The volume of business transacted during the year under review did not quite equal that of the previous year, but it was still necessary to exercise the greatest care in the choice of investments and the supervision of securities which consist principally of stock and chattels.

It was again necessary to review periodically the position of many loans and to afford relief to borrowers by means of concessions.

Under the provisions of section 40 of the Mortgage Corporation of New Zealand Act, 1934–35, and Order in Council dated 5th March, 1937, published in the *New Zealand Gazette* of the 11th March, 1937, the control of the rural intermediate credit scheme was transferred from the Public Trust Office to the State Advances Corporation as from the 1st July last.

Although the arrangement under which the work had previously been conducted by this Office technically ceased on that date, to meet the convenience of the State Advances Corporation the Public Trust Office acted as the agent of the Corporation from the 1st to the 31st July, and the physical transfer of the books, records, and accounts was not effected until the latter date.

From the inception of the scheme in 1928 to the 30th June, 1937, the Board advanced £1,279,096, and of this amount 87·6 per cent. has been repaid, leaving £158,259 owing to the Board. The volume of business reached its peak in 1931, and for the year ended 30th June, 1931, the Board advanced £317,711. There was owing at the 31st October, 1931, after crediting repayments received under loans, £520,183. The two figures just referred to are the highest recorded by the Board.

A steady expansion of business was shown in the earlier years of the Board's operations, but there has been a decline in recent years. The reasons for this decline have been fully traversed in the annual reports of the Board, and it is not necessary to refer to them here. It should be mentioned, however, that the uncertainty which has existed in the last two years regarding the future of the system and its administration has had an adverse effect on the volume of business.

Prior to the transfer of the scheme to the Board of Management of the State Advances Corporation, the Rural Intermediate Credit Board placed on record its appreciation of the support it had received during its administration, and of the excellent manner in which borrowers had endeavoured to meet their commitments under loans and of the invaluable services rendered by directors, secretary-treasurers, and solicitors of associations, members of district boards, branch officers, and valuers employed by the Board and associations in the selection and supervision of the securities for loans and the administration of the business of the Board and associations, without whose co-operation the satisfactory results recorded could not have been achieved.

From time to time during the period that the rural intermediate credit system was under the control of the Public Trust Office the Board has placed on record its indebtedness to the Office for the excellent services rendered, and has indicated that had the representation afforded by the Office, or some similar representation, not been available, the system could not have been administered as economically and efficiently as it has been.

CONCLUSION.

41. It gives me great pleasure once more to record my appreciation of the loyal co-operation of the Assistant Public Trustees and the zeal and energy of the staff generally, and of the agents of the Office throughout the Dominion, who have all worked untiringly and whole-heartedly to render faithful service to the Department and its clients, and who have contributed in no small measure to the success of the Office.

Cordial thanks are also due to the members of the Investment Board for the assistance given by them throughout the year in the consideration of applications for loans, the renewal of mortgages, and other incidental matters relating to the investments of the Office.

I have, &c.,
E. O. Hales,
Public Trustee.

The Hon. the Minister in Charge of the Public Trust Office.

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