

VICTORIA

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*Report*

of the

**RURAL FINANCE COMMISSION**

for the

Year ended 30 June 1985

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*Ordered by the Legislative Assembly to be printed*

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MELBOURNE  
F D ATKINSON GOVERNMENT PRINTER  
1985

*Rural Finance  
Commission*

**1984/1985**

**ANNUAL REPORT AND STATEMENT OF ACCOUNTS**

**VICTORIA**  
**REPORT OF THE**



**RURAL FINANCE COMMISSION**

**FOR THE**  
**PERIOD FROM 1ST JULY, 1984, TO 30TH JUNE, 1985.**

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.”

**Ordered by the Legislative Assembly to be printed**





# RURAL FINANCE COMMISSION

## SENIOR MANAGEMENT

### Members of Commission

IAN K. MORTON, A.M., B.Com. Chairman  
MALCOLM McG. SMITH, A.A.I.V. Member & General Manager  
C. JOHN FOX Member & Manager Operations & Development

### Secretary Executive

FRANCES A. BUTLER  
DUGALD C. GRAHAM, Dip.Ag.Sci., B.Ec., A.A.I.V., A.A.S.A. Manager, Administration & Corporate Development  
ROBERT J. KNIGHT, F.A.I.V., Dip.Ag. Sci. Manager Lending  
DAVID R. LANGLEY, B.Ec., A.A.S.A., A.C.A. Accountant  
ROBERT C. DOUGLAS, A.A.I.V. Chief Valuer  
JOSEPH A. EDMONDS, LL.B. Solicitor  
SHARON E. BEAMAN, B.Ec. E.D.P. Manager

### Regional Officers & Locations

MARK F. McLOUGHLAN, A.A.I.V. Dunoon's Building, 270 Campbell Street, Swan Hill, Vic. 3585  
North Western Region 31-33 Deakin Avenue, Mildura, Vic. 3500  
GEOFF E. WALSGOTT, L.D.A. State Public Offices, Welsford Street, Shepparton, Vic. 3630  
North Eastern Region  
HEC. A. FISHER T. & G. Building, Liebig Street, Warrnambool, Vic. 3280  
Western Region  
BRUCE M. DWERRYHOUSE 325 Collins Street, Melbourne, Vic. 3000  
Gippsland & Central Regions

### Head Office

325 Collins Street,  
Melbourne, Vic. 3000



# RURAL FINANCE COMMISSION

The Honourable R. A. Jolly, M.P., Treasurer of Victoria,

The Rural Finance Commission submits herewith its 24th Annual Report for the year ended 30th June, 1985.

Dear Treasurer,

On behalf of the Commission, the Management and Staff, it gives me great pleasure to report that the Commission, during the 1984/85 fiscal year continued its policy of ongoing help and commitment to the development and stability of rural Victoria.

In this period new procedures and systems have been introduced, to further improve available services.

A significant profit has been achieved to help the ongoing investment and growth in rural Victoria.

In spite of some encouraging developments, the overall market influences during the period, have had a negative effect on a number of rural industries across Australia.

The following outlines some of the influences during 1984/85 which have contributed to a trend against profitability and confidence.

Export Opportunities: Rural industries relying on export were faced with well supplied and in many cases oversupplied markets.

Customers and potential customers with the resources to pay, had a range of alternative suppliers from which to choose. Political considerations often weighed heavily in the final decision of the purchaser. Heavy subsidization of overseas competitors' products by their respective governments gave rise to price cutting and aggravated the oversupply situation.

With the reduction and/or loss of export sales the affected rural industries now face an adjustment in production targets which tend to create a negative ripple effect across the broader rural base.

Costs: Costs of production have risen in spite of competitive market dictates. Additionally, interest rates continued to rise in a financial market which was liquid but increasingly expensive.

De-regulation: The projected entry of new banks into the Australian economy saw a period of intense competition between existing banks which competed strongly with each other not only to gain business, but also to consolidate good relations with their existing customers.

The competitive situation of the finance market generally set a climate in which it was easy for borrower and lender to make mistakes.

These factors have occurred at a time of relative growth in the non-farm sector of the economy, and have led to a measure of concern in the rural communities that farmers' difficulties are not understood and that the importance of primary production's role in maintaining export earnings is not properly appreciated.

It is in the above environment the Rural Finance Commission has continued to counsel and provide supplementary finance. This was not, however, in competition with finance provided by normal commercial sources.

Emphasis was placed on encouragement of productivity and innovation, with increased support of the younger, more versatile rural entrepreneur, with a track record of efficiency and discernment.

To meet increased calls which appeared inevitable in the period ahead because of restricted cash flows for much of the rural industry, the Commission saw it better to remain liquid than to compete. Additionally, more aggressive lending by the banking system, coupled with uncertainty by farmers to borrow, due to a less confident outlook for the rural sector, resulted in the Commission ending the year with high liquidity.

The Commission has been able to hold its interest charges to borrowers within reasonable bounds by not moving upwards with every movement in the market, but at the same time keeping long term market trends in view. Regard to special schemes of assistance with concessional interest as a component, at least for part of the period of the loan, has been maintained throughout the year.

Following my retirement as Chairman and Chief Executive Officer in October 1984, Mr. Malcolm Smith was appointed the Commission's General Manager and retained his appointment as a Member of the Commission.

Subsequently, I was invited, and was pleased to accept, appointment as Chairman of the Commission on a part time basis for a period of one year from 15th January 1985.

To my colleagues, Mr. Malcolm Smith and to Mr. John Fox, I extend my sincere thanks and appreciation for their contribution.

The Commission and its staff have devoted considerable time and energy during the year to creating an improved electronic data processing facility.

Our existing facility was initiated ten years ago and allowed the Commission to meet all the challenges of the period, including enormous additional workloads during the severe drought and bushfires of 1983. It also permitted the introduction of computer facilities in our country branches, allowing for faster and more decentralized decision making as well as better service to our clients.

There were limitations to further enhancements and so a decision was made to develop and specially tailor to the Commission's requirements a new system embodying the most recent developments in computer technology. In line with policy, the Commission will build into the new system a reserve of capacity and a degree of flexibility which will allow for a rapid expansion of activity when such calls are made.

The Commission gratefully acknowledges the enthusiasm with which our staff have approached the year's work. We also gratefully acknowledge the help the Commission has received from the Victorian Farmers and Graziers Association, and its affiliates, the various Government Departments with which we work and the banking and pastoral house fraternity, whose confidence and trust we have been privileged to enjoy which is so essential to our work.

We thank you, Sir, and your officers for co-operation and helpful advice.

We trust that you will share with us our satisfaction in being able to report a year of service and development as well as a profit of \$12,888,681, which will greatly enhance the Commission's financial flexibility and capacity for what may prove a challenging year for rural Victoria.

Yours sincerely,



I. K. MORTON  
Chairman

## BACKGROUND

The Rural Finance Commission is a statutory corporation established by the Rural Finance and Settlement Commission Act 1961. The Commission is charged with administration of three Acts, the Rural Finance Act 1958, the Land Settlement Act 1959 and the Soldier Settlement Act 1958.

The majority of the Commission's activity today is the provision of finance to the rural sector at, or near, commercial rates of interest. It also has the responsibility for administration of monies on behalf of the Treasurer of Victoria for special purposes such as natural disasters, industries suffering a market downturn and the like.

In developing its lending programmes, the Commission has several major operational objectives. The first is to assist in the establishment and development of rural activities which maximize the utilization of Victoria's natural resources. At the same time, it is important for the Commission to assist in retaining efficient farming industries, whilst giving every opportunity for the introduction and use of new technology.

The second objective encompasses the development of viable rural based enterprises.

To successfully accomplish these goals, the Commission carefully evaluates farms and businesses, human resources are taken into consideration, and the Commission always acts in favour of growth and increased productivity.

In pursuing these responsibilities the Commission has become an established developmental organization within Victoria with significant influence on rural primary production and complementary secondary industry.

