

**MAIN
ROADS
STAFF
CREDIT
UNION
LIMITED**

**10TH ANNUAL REPORT
TO MEMBERS**

**For the year Ended
30th June, 1974**

DIRECTORS:

E.F. MULLIN (Chairman)
D.L. JONES (Secretary)
C.W. MATHEWS
N.D. KING
H. MUDIE
M.A. LLOYD
B.N. LODER

ADMINISTRATION:

J.L. MALONEY (Treasurer)
K. OLIVER
S. KING
A. DOWNES

AUDITORS:

COUNSEL & O'NEILL
Suite 8 Hartill-Law Ave.,
Bardwell Park.

SOLICITORS:

J.B. LANGE & BURKE
155 Castlereagh St.
Sydney.

BANKERS:

A.N.Z. BANKING GROUP
LTD. BURWOOD.

CHAIRMAN'S REPORT

The year has been a difficult one. The Credit Union suffered a severe blow with the death of its Chairman, C.W. Mansfield, on 1st February 1974. He had been Chairman since the inception of the Union on 12th August 1964, its guide and mentor for nearly ten years. Mr J. Vallentine was elected in February by the Board as Chairman; he resigned on 24th April 1974 prior to going on Long Service Leave in advance of retiring. Until his appointment as Chairman Mr Vallentine had been Secretary of the Union throughout its life. He in fact established it. Both Mr Mansfield and Mr Vallentine were singularly successful in the handling of the Credit Union's affairs and its secure position today reflects their work.

Mr D.L. Jones of the Supervisory Committee was appointed in February to fill the vacancy for a Director caused by Mr Mansfield's death and Mr M. Lloyd, the one resulting from Mr Vallentine's retirement. Mr D. Johnson replaced Mr Jones on the Supervisory Committee.

Mrs Kerry Oliver and Mrs G. Potter (formerly Miss Gail Keith) of the staff, resigned during the year and Mrs Sue King assumed Mrs Oliver's duties. Mrs A. Downes was appointed in April 1974. Mrs Oliver had been with the Credit Union for most of its life and served it admirably.

At the annual meeting held on 19th September 1973, Mr Loder, Mr Mathews and Mr Mullin were elected to fill the vacancies caused by three Directors retiring at the end of their two year term. Mr R.E. Johnston, a retiring Director, did not seek re-election. He had been a Director since the inception of the Credit Union and had given considerable help.

I repeat the opening remark; the year has been a difficult one. The year opened with the Union holding a surfeit of funds and endeavouring to damp down on deposits and encourage borrowings. Its policy at 30th June 1974 was a volte-face to that of a year earlier. A run on withdrawals began in October 1973 and concurrently the demand for loans jumped. In April 1974 the Board decided to fix the maximum loan at \$2,000 and about the same time increased the rate on borrowings to half a per cent per fortnight on outstanding balances. This rate is approximately 13% reducible. An exact figure cannot be determined as repayments on loans are fixed at the next whole dollar and one borrower could be paying each fortnight 99 cents above his calculated repayment and another, one cent.

The interest rate payable on deposits by members during 1973/74 was increased from 6¾% to 7½% after the profits for the year were known in August.

The Board was approached several times during the year to adopt the system obtaining in some other Unions of paying a higher interest rate on fixed term deposits e.g. 10-11% on a minimum of \$500 deposited for at least six months. The Credit Union League of N.S.W. used the approach too. After examination the Board did not proceed with the idea as it would require an interest rate on loans approaching 18% to meet the cost of servicing the fixed deposits. It is interesting an article on Credit Unions in the Sydney Morning Herald recently, quoted interest rates usually paid on deposits by Credit Unions as ranging from 5% to 7%, mainly around 5%, and interest charged on loans 14.4 to 19.2%, mainly 18% or higher. The interest paid by the Department of 7½% compares favourably with the 3¾% paid by savings banks on money at call.

