123
	-	135,500	89,121
Apple & Pear Assistance	21,970	21,970	21,970
TOTAL	300,427	887,593	841,214
SOLDIER SETTLEMENT	-	23,917,339	2,018,717
Single Unit Loans	-	2,432,592	-
Assistance Period Allowances	-	3,593,702	-
Commonwealth Agricultural Loans	-	-	-
Advances for Stock, Plant, Equipment and Working Expenses	-	12,568,333	-
Purchase Leases Granted	-	57,402,664	5,805,568
Mortgages under Section 67A	-	-	5,025,589
TOTAL	-	99,914,630	12,849,874
LAND SETTLEMENT	-	1,846,729	5,246
Advances for Stock, Plant equipment and Working Expenses	-	21,556,213	8,328,631
Purchase Leases Granted	-	-	640,081
Mortgages under Section 23	-	61,991	-
Contracts of Sale	-	12,136,422	5,882,134
Disposals of Land - Section 5A	1,158,382	-	-
TOTAL	1,158,382	35,601,355	14,856,092
TOTAL	56,155,223	650,152,949	236,839,907

Officers who have completed Statements of Pecuniary Interests.
The following senior officers have completed statements of
pecuniary interests.

I.K. Morton, A.M., Chairman
M.McG. Smith, Member
C.J. Fox, Member
F.A. Butler, Secretary
V.E. Leizerovitz, Deputy Secretary
D.H. Livingston, Manager Systems Development
D.C. Graham, Accountant and Manager Administration
R.J. Knight, Chief Valuer and Manager Loans Branch
J.A. Edmonds, Manager Securities Branch
S.E. Beaman, Manager EDP Branch