During the financial year ending 30th June, 1985, the Commission approved loans amounting to \$31.264 million. At 30th June, 1985, loans outstanding amounted to \$212 million which the Commission estimates represents some 16.3% of the longer term institutional debt in rural Victoria. This is probably the lowest proportion of total debt for some years, reflecting greater availability of funds consequent upon de-regulation.

As Agent for the Treasurer of Victoria, the Commission has responsibility for administering the Rural Adjustment Scheme. This is a Commonwealth scheme and has been in existence since 1977. It allows for loans to farmers, pursuant to the States Grants Rural Adjustment Act, for such purposes as Debt Reconstruction, Farm Build-up or Farm Improvement. To receive rural adjustment finance farmers are required to be in need of the assistance and meet eligibility criteria detailed in the Act, the principal criteria being that the farming operation has prospects to return to commercial type financing.

The scheme also provides welfare assistance in the form of Household Support and Rehabilitation for primary producers who do not have a long term future in the industry and who are in need of assistance to alleviate hardship.





## **REPORT ON OPERATIONS FOR THE YEAR**

The Commission's role requires it to be sensitive to trends and the future outlook of Victoria's rural industry. Rationalization of farms is continuing with farm sizes getting bigger while the number engaged in farming is tending to reduce as a percentage of the workforce. Farmers with smaller properties are finding it increasingly difficult to generate sufficient income to support a family. Despite difficulties a continuing number seek to own a farm as part of the family income structure. A high level of debt in today's financial environment challenges the most efficient operation, made worse if the operation is too small or otherwise not up to standard.

A substantial devaluation of the Australian dollar following de-regulation of the currency markedly helped returns for exporters.

Wool growers enjoyed better prices while beef producers received improved returns. Immediate prospects for both activities appear stable although there are problems in the mutton and fat lamb area.

For wheat growers, the drought of 1982 was followed by a record season in 1983. The 1984 season was only fair in some areas and prospects for the 1985 season are not encouraging in some districts which had lighter than average yields in 1984.

International wheat markets are increasingly competitive with heavily subsidized grain from the European Economic Community moving into markets developed by other exporters. The United States of America is responding with a competitive vigor made possible by considerable support from government.

These factors, together with a weakening of overseas prices and prospects, indicates difficulties in the immediate future of those growers who are more precariously placed financially. Also increased rural production exported by third world developing countries is likely to continue putting pressure on Australian rural profits.

Dairying has experienced an uncertain year generally with lower returns, a contracting market and pending changes in an over-regulated marketing environment.

With regard to dried fruit products, shortages of supply from northern hemisphere producer countries, together with devaluation, provided better prospects in the shorter term. In the longer term, rationalization of this industry appears inevitable. The wine industry, however, remained steady but delicately balanced.

Fresh or chilled products such as grapes, abalone, fish and meat are beneficiaries of considerably improved technology and innovative marketing.

## **LOANS APPROVED AND MONIES ADVANCED**

During the year, the Commission approved 687 loans with a total value of \$31,264,000. The significant trends which emerged during the year were an increase of 11% in long term loans to the primary sector. Household Support approvals, particularly in the dried fruit and dairying industries, increased, reflecting the deterioration in profitability in these industries. It also reflects the distressing circumstances of some farmers who have no long term prospects.

The bulk of the Commission's financial resources were applied to long term lending to primary producers. An important feature of the Commission's long term lending was that the borrower was advised at the time the loan was made of the period for which a specific interest rate would apply. This enabled the farmer to plan ahead with greater certainty.

## **PART III RURAL FINANCE ACT 1958**

Lending under Part III of the Rural Finance Act derives its authority from Section 37 of the Rural Finance Act 1958. Loans may, where the Commission thinks fit, be made to any person establishing or operating any country industry or a fishing pursuit.

Funding for this part of the Commission's activities during 1984/85 was essentially from within its working capital together with a limited issue of inscribed stock.

Primary loans were approved for a variety of purposes covering a wide range of agricultural and fishing industries. The kinds of proposals assisted included refinance of existing liabilities, maturing mortgages, farm purchase, housing, structures, stock, plant and equipment.

The Commission continued to play a role in lending to secondary industry outside the metropolitan area, particularly in servicing its existing diverse range of clients.

Lending under Part III of the Rural Finance Act represented 78% of the Commission's overall lending activity and amounted to \$24.4 million.



## RURAL ADJUSTMENT SCHEME

The Rural Adjustment Scheme has played a useful though restricted role in the type of financial packages the Commission is able to offer farmers. \$5.8 million in loan monies was approved this financial year.

The most notable increase in demand was for household support. Approvals increased by 50% over the past year. The Commission expects this higher volume of assistance to further increase in 1985/86.

The scheme, which has been in operation since January 1977, has been funded by the Commonwealth and administered by the Commission at the direction of the State Treasurer.

Over the eight and half year period of its operation, the Commission has approved 2,124 applications representing \$54.5 million. Of this, 346 were for Debt Reconstruction amounting to \$11.52 million, 980 for Farm Build-up for \$36.76 million and 383 for Farm Improvement amounting to \$5.04 million. Household Support and Rehabilitation was made in 400 cases involving almost \$1 million. Carry-on assistance for eligible growers in the Canning Fruit and Wine Grape Industries accounted for \$160,000.

Under new arrangements negotiated during the year and effective from 1st July, 1985, the Commonwealth will move the capital funding for debt reconstruction, farm build-up, farm improvement and carry-on assistance from the Commonwealth budget and place the responsibility with the States. The Commonwealth's contribution will be the provision of an interest subsidy funded through the Commonwealth budget and payable on borrowings raised by a State or its administering authority.

Alternatively, States may pass on an interest subsidy on suitable and eligible borrowings in place or put in place from normal sources of credit.

The interest subsidy available from the Commonwealth allows for 50% of an approved interest rate and costs of borrowings for a maximum period of seven years on funds borrowed or subsidized for the purpose of debt reconstruction, farm build-up and farm improvement. For carry-on loans the interest subsidy is 25% of interest and associated costs with the State providing a matching 25%.

The Commission is not obliged to pass on to the farmer a 50% interest concession in every case. The level of assistance is dependent upon the individual circumstances of the applicant, and the aim is to spread assistance as equitably as possible.

The Commonwealth will continue to fund household support and rehabilitation measures under the new Rural Adjustment Scheme.

## LOANS APPROVED

	1984/85		1983/84	
	Number	Amount \$000's	Number	Amount \$000's
<b>PART III RURAL FINANCE</b>				
Primary .....	418	21,630	424	19,497
Secondary .....	5	1,400	7	2,909
Fishing .....	6	309	7	250
Young Farmers .....	27	1,147	16	588
<b>SUB TOTAL:</b>	<b>456</b>	<b>24,486</b>	<b>454</b>	<b>23,244</b>
<b>AGENCY</b>				
<b>Rural Adjustment Scheme</b>				
Farm Build-up .....	41	2,910	73	4,204
Debt Reconstruction .....	40	1,997	17	772
Farm Improvement .....	19	435	41	791
Rehabilitation .....	10	45	4	20
Household Support .....	63	421	40	267
<b>Natural Disasters</b> (Drought, Bushfire, Storm and Flood etc.) .....				
	55	949	87	711
<b>State Government</b>				
Soil & Water .....	3	21	6	85
<b>Special Government Agency</b> .....	-	-	1	90
<b>Canning Fruit Tree Pull</b> .....	-	-	35	281
<b>Apple &amp; Pear Growers Adjustment</b> .....	-	-	10	23
<b>SUB TOTAL:</b>	<b>231</b>	<b>6,778</b>	<b>314</b>	<b>7,244</b>
<b>TOTAL:</b>	<b>687</b>	<b>31,264</b>	<b>768</b>	<b>30,488</b>

## LAND SETTLEMENT

The Commission continued its land disposal program at Heytesbury. Two properties comprising 553 hectares were sold for \$722,329.

