

which such farmers may borrow, so as to enable them to finance their operations during the "dead" season of the year, only the moneys actually required being made available from time to time.

The Board has considered the adoption of this practice, and it is intended to make credit facilities of this description available immediately any increase is authorized in the limit for loans granted by the Board or by associations. Reservations of the nature set out below will probably be made in regard to loans of this description :—

- (a) The limits fixed will not exceed the amounts to which the Board would be prepared to lend on the usual margins on the proffered security.
- (b) All existing encumbrances on the security will require to be discharged from the amount made available by the Board.
- (c) The charge on stock, crops, and/or land will be registered against the security to cover present and future advances.
- (d) Reasonable notice is to be given by the borrower of additional advances required from time to time, up to the limit fixed by the Board.
- (e) The Board will not be able to adopt a system of cheques or orders similar to those used in the case of stock and station agents. A maximum of one withdrawal a month, or, in the case of more frequent payments being required a minimum of £50 per withdrawal, has been fixed as regards the amounts to be received at any one time to meet living and current expenses. The amounts paid over by the Board can be lodged by the borrowers to the credit of their banking accounts and cheques drawn in the usual way until the amounts are exhausted, when further amounts can be made available within the limit authorized.
- (f) Interest will be charged only on the amount owing by the borrower from time to time.
- (g) The position of each borrower will be reviewed annually by the Board, which will then decide whether the limit should be varied.

Prior to considering the adoption of this practice the members of all district boards and associations operating throughout the Dominion were approached for an expression of their views as to the desirability of adopting the practice, and for any suggestions which they might desire to offer with the object of making the proposed system of the fullest use to the classes of farmers affected. All views expressed and suggestions made will be carefully considered by the Board prior to its final decision being reached.

35. *Interest and Discount Rates.*—The Board's rate of interest and discount rate has been maintained at $6\frac{1}{2}$ per cent. per annum during the past year, with the exception, which previously existed, that loans are made at 6 per cent. to co-operative rural intermediate credit associations which readvance the amounts at $6\frac{1}{2}$ per cent. to their members. Subject to certain conditions, associations are authorized to utilize the margin of $\frac{1}{2}$ per cent. so made available for the purpose of meeting the expenses of management and other expenditure involved in the conduct of their lending business.

CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATIONS.

36. *Nature of Associations.*—Part II of the Rural Intermediate Credit Act, 1927, provided the means whereby practical effect might be given to the desire previously expressed upon the part of a large section of the farming community for means for co-operative action regarding their financial requirements in respect of stock and similar purposes. In order to obtain stock loans from the Board under this portion of the Act a group of farmers of not less than twenty in number may form a co-operative rural intermediate credit association, a special form of limited-liability company, to which the Board is authorized to advance moneys to be re-lent by the association to its members on securities approved by the Board.