amount of the investments of the Board from time to time. In addition to this restriction, the total of the debentures issued is not at any time to exceed £5,000,000 in all. The Act gives the debenture-holders, in effect, priority over the claim of the Crown in respect of the advance of £400,000, as it restricts repayments to the Crown so that they may not exceed the amounts transferred from time to time to the reserve accounts of the Board. Consequently, holders of debentures are assured of a margin of assets equal to that sum, apart altogether from the margins in the values of the stock and other assets forming the securities of the individual advances by the Board.

The funds provided in the above manners may be made available to the farming community in the following ways :—

(*a*) By advances to farmers as members of a special class of limited-liability company termed "co-operative rural intermediate credit associations" (Part II of the Act) :

(*b*) By advances to farmers individually, the loans being additionally secured by the partial or entire guarantee of a company or private individual (Part III of the Act) :

(*c*) By loans to farmers' co-operative organizations (Part IV of the Act) :

(*d*) By discounting farmers' promissory notes or bills of exchange (section 15 of the Act, and paragraph 46 of the Rural Intermediate Credit Regulations of the 21st December, 1927, as amended by paragraph 5 of further regulations issued on the 17th September, 1928).

The maximum amount which an individual farmer may obtain by utilizing one or more than one of the above methods is £1,000, and the purposes for which the loans are to be applied must be approved by the Board. The maximum term of advances is five years in the case of loans to farmers and three years in regard to loans to farmers' co-operative organizations, while no maximum period is prescribed in the case of discounting transactions.

The main classes of security for loans to farmers are mortgages of live and dead stock, implements, crops, produce, and similar farming assets, supplemented in suitable cases by mortgages over land or other collateral security. Collateral security is provided in the case of loans to members of co-operative rural intermediate credit associations by the collective responsibility of each association, limited to the share capital subscribed by the members and reserves created by the association, for the repayment of funds advanced by the Board to the members through the medium of the association, and, in the case of direct loans under Part III of the Act, by the guarantees of approved persons or companies for not less than 20 per cent. of the original amount advanced or such larger percentage as may be required by the Board in the individual cases.

In the case of loans to farmers' co-operative organizations under Part IV of the Act, the main security will comprise live-stock or produce belonging to the companies and charged to the Board to secure the repayment of moneys advanced. In discounting transactions the Board will hold a promissory note from the farmer who has obtained accommodation by this method ; but its main security will be in the endorsement of the discounting company, and in these cases the sufficiency of the protection afforded by the responsibility of the discounting company to meet the note on maturity is ascertained in advance by an adequate investigation of the company's financial position by the Board's accounting officers.

RURAL INTERMEDIATE CREDIT REGULATIONS.

10. The regulations made in terms of the Act on the 21st December, 1927, and published in the *New Zealand Gazette* No. 88, of the 22nd December, 1928, control the administration of the Board's business in regard to matters of procedure and detail and the accounting procedure, and, in addition, provide for the control and management of the district boards and co-operative rural intermediate credit associations established in accordance with the provisions of Part II of the Act. They also define the scope of the Board's discounting business, and prescribe various