In February 1985, the Commission held a very satisfactory cattle dispersal sale at the Colac sale yards. This dispersal included the sale of some breeding stock as recent land sales necessitated a reduction in overall herd numbers. A total of 1,313 cattle were sold with gross sales amounting to \$598,129. Average prices received were \$417 per head for rising two year old steers and \$312 per head for steer weaners. Breeders, including unjoined heifers, averaged \$566 per head.

The plan for the Heytesbury Project is to complete dispersal of the remaining 4,978 hectares within the next two years. Not all the land will be sold for commercial farming, some 2,300 hectares being reserved for softwood plantings on the recommendations of the Land Conservation Council.

Attention is drawn to the Land Settlement Balance Sheet which shows that, notwithstanding the provision of a statutory concessional interest finance to 579 farmers who were granted holdings on a purchase lease, the sale of land in the open market in subsequent years under the Land Settlement Act has allowed the overall scheme to be in credit for an amount of \$3,428,000.



**SOLDIER SETTLEMENT**

The trend over recent years in which soldier settlers have sold or transferred their blocks pursuant to the terms of the Soldier Settlement Act continued during 1984/85. Of the 5,956 original settlers, 4,852 have now repaid in full their liabilities to the Commission. Principal repayments during the year were \$1,331,997, with \$11,517,877 still outstanding.

**RURAL FINANCE INSURANCE FUND**

At 30th June, 1985, the value of improvements insured was \$153,694,000 and insurance fund resources amounted to \$3,529,556.

**ACKNOWLEDGEMENTS**

Although the Rural Finance Commission has direct statutory responsibility to the Treasurer of Victoria, it is now under the general direction of the Minister for Agriculture and Rural Affairs.

During the year, the Honourable Eric Kent, then Minister for Agriculture, retired. The Honourable Evan Walker was appointed Minister for Agriculture and Rural Affairs. The Commission would like to record its appreciation for the support and understanding Mr. Kent gave to the Commission whilst he was its Minister and for the encouragement it has received from Mr. Walker since his appointment.

The Commission continued to receive co-operation, understanding and assistance from banking organizations, pastoral houses, primary producer groups, State and Commonwealth Departments and members of the accounting and consulting community and places on record its appreciation of these relationships.

The Chairman and Members of the Commission wish to record their appreciation for the effort and support given by its staff during the year.

I. K. MORTON

Chairman

M. McG. SMITH

Member

C. J. FOX

Member

**RURAL FINANCE FUND**  
**PROFIT AND LOSS STATEMENT FOR YEAR ENDED 30TH JUNE, 1985**

	NOTE	1985 \$000's	1984 \$000's
<b>OPERATING INCOME</b>			
Interest Earned on Loans .....		22,963	21,401
Interest Earned on Fund Investments .....		2,562	2,136
Other Income .....	2	783	731
		<u>26,308</u>	<u>24,268</u>
<b>OPERATING EXPENSES</b>			
Interest Paid and Payable .....		8,314	9,429
Administration Costs .....	2	5,096	5,323
Discounts and Expenses on Loans .....		3	9
Bad Debts .....		6	-
		<u>13,419</u>	<u>14,761</u>
		12,889	9,507
<b>OPERATING PROFIT</b>			
<b>Add:</b> Extraordinary Item:			
Provision for Doubtful Debts no longer required .....		-	5,114
		<u>12,889</u>	<u>14,621</u>
<b>OPERATING PROFIT AND EXTRAORDINARY ITEMS</b>			
<b>Plus:</b> Non Operating Income Earned on Investments on Account of Provisions, Reserves and Insurance Fund .....		1,695	1,433
		<u>14,584</u>	<u>16,054</u>
<b>PROFIT AND EXTRAORDINARY ITEMS</b>			
<b>Less:</b> Transfers to:			
Provision for Long Service Leave .....		64	66
Provision for Superannuation .....		784	676
General Reserve .....		429	354
Rural Finance Insurance Fund .....		418	337
		<u>1,695</u>	<u>1,433</u>
		12,889	14,621
Retained Earnings at beginning of year .....		36	29
		<u>12,925</u>	<u>14,650</u>
<b>TOTAL AVAILABLE FOR APPROPRIATION</b>			
Transfers to:			
Debtors Risk Reserve .....	3(b)	-	5,114
Loan Equalization Account .....	3(d)	12,900	9,500
		<u>12,900</u>	<u>14,614</u>
		25	36
<b>RETAINED EARNINGS AT END OF YEAR</b> .....			



**RURAL FINANCE FUND  
BALANCE SHEET AS AT 30TH JUNE, 1985**

	NOTE	1985 \$000's	1984 \$000's
<b>RURAL FINANCE FUND</b> .....	3	91,212	77,050
<b>RURAL FINANCE INSURANCE FUND</b> .....	4	3,530	3,094
		<u>94,742</u>	<u>80,144</u>
 <b>Represented by:</b>			
<b>Current Assets</b>			
Cash at Bank and at State Treasury .....		432	262
Prepayments and Miscellaneous Debtors .....	5	38	99
Interest Due and Accrued .....		8,179	7,601
		<u>8,649</u>	<u>7,962</u>
Investments at cost .....	6	37,041	42,201
 <b>Non Current Assets</b>			
Debtors for Loans .....	7	212,205	209,139
Residences, Office Equipment & Motor Vehicles .....	8	882	725
		<u>213,087</u>	<u>209,864</u>
<b>TOTAL ASSETS</b> .....		<u>258,777</u>	<u>260,027</u>
 <b>Less:</b>			
<b>Current Liabilities</b>			
Sundry Creditors .....	9	631	523
Interest Accrued on Loan Liabilities .....		2,723	2,626
Loan Liabilities Payable within one year .....	10	11,510	21,353
		<u>14,864</u>	<u>24,502</u>
 <b>Non Current Liabilities</b>			
Loan Liabilities .....	10	138,996	145,137
Other Advances .....	11	3,174	3,624
Provision for Long Service Leave .....		566	585
Provision for Superannuation .....		6,435	6,035
		<u>149,171</u>	<u>155,381</u>
<b>TOTAL LIABILITIES</b> .....		<u>164,035</u>	<u>179,883</u>
<b>NET ASSETS</b> .....		<u>94,742</u>	<u>80,144</u>

## RURAL FINANCE FUND

Notes to and forming part of the accounts for the year ended 30th June, 1985.

### 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 schemes have been negotiated on a cash basis.

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

- (b) Depreciation is provided for fixed assets at different rates for various asset categories so as to write the asset off over its anticipated useful life. Office Furniture and Leasehold Improvements are written off in the year of purchase and the effect is to increase Administration Costs by \$63,000 (\$268,000–1984).

- (c) The Rural Finance Fund as established under Section 25 of the Rural Finance and Settlement Commission Act 1961 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 amounted to \$474,000 (\$508,000–1984). The Commission received \$280,000 (\$296,000–1984), from the Treasurer under Section 25(5) of the Rural Finance and Settlement Commission Act 1961 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, to give a fair view as to the state of the Soldier Settlement and Land Settlement Accounts the costs have also been shown in their respective financial statements.

- (d) 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 1958 are met by the Commission through the Rural Finance Fund.

These costs have been allocated on an activity basis and the comparative costs for the year reflect the varying level of activity within each Scheme.

- (e) Employee Benefits

#### Provision for Long Service Leave

Previously the Provision for Long Service Leave was based on the liability of employees with ten or more years service. This year, the Provision has been adjusted to include a proportion of the liability accruing for those employees with four but less than ten years service.

The amount provided and charged to Administration Costs this year is \$103,000 (\$nil–1984). Of this, \$77,000 is attributable to the change in the method of calculating the liability. The amount provided is fully funded and is represented by Investments in Approved Securities. Refer Note 6.

#### Annual Leave

Previously no allowance for accrued annual leave was brought to account in determining the profit for the year. This year the liability accruing for all employees has been brought to account. An amount of \$122,000 has been charged against profits and is included in Administration Costs.





