

the decisions reached was duly conveyed to the association, and it is understood that the arrangements approved by the Board were acceptable to the stock and station companies. So far, however, the volume of loans granted with guarantees by stock and station companies has not been large.

LOANS TO CO-OPERATIVE SOCIETIES.

20. Part IV of the Act is designed for the benefit of farmers' co-operative companies desirous of securing financial accommodation upon the security of their live-stock or produce. The expression "co-operative society" is defined by the Act as "a co-operative company (not being an association established primarily for the purpose of the Act) incorporated under the Companies Act, 1908, and having for its principal object the production or sale of staple agricultural or pastoral products, including live-stock, and including goods manufactured from any such products."

To be competent to receive a loan from the Board a society answering to this description must have a subscribed capital of not less than £2,500 and be composed of not fewer than thirty members. Provision is made for the keeping of a register of co-operative societies to which the Act is applicable; entry in the register is made only on the application of the societies, and is a condition precedent to the granting of any loan. To a society fulfilling the above requirements the Board is authorized to grant advances not exceeding 80 per cent. of the fair market value of the live-stock or produce belonging to the society upon which the loan is secured. Loans are to be for terms of not less than six months and not more than three years, and the maximum rate of interest chargeable is fixed at 7 per cent. per annum.

These provisions have not been utilized to any extent. One application was received for entry on the Board's register of co-operative societies and it was duly approved, but so far no applications have been received for advances.

DISCOUNTING.

21. The conduct of the Board's discounting business is governed by paragraph 46 of the Rural Intermediate Credit Regulations of the 21st December, 1927, which provides that, in order to enable banks and approved financial institutions to afford financial assistance to farmers, the Board may discount promissory notes and bills of exchange in the following circumstances:—

- (a) The Board may determine the rate of discount chargeable:
- (b) The holder of the promissory note or bill of exchange is to be a bank or financial institution approved by the Board:
- (c) The maker of the promissory note or the acceptor of the bill of exchange is to be a farmer engaged in farming operations on his own account:
- (d) The note or bill is to be endorsed to the satisfaction of the Board:
- (e) The maximum amount of accommodation which a farmer or firm of farmers may obtain through applications under the Act and by means of discounted notes or bills is fixed at £1,000.

At the outset of the Board's operations the Board gave careful consideration to the question of putting its discounting-powers into operation, but in view of the impossibility of foreseeing to what extent the funds at its disposal would be available to meet the applications for loans under Parts II, III, and IV of the Act, which it was considered should have preference, the Board decided that it would not, in the meantime, enter into the business of discounting.

It was, however, later brought to the knowledge of the Board that there were a considerable number of farmers throughout the Dominion who desired advances of small sums to enable them to purchase fertilizer for increasing the productivity of their farms and for similar purposes, and that in view of the small amounts of the loans and the short periods for which they were required the cost of giving chattels securities to secure advances under the provisions of Parts II and III of the Act would render the cost of obtaining the loans prohibitive. Certain dairy companies indicated their desire to assist their suppliers to secure loans from the