In November 1973 the question of whether Credit Unions should pay tax on income derived from loans to members came to Court and it was ruled the Unions must pay tax on such earnings.

Mr Maloney continued as Honorary Treasurer of the Credit Union. During the year he and Mr Vallentine were associated with major changes in the accounting procedure. The accounts are now handled by the DMR computer, a change which has considerably reduced the drudgery of postings. The other major accounting change was a switch in banks on 1st September 1973. The Credit Union now uses the Central Banking System - arranged by The N.S.W. Credit Union League Ltd. Moneys are deposited in the Liverpool Street branch of the ANZ Banking Group Ltd for remitting to the Burwood Branch of that bank. Balances remaining at closing time daily are transferred to the account of The N.S.W. Credit Union League Ltd which invests them in the short term money market. The Credit Union League pays 7% to the DMR Credit Union Ltd on the minimum balance deposited with it in any one month. \$723 was earned in nine months.

The Board is assisted in its work by two types of Committees; the Credit Committee established in Divisions and Central Workshop and the Supervisory Committee In Head Office. The first type of Committee reports on the ability of an applicant for a loan to meet repayments and the second exercises an audit function in that it examines the financial and business transactions of the Union almost daily. The work done by the Supervisory Committee reduces work done by the Auditor, and hence reduces his fee.

Number of members increased by 53 over the year, the difference between 348 joining and 295 resigning stands at 2,146.

During the year deposits amounting to \$1,139,153 were made against withdrawals of \$1,101,511. By August of 1974 the staff of the Department had deposited over four million dollars in the Credit Union in the ten years of its history.

There were surges in all aspects of the business of the Credit Union - more interest paid and received, more money lent and much more repaid. The sheer volume of business has taxed the staff and if a computer had not been used for bookkeeping purposes, the staff would have had to be doubled. A loan may bring in its train considerable clerical work such as correspondence with Divisions, registering documents relating to Mortgages, Bills of Exchange, Shares and Life Assurance Policies, arranging with the Department to make deductions from salary. In addition a considerable number of returns have to be sent to institutions such as The Credit Union League Ltd, the Registrar of Credit Unions, Bank, Insurance Companies and Taxation Department.

The general business of the Credit Union continued at a high level during the last year while the day to day business jumped.

Until 1973 it has been the practice to hold weekly meetings. In April 1974 a system of fortnightly meetings was instituted and some forty were held during the year.

It is interesting that the composition of the Board is changing. Members are younger and occupy less senior positions in the Department than formerly. The spread of occupations of the Directors is still broad; Accountancy, Clerical, Draughting, Engineering and Legal.

I am pleased to have been Chairman for several months though regret the reason for my coming to the position. It is pleasant to work with so efficient a staff and to observe the extraordinary amount of voluntary work undertaken by the Directors and Committees associated with the Department's Credit Union.

E.F. Mullin,
Chairman.

Addendum

At the Annual Meeting of the Credit Union a number of speakers referred to the outstanding service given the Credit Union by Mr C.W. Mansfield and Mr J. Vallentine. It was agreed that both by their service had helped considerably many members of the Staff of the Department and the Department was a happier place as a result of their efforts.

It was asked at the meeting that these observations be recorded in the Annual Report.

E.F. Mullin.

INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 30TH JUNE, 1974

1973		1974
\$	Income received was made up of:-	\$
79,035	By Interest on Loans	96,848
196	' Entrance Fees	174
5,768	' Interest on Investments	8,528
84,999		105,550

Expenditure incurred amounted to:-

300	To Audit Fees	1,300
36	' Advertising	-
1,966	' Affiliation Fees	2,134
-	' Bad Debts Written Off	1,953
204	' Bank Charges	392
358	' Depreciation	272
110	' General Expenses	62
400	' Honorariums	440
458	' Hire of Office Machines	268
114	' Insurance - General	
	-Fidelity Insurance	318
	-Workers' Compensation	32
3,441	' Insurance - Loan Protection	3,788
57,592	' Interest on Deposits	70,628
694	' Printing and Stationery	121
4	' Postages, Duty Stamps	8
300	' Rent	300
163	' Repairs and Maintenance	35
16,190	' Salaries	16,552
	Long Service Leave	
200	Provision	200
	' Computer Program	1,785
-	' Computer Hire	1,300
82,530		101,888

