

applications by their suppliers under the provisions of Part III of the Act, the qualifications of the valuers having first been considered by the district boards and favourably reported on by them. In some cases the Board was requested to accept the valuations of directors or employees of guarantor companies, but considered it preferable that the valuations should be made by independent parties. Generally the wishes of such companies have been met through the appointment of some independent valuer of suitable qualifications nominated by the company.

Apart from valuers nominated in these circumstances, the Board has from time to time approved of additional valuers whose appointment has been necessary to meet needs occasioned by the extension of its lending business to districts which were not sufficiently served by the valuers already approved. Where it has been shown to the Board that the expenses involved in making valuations in certain districts would be materially reduced if the services of a valuer resident within the district or within easier reach of it than the valuers already available could be utilized, and that the services of a suitable person were available, the appointment has been made if the district board has been satisfied as to the qualifications of the proposed valuer.

A large number of names have been included in the lists of approved valuers in the various districts throughout the Dominion, and, as a result, in the case of practically every application a valuer is available at no great distance. It has therefore been possible to keep the expense involved in valuing securities at a minimum, and no necessity has arisen for setting up a general scale of charges governing the fees to be charged for valuations.

#### SUPERVISION OF SECURITIES.

65. The two methods by which loans are made by the Board to farmers upon the security of stock and chattels and other farming assets are of such a nature that the Board is provided with some measure of independent supervision over the securities.

In the case of co-operative rural intermediate credit associations members are collectively responsible, to the extent of the share capital which they have taken up for the repayment of all advances obtained by the association from the Board to permit of the loans being granted to the individual members, and a consequence of this liability will, it is anticipated, be the careful and prudent administration of the associations' lending businesses, including a close supervision over the securities for the loans. In general, the area over which an association will be operating will be restricted in extent, and it will be composed of farmers living at no great distances from each other. As a result it is unlikely that any developments adversely affecting the association's securities will occur without those responsible for the conduct of the lending operations being promptly acquainted with the happenings. Largely the value of the principles of co-operation as applied to rural intermediate credit associations will be demonstrated by the economies which may be effected in costs of administration through the co-operation of the members, and it is particularly in regard to the costs of supervision of the securities, which normally entail a considerable amount of expense, that savings can be effected through the mutual efforts of the members.

In the case of direct loans one result of the provision for all such loans being guaranteed for 20 per cent. or more as required by the Board in individual cases, should be the maintenance by the guarantors of close contact with the securities, thus reducing to a minimum extent the expenditure required on the part of the Board for this purpose. The more direct benefits of supervision by guarantors will be secured in cases where the loans are guaranteed by stock and station agents, dairy companies, and similar concerns, which have special organizations enabling them to keep in touch with the securities. In the case of one guarantor company with which a considerable volume of business has been transacted a special arrangement entered into with the company provides for periodical reports being furnished to the Board upon the securities at intervals ranging from three months to a year, according to the requirements of individual cases. It may be mentioned in this regard that provision is contained in the form of guarantee which is executed