the Board on questions of policy and matters of difficulty; and certain measures, which will be explained in detail later in this report, were taken to put their finances upon a satisfactory basis.

It had also by this time become evident that a large number of loans would be made direct to dairy-farmers on the guarantees of the various companies to which they supplied their milk. In addition, certain dairy companies were prepared to assist their suppliers by discounting their promissory notes with the Board, thus providing them with funds for the purchase of fertilizers and other necessary materials at the season of the year when the dairy-farmer's income is at its lowest.

The Board accordingly seized every opportunity which offered of bringing to the notice of dairy companies the assistance which they might afford to their suppliers, either by establishing co-operative rural intermediate credit associations among them or by entering into arrangements with the Board to guarantee direct loans or to discount promissory notes.

The policy of publicity adopted by the Board in the early stages of its existence has been vigorously followed up during the year. The effectiveness of this policy has been reflected in the number of inquiries which have been received from all sources. It has been observed, however, that the granting of a loan to a farmer is often followed by a number of applications from his near neighbours; and this would seem to indicate that it is still necessary for the Board to utilize every available means of making known the object of the legislation which it is administering.

4. The year now under review has been a prosperous one for the farming community. This has naturally had a marked effect upon the business of the Board. On the one hand, increased returns have enabled a number of farmers to carry on with less financial assistance than usual; on the other hand, money for investment has been plentiful. A number of institutions which formerly were reluctant to advance money on the security of live-stock have this year been lending freely on this class of security. There is no doubt that the lending business of the Board has been materially affected by both these factors; the important aspect, however, is that the farming community, to assist which the Board was constituted, has received the benefit both of increased returns and of cheap finance.

5. It has been found that a preponderating majority of the loans granted by the Board have been to dairy-farmers. The reasons are not far to seek. In the first place, before the Board commenced business loans were not readily obtainable on the security of dairy stock, except from dairy companies and their subsidiary financial companies, which, for the most part, had only limited funds at their disposal. In this connection it should be observed that, as a rule, stock and station agents preferred to lend money on other classes of stock, and accordingly these farmers had no source of finance, with the exception of those just mentioned, before the Board was constituted. Then, it must be realized that the majority of dairy-farmers had behind them their own co-operative companies, which provided at once the necessary machinery either for the formation of co-operative rural intermediate credit associations among their members or for the guarantee required in terms of the Rural Intermediate Credit Act in support of a loan direct to the farmer. Those engaged in other classes of farming have no such organizations behind them. Further, while there are comparatively few dairy-farmers whose financial needs approach the maximum loan of £1,000 authorized by the Act, yet to the great majority of sheep-farmers or those engaged in mixed farming a loan of £1,000 is not sufficient financial accommodation. The proposal to increase the maximum loan to £2,000 has accordingly given an increased impetus to the formation of co-operative rural intermediate credit associations in the grain-growing and sheep-farming districts.

6. It is very gratifying to report that it has been the experience of the Board that its borrowers have, with very few exceptions, met their obligations in a satisfactory manner. The Board has regretfully found itself unable, however, to assist a number of farmers whose capabilities and personal qualifications are undoubted, but who are unable to proffer adequate security for loans. However desirous the Board might feel of assisting such applicants, it recognizes as its first