(f) Provision for Superannuation

The Provision for Superannuation was established to fund the liability in respect of past and present contributors (with the exception of those contributors who retired prior to 1st July, 1963, and whose liability is funded by the Treasurer of Victoria).

The amount provided each year and charged against profits under the heading of Administration Costs is calculated as a percentage of current contributors salaries and this year is \$415,000 (\$474,000-1984). The provision is credited with interest earned on assets equal to the provision and a payment is made by the Commission to reimburse the Government's share of pensions paid each year.

This year, an actuarial assessment was completed by the Office of the Government Statist and Actuary, which supports the general level of the provision. Refer Note 6.

## 2. Operating Income

Other Income included in Operating Income comprises:

	1985 \$000's	1984 \$000's
Amount provided by Consolidated Fund pursuant to Act 6846 Sect. 25(5).....	280	296
Administration Costs recouped from Rural Finance Insurance Fund .....	68	74
Sundry.....	435	361
	<u>783</u>	<u>731</u>

### Operating Expenses

Administration Costs included in Operating Expenses comprises:

	1985 \$000's	1984 \$000's
Rural Finance Fund.....	4,554	4,741
Soldier Settlement Act.....	283	286
Land Settlement Act .....	191	222
Rural Finance Insurance Fund.....	68	74
	<u>5,096</u>	<u>5,323</u>

As noted in 1(d), costs for Rural Finance Fund have been allocated to the following activities.

	1985 \$000's	1984 \$000's
Rural Finance General Business .....	2,424	2,068
General State Government Agency Schemes.....	90	111
Rural Adjustment Scheme .....	1,213	747
Rural Reconstruction Scheme .....	185	200
Natural Disaster Schemes .....	528	1,090
Dairy Adjustment Program .....	73	144
Commonwealth/State Carry-on Schemes .....	19	60
Commonwealth Drought Fodder Subsidies .....	2	217
Commonwealth Tree Pull Scheme .....	18	83
Commonwealth/State Apple and Pear Assistance.....	2	21
Total Administration Costs Rural Finance Fund.....	<u>4,554</u>	<u>4,741</u>

### 3. Rural Finance Fund

- (a) The fund represents the excess of assets over liabilities of the Rural Finance Commission and is represented by:

	1985		1984	
	\$000's	\$000's	\$000's	\$000's
<b>General Reserve</b>				
Balance 1st July . . . . .	3,298		2,945	
<b>Plus:</b> Interest earned . . . . .	<u>429</u>		<u>354</u>	
Balance 30th June . . . . .		3,727		3,299
<b>Debtors Risk Reserve . . . . .</b>		5,114		5,114
<b>Equity realised in National Debt Sinking Fund . . . . .</b>		5,967		5,967
<b>Non Repayable Portion of Advances Received from Commonwealth and State Governments:</b>				
Rural Adjustment Scheme, Rural Reconstruction Scheme, and Dairy Adjustment Program				
Balance 1st July . . . . .	26,040		25,078	
<b>Plus:</b> Commonwealth proportion of advances received . . . . .	727		978	
Transfers from Rural Rehabilitation Fund . . . . .	<u>1</u>		<u>1</u>	
	26,768		26,057	
<b>Less:</b> Grants paid . . . . .	<u>10</u>		<u>17</u>	
Balance 30th June . . . . .		26,758		26,040
Carry-on Schemes— Beef, Dairy Adjustment, Wine Grape Growers, Canning Fruit Growers				
Balance 1st July . . . . .	4,014		3,764	
<b>Plus:</b> State proportion of Advances not Repayable . . . . .	<u>127</u>		<u>250</u>	
Balance 30th June . . . . .		4,141		4,014
<b>Loan Equalization Account</b>				
Balance 1st July . . . . .	32,580		23,080	
<b>Plus:</b> Transfer from Appropriation Account . . . . .	<u>12,900</u>		<u>9,500</u>	
Balance 30th June . . . . .		45,480		32,580
<b>Retained Earnings at end of year . . . . .</b>		<u>25</u>		<u>36</u>
		<u>91,212</u>		<u>77,050</u>

- (b) Debtors Risk Reserve is an amount set aside for the possibility of non repayment of debtors loans. The Reserve is not identifiable to any specific group of debtors.



- (c) In 1984, the Treasurer of Victoria altered the repayment arrangements of the Commission's liability in respect of National Debt Sinking Fund loans made prior to 1970. The equity realised represents securities and cash brought to account at the 1st July, 1983.
- (d) The Loan Equalization Account represents an amount set aside for future loans to the rural community.

## 4. Rural Finance Insurance Fund

	1985 \$000's	1984 \$000's
Balance 1st July .....	3,094	2,833
<b>Plus:</b> Premiums Receivable .....	339	358
Interest on Investments .....	418	337
	<u>3,851</u>	<u>3,528</u>
<b>Less:</b> Claims Admitted .....	217	240
Fire Authority Contributions .....	123	131
Administration Costs .....	68	74
	<u>408</u>	<u>445</u>
	3,443	3,083
<b>Plus:</b> Claims Recovered .....	87	11
Balance 30th June .....	<u>3,530</u>	<u>3,094</u>

## 5. Prepayments and Miscellaneous Debtors

	1985 \$000's	1984 \$000's
Debtors for Insurance Premiums .....	29	33
Other Debtors .....	8	60
Salaries in Advance .....	1	6
	<u>38</u>	<u>99</u>

## 6. Investments In Approved Securities

	1985 \$000's	1984 \$000's
Deposits with:		
Authorized Dealers		
Short Term Money Market .....	-	2,800
Victorian Development Fund .....	11,550	23,450
Banks .....	24,900	14,550
Inscribed Stock Victorian		
Semi-Government Authorities .....	566	1,359
SEC Extension Deposits .....	25	42
	<u>37,041</u>	<u>42,201</u>
These Investments were in respect of:		
Provision for Long Service Leave .....	566	585
Provision for Superannuation .....	6,435	6,035
General Reserve .....	3,727	3,299
Rural Finance Insurance Fund .....	3,530	3,094
	<u>14,258</u>	<u>13,013</u>
Temporary Investments .....	<u>22,783</u>	<u>29,188</u>
	<u>37,041</u>	<u>42,201</u>

## 7. Debtors for Loans

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

	1985 \$000's	1984 \$000's
Rural Finance Act Part III . . . . .	134,952	123,361
Rural Finance Act Part IV . . . . .	4	5
Rural Reconstruction Scheme . . . . .	12,989	15,122
Dairy Adjustment Program-Vats . . . . .	14	115
-Carry on . . . . .	-	3
-Other . . . . .	2,575	2,986
Rural Adjustment Scheme . . . . .	37,346	34,161
Beef Industry Assistance		
Carry on Scheme . . . . .	64	242
General Government Agency Schemes . . . . .	2,030	2,508
Natural Disaster Schemes . . . . .	21,478	29,884
Fruitgrowing Reconstruction Schemes . . . . .	753	752
	<u>212,205</u>	<u>209,139</u>

## 8. Residences, Office Equipment and Motor Vehicles

	1985 \$000's	1984 \$000's
<b>Cost</b>		
Residences . . . . .	134	216
Office Equipment . . . . .	1,580	1,168
Motor Vehicles . . . . .	117	125
	<u>1,831</u>	<u>1,509</u>
<b>Accumulated Depreciation</b>		
Residences . . . . .	56	81
Office Equipment . . . . .	881	691
Motor Vehicles . . . . .	12	12
	<u>949</u>	<u>784</u>
<b>Written down value</b>		
Residences . . . . .	78	135
Office Equipment . . . . .	699	477
Motor Vehicles . . . . .	105	113
	<u>882</u>	<u>725</u>

Depreciation for the year amounting to \$221,000 (\$188,000-1984), was charged against profits under the heading Administration Costs.



