various transactions of the Office with farmers who have borrowed from the Common Fund or are mortgagors or lessees of estates administered by the Public Trustee.

Besides representing the central Board on the various district boards established throughout the Dominion and carrying out general administrative duties, each District Supervisor is *ex officio* a director of every co-operative rural intermediate credit association established in his district. The number of these associations is now twenty-six, and others are in course of establishment, with the result that in certain districts considerable extra work has been imposed on the staff of the Office. This has been cheerfully shouldered by the officers affected. In connection with the formation of the majority of the associations, useful assistance has been given to the promoters by District Supervisors and officers of the central Board, by means of addresses to meetings of farmers, preparation of documents, and other help of various kinds.

The remuneration of the Public Trust Office for the work carried out on behalf of the Board has been adjusted on a basis satisfactory both to the Public Trustee and to the Board.

It is desirable to explain that, although the services of the Public Trust Office and its officers have been placed at the disposal of the Rural Intermediate Credit Board, every care has been taken to avoid the merging of the identity of the parties to the arrangement. The Public Trust Office acts as the agent of the Board, and its organization is utilized for the purpose of carrying into practical effect the decisions of the Board and preparing the necessary detail work involved, but it has no control over or responsibility for the general policy or operations of the Board.

The rural intermediate credit scheme is making steady progress, especially in districts where dairying is the main form of farming activity. A substantial amount has been advanced both through co-operative rural intermediate credit associations under Part II of the Act and also direct to farmers under Part III of the Act. It is worthy of mention that a preponderating number of the loans granted direct to farmers have been supported by the guarantees of co-operative dairy companies, thus affording a further example of the application of the co-operative principle to the obtaining of finance for the farming community. As the company assumes a contingent liability for a portion of the loan granted, and may be relied on to exercise supervision over the security, it will be seen that the system closely approximates that under which loans are obtained through co-operative rural intermediate credit associations.

In addition, assistance has been given by a number of co-operative dairy companies to their suppliers by endorsing their promissory notes and discounting them with the Board.

The operations of the Board up to the 30th June, 1929, will form the subject of a separate report, which will be presented to Parliament this session, in accordance with the provisions of section 76 of the Rural Intermediate Credit Act, 1927.

INSPECTIONS.

112. With estates and funds valued at over £48,000,000 under administration. and investments totalling £30,935,141, a strict system of internal checks and safeguards must be observed. It has been found that the most effective manner of ensuring that these internal regulations are being conformed to, and that the work of the Department is kept at the high standard required, is by means of periodical inspections by officers conversant with all phases of the work falling within the scope of the operations of the Department. The scheme of inspections which has been in operation for some years past has been maintained throughout the year.

General Inspections.—The scope of these inspections covers the whole of the Office operations, and includes staffing, organization, accommodation, and other internal arrangements. The operation of the Office systems and checks is scrutinized, and a survey made of the staff with a view to determining whether they are suitable for the duties upon which they are employed. These inspections keep the organization and systems up to date, reveal any weaknesses in staffing or conduct of the work, enable the burden to be evenly distributed amongst the