Excess of Income over
Expenditure for the Year
transferred to Profit and
Loss Appropriation

2,469

3,662

PROFIT AND LOSS APPROPRIATION

2,469	By Net surplus for the year transferred	3,662
1,297*	Less Deficit Brought F/wd	514
1,344	' Provision for Taxation	1,862
	' Transfer to Statutory Reserve	
2,936		3,661
2,983		6,037
514	Deficit Carried Forward	2,375

*Surplus

BALANCE SHEET AS AT 30TH JUNE, 1974

1973	ASSETS	1974
\$		\$
	Loans to Members	987,873
	<u>Less:</u> Provision for	
845,799	Doubtful Debts	3,250
	Shares in N.S.W.	<u> </u>
10	Credit Union League	10
	Investments with:-	
	N.S.W. Credit Union	
17,089	Savings Protection Fund	20,858
	N.S.W. Permanent Building	
20,000	Soc. Ltd.	-
	Cronulla & St. George	
20,000	Building Soc. Ltd.	2
	P.S.A. Permanent Building	
5,000	Soc. Ltd.	-
	R.S.L. Permanent Building	
21,100	Soc. Ltd.	9,351
20,000	Hibernian Building Soc. Ltd.	2
	United Permanent	
15,000	Building Soc. Ltd.	20,000
	Permanent of Australia	
-	Building Soc. Ltd.	<u>15,000</u>
	Office Equipment	
1,074	(At Cost Less Depreciation)	818
	A.N.Z. Banking Group Ltd. -	
73,952	Burwood	28,921
500	Accrued Income	493
40	Cash on Hand	40
<u>\$1,039,564</u>		<u>\$1,080,118</u>

LIABILITIES

20,960	Subscribed Capital	21,460
	10,730 Shares of \$2.00 each	
13,737	Statutory Reserve	17,398
	Profit & Loss Appropriation	
<u>514</u>	(Debit Balance)	<u>2,375</u>
34,183	Total Shareholders' Funds	36,483
1,003,118	Deposits	1,039,705
399	Accrued Items	1,348
1,344	Provision for Taxation	1,862
	Provision for Long Service	
520	Leave	720
<u>\$1,039,564</u>		<u>\$1,080,118</u>

AUDITOR'S REPORT TO THE MEMBERS

We have examined the Books, Accounts and Vouchers of the Credit Union, and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the Audit.

In our opinion, proper Books of Account have been kept so far as appears from our examination of the Books, and the Balance Sheet and Income and Expenditure Account dealt with in this Report are in agreement therewith and to the best of our information and the explanations given us the said Accounts give the information required by or under the Act in the manner so required and give a true and fair view of the state of the Credit Union's affairs and the Net Surplus for the year ended 30th June, 1974.

In our opinion, the Register of Members and other Records which the Credit Union is required to keep by or under the Act or by its Rules have been properly kept and the Rules relating to the administration of the Funds of the Credit Union have been observed.

Signed

COUNSEL & O'NEILL
17th September, 1974

Registered Public Accounts and Auditors

(Registered under the Public Accounts
Registration Act, 1945 - as Amended)

REPORT OF THE SUPERVISORY COMMITTEE

During the year ending 30th June, 1974, the Supervisory Committee has carried out a thorough examination of the books, records and procedures of the Main Roads Staff Credit Union Limited.

From this examination it would appear that the Credit Union is being conducted in a proper manner and in the best interests of its members.

Signed : D. JOHNSON I.H. McKAY

 L.H. PEAKE N.F. SEIFFERT

SUPERVISORY COMMITTEE
17th September, 1974