**9. Sundry Creditors**

	1985 \$000's	1984 \$000's
Creditors for Administration Costs and Accrued Expenses	278	90
Interest Bearing Deposits from Borrowers . . . . .	16	16
Amounts due to the Commonwealth in respect of Carry on and other schemes . . . . .	59	136
Amounts in Suspense . . . . .	201	211
Insurance Claims admitted but not paid . . . . .	77	70
	<u>631</u>	<u>523</u>

**10. Loan Liabilities**

Including amounts payable within one year \$11,510,000 (\$21,353,000-1984).

	1985 \$000's	1984 \$000's
Inscribed Stock issued by the Commission . . . . .	10,599	8,704
Advances repayable to the Commonwealth/ State by Fixed Instalments:		
-Rural Finance Act ** . . . . .	23,347	37,368
-Natural Disaster Schemes . . . . .	49,297	53,448
-Dairy Adjustment Program . . . . .	4,452	5,502
-Rural Reconstruction Scheme . . . . .	22,151	23,974
-Rural Adjustment Scheme . . . . .	40,660	37,494
	<u>150,506</u>	<u>166,490</u>

\*\* Following rearrangement of the repayment terms for the Commission's liability to the Treasurer of Victoria, in respect of the National Debt Sinking Fund, a special repayment of \$15 million was made on 31st July, 1984.

**11. Other Advances**

Repayments to the Treasurer of Victoria for the following advances are based upon repayments from borrowers, with the exception of Rural Adjustment Household Support and Fruitgrowing Reconstruction Schemes which are convertible to grants.

	1985 \$000's	1984 \$000's
<b>Carry On Loans:</b>		
Dairy Adjustment Program . . . . .	-	3
Beef Industry Assistance . . . . .	64	242
Wine Grape Growers . . . . .	-	2
Canning Fruitgrowers . . . . .	17	89
<b>Schemes:</b>		
General Government Agency . . . . .	1,840	2,230
Rural Adjustment Household Support . . . . .	495	264
Fruitgrowing Reconstruction . . . . .	753	752
Farmers' Debt Adjustment Act 1935 . . . . .	5	5
Miscellaneous Advances . . . . .	-	37
	<u>3,174</u>	<u>3,624</u>

## 12. Contingent Liabilities

### (a) Loan Commitments

The Commission has a commitment to clients in respect of loans approved but not yet paid out of \$9,006,000 (\$10,429,000-1984).

### (b) Lease Commitments

The Commission has a contingent liability in the form of leasehold premises it occupies.

	1985 \$000's	1984 \$000's
Not later than one year . . . . .	556	480
Later than one year and not later than two years . . . . .	549	480
Later than two years and not later than five years . . . . .	1,634	1,419
Later than five years . . . . .	704	1,073
Rental included in Administration Costs this year amounted to \$534,000 (\$539,000-1984).		

### (c) Capital Commitments

Nil



**RURAL FINANCE FUND  
STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS  
FOR YEAR ENDED 30TH JUNE, 1985**

	1985 \$000's	1984 \$000's
<b>SOURCES OF FUNDS</b>		
<b>Funds from Operations</b>		
Operating Profit .....	12,889	9,507
<b>Add (Subtract): Non Cash Items</b>		
Depreciation .....	222	189
Provision for Long Service Leave .....	103	-
Provision for Superannuation .....	415	474
Profit on Sale of Non Current Assets .....	(70)	(7)
<b>Income Earned on Account of Provisions and Reserves</b>		
Long Service Leave .....	64	66
Superannuation .....	784	676
General Reserve .....	429	354
	<u>14,836</u>	<u>11,259</u>
<b>Decrease in Assets</b>		
Current Assets .....	61	135
Non Current Assets .....	-	6
Proceeds from Sale of Non Current Assets .....	168	78
Investments at Cost .....	5,160	-
<b>Increase in Liabilities</b>		
Current Liabilities .....	205	16,405
Non Current Liabilities .....	-	967
Increase in Insurance Fund .....	435	261
Growth in Equity in Rural Finance Fund .....	845	1,212
	<u>21,710</u>	<u>30,323</u>
<b>APPLICATIONS OF FUNDS</b>		
<b>Increase in Assets</b>		
Current Assets .....	747	111
Non Current Assets .....	3,543	4,967
Investments at Cost .....	-	19,421
<b>Decrease in Liabilities</b>		
Current Liabilities .....	9,843	498
Non Current Liabilities .....	6,591	4,519
Long Service Leave Paid .....	186	52
Superannuation Paid .....	800	755
	<u>21,710</u>	<u>30,323</u>

**RURAL FINANCE FUND  
CERTIFICATION OF FINANCIAL STATEMENTS**

We, the undersigned 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 the statements we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

I.K. MORTON  
M.McG. SMITH  
C.J. FOX  
D.R. LANGLEY

Chairman  
Member  
Member  
Accountant

MELBOURNE  
17/10/1985

**AUDITOR-GENERAL'S REPORT**

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

In my opinion, the financial statements present fairly the state of affairs of the Rural Finance Fund as at 30 June 1985 and the results of its operations for the year ended on that date.

MELBOURNE  
23/10/1985

B.J. WALDRON  
Auditor-General





**LAND SETTLEMENT  
PROFIT AND LOSS STATEMENT FOR YEAR ENDED 30TH JUNE, 1985**

	NOTE	1985 \$000's	1984 \$000's
<b>OPERATING INCOME</b>			
Interest and Other Income Earned .....		1,117	1,105
Profit on Livestock Trading.....	2	383	115
Surplus on Sale of Land .....	3	<u>202</u>	<u>525</u>
		<u>1,702</u>	<u>1,745</u>
<b>OPERATING EXPENSES</b>			
Interest on Loan Liability .....		453	463
Costs of Administration .....	1(e)	<u>191</u>	<u>222</u>
		<u>644</u>	<u>685</u>
<b>OPERATING PROFIT</b> .....		1,058	1,060
<b>Add: Extraordinary Item</b>			
Realisation of Equity in National Debt Sinking Fund.....	4	<u>4</u>	<u>3,966</u>
<b>OPERATING PROFIT AND EXTRAORDINARY ITEM</b> .		1,062	5,026
Accumulated Surplus (Deficiency) from the previous year .....		<u>2,366</u>	<u>(2,660)</u>
<b>ACCUMULATED SURPLUS 30TH JUNE</b> .....		<u><u>3,428</u></u>	<u><u>2,366</u></u>

**LAND SETTLEMENT  
BALANCE SHEET AS AT 30TH JUNE, 1985**

	NOTE	1985 \$000's	1984 \$000's
<b>ACCUMULATED SURPLUS</b> .....	4	3,428	2,366
<b>GRANTS PROVIDED FOR INTEREST AND COSTS OF ADMINISTRATION</b> .....	5	7,963	8,537
		<u>11,391</u>	<u>10,903</u>
<b>Represented by:</b>			
<b>Current Assets</b>			
Interest Due and Accrued .....		405	355
Cash at Bank due to Treasurer of Victoria .....		32	7
Livestock Proceeds held in Treasury			
Trust Fund .....		941	586
Livestock at Valuation .....	6	<u>172</u>	<u>227</u>
		<u>1,550</u>	<u>1,175</u>
<b>Non Current Assets</b>			
Debtors for Loans .....	7	14,688	15,495
Land and Improvements at cost .....		2,346	2,718
Plant and Vehicles .....	8	<u>36</u>	<u>42</u>
		<u>17,070</u>	<u>18,255</u>
<b>TOTAL ASSETS</b> .....		<u>18,620</u>	<u>19,430</u>
<b>Less:</b>			
<b>Non Current Liabilities</b>			
Liability to Treasurer of Victoria .....	9	<u>7,229</u>	<u>8,527</u>
<b>TOTAL LIABILITIES</b> .....		<u>7,229</u>	<u>8,527</u>
<b>NET ASSETS</b> .....		<u>11,391</u>	<u>10,903</u>



**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, 1985.

**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 different rates for various asset categories so as to write off the asset over its anticipated 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 3). Pending disposal, livestock operations are being carried out on the land (Note 2).
- (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 costs of administration of Land Settlement are paid out of the Rural Finance Fund in accordance with Section 25 of the Rural Finance and Settlement Commission Act 1961. So as to show a fair view as to the operating expenses of Land Settlement, the costs of administration are also shown in the Profit and Loss Statement. The Rural Finance Fund has no rights to surpluses nor any obligation in respect to deficiencies under the Land Settlement Act 1959.

