

1940.
NEW ZEALAND.

RURAL INTERMEDIATE CREDIT BOARD

(REPORT OF THE) FOR THE YEAR ENDED 30TH JUNE, 1940.

Presented to both Houses of the General Assembly in accordance with Section 76 of the Rural Intermediate Credit Act, 1927.

Wellington, 18th September, 1940.

The Hon. the MINISTER OF FINANCE.

WE have pleasure in submitting a report on the operations of this Board for the year ended 30th June, 1940, as required by section 76 of the Rural Intermediate Credit Act, 1927.

The Rural Intermediate Credit system has now been in operation for approximately twelve years, the first ten years being associated with the Public Trust Office and operating under the control of a Board appointed by the Government. As part of the plan for co-ordinating State lending, the control of the system was transferred to the State Advances Corporation Board in 1937.

The Board's principal function is the granting of loans to farmers on the security of their stock and chattels, for various purposes associated with the farming industry, and a feature of the system, which has commended itself to borrowers, particularly in districts where dairying is the principal industry, is the formation of local co-operative associations, through which loans are granted to farmer members. There are at present twenty-one associations operating, and the majority of these are carrying on an active business in their respective communities. During the past year the Board has had under consideration proposals for assisting and encouraging the associations to expand their business, and to this end regional conferences have been held in Palmerston North, Hamilton, Auckland, and Whangarei. This has given an opportunity to the directors and secretaries of associations, as well as the district boards, to discuss with Head Office officials various problems which have arisen in the administration of the scheme.

At the request of the associations, approval has been granted for the issue of advertising pamphlets and publication in journals circulating among the farming community of suitable advertisements drawing attention to the facilities offered by the Board. It is pleasing to note that as a result of this advertising programme there has been a revival of interest in most of the farming districts. The full effect of this additional publicity will, it is anticipated, be realized over the forthcoming season. The inquiries already received from interested parties indicate that there is quite a fair prospect of additional business being undertaken by the majority of the established associations.

It has been the policy of the Central Board in the past to delegate to district boards and to the association directors authority to undertake greater responsibility in regard to the lending business, and, following the recent conferences, this policy has been further extended. District boards now have authority to authorize loans up to £500 on predetermined conditions without reference to the Central Board, and the directors of associations may, in most cases, with the approval of the local District Supervisor of the Board, arrange readvances to members of the association, provided the amount of the original loan is not exceeded. The extension of authority thus granted has enabled the major portion of the business to be handled promptly at the local centres. The volume of business transacted during the past financial year has shown an increase, both in the number and amount of loans granted, on the turnover for the year ended 30th June, 1939.