**2. Profit on Livestock Trading**

Operating details of Livestock Trading are:

	1985	1984
	\$000's	\$000's
Sales .....	<u>1,019</u>	<u>638</u>
Gross profit .....	929	599
<b>Less:</b> Operating Expenses .....	<u>546</u>	<u>484</u>
Net Profit for Year .....	<u>383</u>	<u>115</u>

The average selling price received for livestock during the year was \$418.58, per head, (\$383.32-1984).

Operating Expenses include the cost of pasture and property maintenance which in the year amounted to \$264,000 (\$229,000-1984). 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.

### 3. Surplus on Sale of Land

Sales of land finalised during the year at Heytesbury under Section 5A of the Land Settlement Act 1959 totalled \$722,000 (\$1,158,000–1984). The surplus realized for the year over the cost of the land and improvements amounted to \$202,000 (\$525,000–1984). Receipts in respect of sales are paid to the Treasurer of Victoria.

Under provisions of the Act surpluses on sales made under Section 5A totalling \$6,419,000 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 9). 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:

	1985 \$000's	1984 \$000's
Surpluses on sales of land under Section 5A of the Act . . . .	6,419	6,217
<b>Less:</b> Amounts transferred and borne by the State under Section 41 of the Land Settlement Act 1959 . . . . .	<u>4,811</u>	<u>4,811</u>
	<u>1,608</u>	<u>1,406</u>

### 4. 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 settler's 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:

	1985 \$000's	1984 \$000's
Interest Concessions—the net loss on account of interest and estate earnings since 1st July, 1966 . . . . .	4,689	5,353
The costs of administration of the Act borne by the State directly or since 1st July, 1963 through the Rural Finance Fund . . . . .	<u>5,734</u>	<u>5,543</u>
Total Estimated Cost of Concessions . . . . .	<u>10,423</u>	<u>10,896</u>

These concessions have been offset by profits on livestock operations, the sale of land and the transfer of the equity in the National Debt Sinking Fund as at 1st July, 1983, resulting in a net surplus of \$3,428,000 (\$2,366,000–1984).

The equity in the National Debt Sinking Fund has been adjusted this year by \$4,000 to take into account the cash component advised by the Treasurer of Victoria.



**5. Grants Provided for Interest and Costs of Administration**

	1985 \$000's	1984 \$000's
(a) Grants provided by Consolidated Fund for Costs of Administration to 30th June, 1963 and for interest charges less payments made to 30th June, 1984 . . . . .	3,620	4,559
<b>Add:</b> Interest Charged on Loan Liabilities during the year . . . . .	<u>453</u>	<u>463</u>
	<u>4,073</u>	<u>5,022</u>
<b>Less:</b> Interest received from Debtors and paid to Treasurer of Victoria		
Cash Surplus on Livestock operations . . . . .	1,072	1,089
Cash Surplus from Palpara Estate . . . . .	129	295
Debtors . . . . .	<u>17</u>	<u>18</u>
	<u>1,218</u>	<u>1,402</u>
	<u>2,855</u>	<u>3,620</u>
 (b) Grants from the Rural Finance Fund for costs of Administration from 1st July, 1963 to 30th June, 1984	 4,917	 4,695
<b>Add:</b> Costs of Administration during the year met from Rural Finance Fund . . . . .	<u>191</u>	<u>222</u>
	<u>5,108</u>	<u>4,917</u>
	<u>7,963</u>	<u>8,537</u>

**6. Livestock at Valuation**

Cattle have been valued at a consistent level throughout 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, are:

1985	1984		1985 \$000's	1984 \$000's
1,325	1,480	Calves @ \$10	13	15
<u>2,889</u>	<u>3,859</u>	Cattle @ \$55	<u>159</u>	<u>212</u>
<u>4,214</u>	<u>5,339</u>		<u>172</u>	<u>227</u>

## 7. Debtors for Loans

	1985 \$000's	1984 \$000's
Settlers' Liabilities under Purchase Leases . . . . .	7,838	8,439
<b>Less:</b> Settlers' Credit Accounts . . . . .	96	110
	<u>7,742</u>	<u>8,329</u>
Settlers' Liabilities under Purchase Leases Converted to mortgages under Section 23(2) of the Land Settlement Act 1959 . . . . .	651	640
Settlers' Liabilities for Advances made for Stock, Plant, and Improvements . . . . .	2	5
Amounts due from Purchasers of Land under Contracts of Sale . . . . .	3,579	3,692
Amounts due from Purchasers of Land under Mortgages . .	2,714	2,829
	<u>14,688</u>	<u>15,495</u>

## 8. Plant and Vehicles

	1985 \$000's	1984 \$000's
<b>Cost</b>		
Motor Vehicles . . . . .	51	62
Plant and Equipment . . . . .	69	68
	<u>120</u>	<u>130</u>
<b>Accumulated Depreciation</b>		
Motor Vehicles . . . . .	35	39
Plant and equipment . . . . .	49	49
	<u>84</u>	<u>88</u>
<b>Written Down Value</b>		
Motor Vehicles . . . . .	16	23
Plant and Equipment . . . . .	20	19
	<u>36</u>	<u>42</u>

Depreciation for the year 1984/85 amounting to \$7,000 (\$13,000-1984), was charged against Livestock Trading.

## 9. Loan Liability to Treasurer of Victoria

	1985 \$000's	1984 \$000's
Amounts Advanced . . . . .	46,528	45,862
<b>Less:</b> Amounts transferred and borne by State under Section 41 of the Land Settlement Act 1959 . . . . .	4,811	4,811
	<u>41,717</u>	<u>41,051</u>
<b>Less:</b> Repayments . . . . .	31,349	29,391
Realization of equity in National Debt Sinking Fund . . . . .	3,970	3,966
	<u>35,319</u>	<u>33,357</u>
	6,398	7,694
<b>Add:</b> Liability for Crown Lands taken over . . . . .	9	11
Liability to Consolidated Fund for Interest Capitalized . . . . .	822	822
	<u>7,229</u>	<u>8,527</u>



LAND SETTLEMENT

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS  
FOR YEAR ENDED 30TH JUNE, 1985

	1985 \$000's	1984 \$000's
<b>SOURCES OF FUNDS</b>		
<b>Funds from Operations</b>		
Operating Profit .....	1,058	1,060
<b>Add (Subtract): Non cash items</b>		
Depreciation .....	7	13
Profit on Sale of Non Current Assets .....	(4)	(1)
	<u>1,061</u>	<u>1,072</u>
<b>Decrease in Assets</b>		
Current Assets .....	55	271
Non Current Assets .....	1,179	845
Proceeds from Sale of Non Current Assets .....	9	2
<b>Realisation of Equity in National Debt Sinking Fund .....</b>	<u>4</u>	<u>3,966</u>
	<u>2,308</u>	<u>6,156</u>
<b>APPLICATIONS OF FUNDS</b>		
<b>Increase in Assets</b>		
Current Assets .....	430	17
Non Current Assets .....	7	-
<b>Decrease in Liabilities</b>		
Non Current Liabilities .....	1,297	5,422
<b>Decrease in Grants Provided for Interest and Costs of Administration</b>	<u>574</u>	<u>717</u>
	<u>2,308</u>	<u>6,156</u>

## **LAND SETTLEMENT**

### **CERTIFICATION OF FINANCIAL STATEMENTS**

We, the undersigned 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 the statements we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

I.K. MORTON	Chairman
M.McG. SMITH	Member
C.J. FOX	Member
D.R. LANGLEY	Accountant

MELBOURNE  
17/10/1985

### **AUDITOR-GENERAL'S REPORT**

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

In my opinion, the financial statements present fairly the state of affairs of Land Settlement as at 30 June 1985 and the results of its operations for the year ended on that date.

MELBOURNE  
23/10/1985

B.J. WALDRON  
Auditor-General





**SOLDIER SETTLEMENT  
PROFIT AND LOSS STATEMENT FOR YEAR ENDED 30TH JUNE, 1985**

	NOTE	1985 \$000's	1984 \$000's
<b>OPERATING INCOME</b>			
Interest Earned .....		237	262
Fees and Charges .....		<u>4</u>	<u>4</u>
		<u>241</u>	<u>266</u>
<b>OPERATING EXPENSES</b>			
Interest on Loan Liabilities .....		394	402
Costs of Administration .....	1(d)	<u>283</u>	<u>286</u>
		<u>677</u>	<u>688</u>
<b>OPERATING LOSS</b> .....		(436)	(422)
<b>Less: Extraordinary Item</b>			
Realisation of Equity in National Debt Sinking Fund. ...	2(d)	<u>67</u>	<u>24,257</u>
<b>OPERATING PROFIT (LOSS) AND EXTRAORDINARY ITEM</b> .....		(369)	23,835
Accumulated Deficiency from the previous year .....		<u>(10,961)</u>	<u>(34,796)</u>
<b>ACCUMULATED DEFICIENCY 30TH JUNE</b> .....		<u>(11,330)</u>	<u>(10,961)</u>

**SOLDIER SETTLEMENT  
BALANCE SHEET AS AT 30TH JUNE, 1985**

	NOTE	1985 \$000's	1984 \$000's
ACCUMULATED DEFICIENCY.....	2	(11,330)	(10,961)
GRANTS PROVIDED FOR INTEREST AND COSTS OF ADMINISTRATION.....	3	<u>12,651</u>	<u>13,399</u>
		<u>1,321</u>	<u>2,438</u>
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash at Bank due to Treasurer of Victoria.....		4	11
Interest Due and Accrued.....		<u>70</u>	<u>83</u>
		74	94
<b>Non Current Assets</b>			
Debtors for Loans and Advances.....	4	<u>11,518</u>	<u>12,850</u>
<b>TOTAL ASSETS</b> .....		11,592	12,944
<b>Less:</b>			
<b>Non Current Liabilities</b>			
Loan Liability to Commonwealth Government.....		<u>10,271</u>	<u>10,506</u>
<b>TOTAL LIABILITIES</b> .....		<u>10,271</u>	<u>10,506</u>
<b>NET ASSETS</b> .....		<u>1,321</u>	<u>2,438</u>

**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, 1985.

**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 1958 has been completed for a number of years and administration by the Rural Finance Commission is confined to collection of outstanding debtors and repayment of loans to the Treasurer.
- (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 costs of administration of Soldier Settlement are paid out of the Rural Finance Fund in accordance with Section 25 of the Rural Finance and Settlement Commission Act 1961. So as to show a fair view as to the operating expenses of Soldier Settlement, the costs of administration are also shown in the Profit and Loss Statement. The Rural Finance Fund has no rights to surpluses nor any obligation in respect to deficiencies under the Soldier Settlement Act 1958.



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:

	1985 \$000's	1984 \$000's
(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	378
(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: .....	23,736	23,579
(c) The costs of administration of the Act have been borne by the State directly or from 1st July, 1963 through the Rural Finance Fund. Costs to date are: . .	11,072	10,789
Estimated Total Cost of Concessions .....	35,186	34,746
<b>Add:</b> Capital Expenses not borne by estates .....	1,352	1,352
	<u>36,538</u>	<u>36,098</u>

The above amount has been partially offset by the net profit on past operations and the transfer of the equity in the National Debt Sinking Fund as at 1st July, 1983, to give a total net deficiency of \$11,330,000 (\$10,961,000–1984).

- (d) The equity in the National Debt Sinking Fund has been adjusted this year by \$67,000 to take into account the cash component advised by the Treasurer of Victoria.

### 3. Grants Provided for Interest and Costs of Administration

	1985 \$000's	1984 \$000's
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, 1984 .....	7,763	28,182
<b>Add:</b> Interest on Loan Liabilities for year .....	394	402
	<u>8,157</u>	<u>28,584</u>
<b>Less:</b> Interest and fees received from debtors and paid to the Treasurer of Victoria for the year.....	254	279
Transfer of Surplus Loan Repayments .....	1,171	20,542
	<u>1,425</u>	<u>20,821</u>
	6,732	7,763
Grants from the Rural Finance Fund for Costs of Administration since 1st July, 1963 as at 30th June, 1984	5,636	5,350
Administration Costs provided from Rural Finance Fund	283	286
	<u>5,919</u>	<u>5,636</u>
	<u>12,651</u>	<u>13,399</u>

### 4. Debtors for Loans

	1985		1984	
	\$000's	\$000's	\$000's	\$000's
Settlers' Liabilities under Purchase Leases .....	5,225		5,961	
<b>Less:</b> Settlers' Credit Accounts	<u>148</u>		<u>155</u>	
		5,077		5,806
Settlers' Liabilities for Purchase Leases converted to Mortgages under Section 67A of the Soldier Settlement Act 1958 .....		4,622		5,026
Settlers' Liabilities under Mortgages pursuant to Part VII of the Soldier Settlement Act 1958 (Single Unit Loans).....	1,843		2,049	
<b>Less:</b> Mortgagors' Credit Accounts .....	<u>24</u>		<u>31</u>	
		<u>1,819</u>		<u>2,018</u>
		<u>11,518</u>		<u>12,850</u>



**SOLDIER SETTLEMENT**

**STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS  
FOR YEAR ENDED 30TH JUNE, 1985**

<b>SOURCES OF FUNDS</b>	1985 \$000's	1984 \$000's
<b>Funds from Operations</b>		
Operating Loss .....	(436)	(422)
<b>Decrease in Assets</b>		
Current Assets .....	20	10
Non Current Assets .....	1,332	1,148
<b>Realisation of Equity in National Debt Sinking Fund.....</b>	<u>67</u>	<u>24,257</u>
	<u>983</u>	<u>24,993</u>

**APPLICATIONS OF FUNDS**

<b>Increase in Assets</b>		
Current Assets .....	-	8
<b>Decrease in Liabilities</b>		
Non Current Liabilities .....	235	4,852
<b>Decrease in Grants Provided for Interest and Costs of Administration</b>	<u>748</u>	<u>20,133</u>
	<u>983</u>	<u>24,993</u>

**SOLDIER SETTLEMENT**

**CERTIFICATION OF FINANCIAL STATEMENTS**

We, the undersigned 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 the statements we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

I.K. MORTON	Chairman	C.J. FOX	Member
M.McG. SMITH	Member	D.R. LANGLEY	Accountant

MELBOURNE  
17/10/1985

**AUDITOR-GENERAL'S REPORT**

The accompanying financial statements comprising a Balance Sheet, Profit and Loss Statement and Statement of Sources and Applications of Funds of Soldier Settlement have been audited as required by Section 27 of the Rural Finance and Settlement Commission Act 1961 and in accordance with Australian Auditing Standards. In my opinion, the financial statements present fairly the state of affairs of Soldier Settlement as at 30 June 1985 and the results of its operations for the year ended on that date.

MELBOURNE  
23/10/1985

B.J. WALDRON  
Auditor-General

## SUMMARY OF ACTIVITY 1984/85

	Expenditure during year 1984/85 \$	Total to 30th June 1985 \$	Balance outstanding 30th June 1985 \$
<b>RURAL FINANCE ACT</b>			
<b>PART III</b>			
Primary Loans . . . . .	21,426,338	221,240,585	123,046,809
Fishing Loans . . . . .	182,000	2,441,380	1,027,462
Secondary Loans . . . . .	1,994,363	31,489,959	5,399,651
Salinity Loans . . . . .	90,051	1,559,599	1,206,477
Young Farmers Finance . . . . .	808,481	4,759,684	3,931,653
<b>TOTAL</b>	<b>24,501,233</b>	<b>261,491,207</b>	<b>134,612,052</b>
<b>SECTION 35</b>			
Primary Loans (Including Natural Disasters) . . . . .	1,044,665	62,662,401	19,659,437
Secondary, Tourist & Natural Disaster Small Business Loans . . . . .	108,725	13,917,764	3,847,843
Grants & Subsidies . . . . .	35,575	62,947,132	-
Special Canneries Assistance Loans . . . . .	-	8,450,388	-
<b>TOTAL</b>	<b>1,188,965</b>	<b>147,255,685</b>	<b>23,507,280</b>
<b>RURAL RECONSTRUCTION SCHEME</b>			
Debt Reconstruction . . . . .	-	25,624,956	3,950,581
Farm Build-up . . . . .	-	26,237,921	9,038,717
Rehabilitation. . . . .	-	52,600	-
<b>TOTAL</b>	<b>-</b>	<b>51,915,477</b>	<b>12,989,298</b>
<b>RURAL ADJUSTMENT SCHEME</b>			
Debt Reconstruction . . . . .	1,934,607	11,259,776	7,284,237
Farm Build-up . . . . .	4,118,258	35,464,396	26,328,213
Farm Improvement Loans . . . . .	463,750	4,650,378	3,114,976
Wine Grape Growers Carry-on. . . . .	-	21,500	238
Household Support . . . . .	402,577	827,747	521,110
Rehabilitation. . . . .	40,000	112,666	70,000
Salinity . . . . .	-	12,000	9,714
<b>TOTAL</b>	<b>6,959,192</b>	<b>52,348,463</b>	<b>37,328,488</b>
<b>DAIRY ADJUSTMENT PROGRAM</b>			
Bulk Milk Vats . . . . .	-	9,034,451	14,285
Carry-on Loans . . . . .	-	5,349,204	-
Other Loans, etc. . . . .	-	9,211,824	2,574,768
Rehabilitation. . . . .	-	30,000	-
<b>TOTAL</b>	<b>-</b>	<b>23,625,479</b>	<b>2,589,053</b>



SUMMARY OF ACTIVITY 1984/85

	Expenditure during year 1984/85 \$	Total to 30th June 1985 \$	Balance outstanding 30th June 1985 \$
<b>BEEF INDUSTRY ASSISTANCE SCHEME</b>	-	4,101,820	63,655
<b>CANNING FRUIT GROWERS SCHEME</b>			
Tree Pull .....	-	730,123	730,123
Carry-on .....	-	135,500	17,308
Apple & Pear Assistance .....	1,080	23,050	23,050
<b>TOTAL</b>	1,080	888,673	770,481
Other Schemes discontinued	-	1,699,759	-
<b>TOTAL RURAL FINANCE ACT .....</b>	32,650,470	543,326,563	211,860,307
<b>SOLDIER SETTLEMENT</b>			
Single Unit Loans .....	-	23,917,339	1,842,692
Assistance Period Allowance .....	-	2,432,592	-
Commonwealth Agricultural Loans .....	-	3,593,702	-
Advances for Stock, Plant, Equipment and Working Expenses .....	-	12,568,333	-
Purchase Leases Granted .....	-	57,402,664	5,224,605
Mortgages under Section 67A .....	-	-	4,621,735
<b>TOTAL</b>	-	99,914,630	11,689,032
<b>LAND SETTLEMENT</b>			
Advances for Stock, Plant, Equipment and Working Expenses .....	-	1,846,729	1,728
Purchase Leases Granted .....	-	21,556,213	7,838,309
Mortgages Under Section 23 .....	-	-	651,652
Contracts of Sale .....	-	61,991	-
Disposals of Land-Section 5A .....	988,218	10,810,806	6,292,593
<b>TOTAL</b>	988,218	34,275,739	14,784,282
<b>GRAND TOTAL</b>	33,638,688	677,516,932	238,333,621

## STAFF AND ADMINISTRATION

In carrying out its function of lending and related functions, the Commission's staff are required to be capable of competently handling sensitive issues as well as conducting an evaluation of a farmer's or a secondary industry's financial situation. Liaison with banks and pastoral houses is fundamental to the development of suitable financial packages as well as the development of trust and respect. Speed, efficiency and attention to details are prime requirements as well as technical and professional capabilities.

The philosophy of management has been to build an organization that is efficient with Head Office and Regional Office staff being well trained and with an affection for and, an understanding of, rural issues. The Regional Offices are linked to a modern Electronic Data Processing system which allows immediate access to relevant facts pertaining to a particular farmer's record with the Commission.

Further development of the Commission's new EDP system continued during the year, with the purchase of a new computer and related equipment. The upgraded system is scheduled to be operational in 1986.

Training and constant review of policies is carried out with all staff. Regular meetings of Regional Officers are held to ensure regional staff are kept up to date with latest developments and issues pertaining to their responsibilities and the role the Commission is to take in particular situations.

The Commission employs 106 people of which almost half are directly involved in evaluating and processing loans and associated functions. Since 1965 the Commission has been an equal opportunity employer. At present there are 47 females employed. It has been the Commission's misfortune to lose a number of female staff with executive potential as priorities of family materialize. However, it is often possible to welcome the return of former employees as family commitments allow.

The Commission expects to make recommendations on amending legislation during the coming year, particularly in relation to changes in its powers of fund raising in the new and developing financial markets.

There will also be continuing changes in the administrative structure.





**ADDITIONAL STATUTORY INFORMATION**

**Pecuniary Interests**

The following senior officers have completed statements of pecuniary interests.

I.K. Morton	Chairman
M.McG. Smith	Member
C.J. Fox	Member
F.A. Butler	Secretary
D.C. Graham	Manager Administration & Corporate Development
R.J. Knight	Manager–Lending
D.R. Langley	Accountant
R.C. Douglas	Chief Valuer
J.A. Edmonds	Solicitor
S.E. Beaman	Manager EDP

**Freedom of Information**

The Freedom of Information Act came into operation on the 5th July, 1983, giving the public a legally enforceable right of access to a wide range of documents created and held by government agencies. Part II of the Act requires agencies like the Commission to publish annually details of certain important categories of information held.

The Freedom of Information Act provides information on the activities of the Commission insofar as they affect the public. There are appropriate safeguards to protect personal privacy and information of a business, commercial and financial nature.

The Commission has received a total of ten Freedom of Information requests for access to documents. In five of these requests, no documents of the description requested were held by the Commission. In four cases access was granted in full, subject in two of these cases, to minor deletions to protect personal privacy and information supplied to the Commission of a business, commercial or financial nature. In one case, access was denied to documents of a commercial and financial nature as their release would have been detrimental to the effectiveness of the Commission in the performance of its operations.

The cost of administering Freedom of Information during 1984/85 is calculated to be \$25,000.

Requests in the first instance are dealt with by the Commission’s Freedom of Information Officer, Mr. J.A. Edmonds.

### **Publications**

The following publications dealing with the functions and activities of the Commission were produced during the year:

Loan Information	August 1984
Rural Adjustment Scheme	January 1985
Bushfire Relief Available in Victoria	January 1985
Young Farmers Finance	May 1985

These publications are available at all Commission offices.

### **Overseas Visits**

As part of the work exchange arrangement which exists between the Commission and the Rural Banking and Finance Corporation of New Zealand, Mr. Ian Boyd-Law, an officer from the Swan Hill Region, spent three months working in New Zealand with the Rural Bank. The work experience is in fields akin to those of the Commission. Benefits to the Commission arise where evaluation of new industries or technology originating from New Zealand are being introduced to Australia.

### **Safety**

The Commission has continued to monitor, from a safety viewpoint, the environment in which its employees work.

Plans have been made for development of a building evacuation system in conjunction with the Metropolitan Fire Brigade.