

The maximum number of these formed was forty-three, but only thirty-six of them were active at the 30th June, 1937. One association was unable to commence operations, and the Board (at the request of the members in one case) petitioned the Court for the compulsory winding-up of two associations, and four others have been or are being wound up voluntarily.

With the object of keeping the directors and secretaries fully apprised of the Board's methods, and also of promoting discussions on matters of importance and obtaining expressions of the views of the various associations on matters of policy, the Board arranged for a series of regional conferences of delegates from associations presided over by members of the Board and attended by members of district boards and executive and branch officers. The results attained were reflected in the improved working of the system not only in the districts directly affected, but throughout the whole Dominion.

10. *Rates of Interest charged.*—During the first five years of its operations the Board charged interest on loans at $6\frac{1}{2}$ per cent., but on the 1st May, 1933, this rate was reduced to 6 per cent., and a further reduction to 5 per cent. was made as from the 1st September, 1934. One-half per cent. less was charged to associations, the difference being allowed to enable them to meet their working-expenses and build up reserves.

11. *Margins of Security.*—At the outset of its operations the Board decided that it would not normally lend more than 70 per cent. of the value of sheep and 50 per cent. of the value of dairy cattle and other stock and implements and machinery. When, however, the values of sheep rose and those of dairy cattle receded, the percentages were reviewed and it was decided that not more than 60 per cent. of the value of sheep and dairy stock and 50 per cent. of the value of other stock and implements and machinery would be advanced. Where the implements and machinery form a large proportion of the total valuation, only 30 per cent. is advanced, based on clearing sale values.

12. *Repayment of Loans.*—It was the intention of the Legislature that loans should be repaid over periods not exceeding five years, and the Board has constantly endeavoured to conform to this intention, and has generally required loans to be repaid at the rate of one-fifth each year. It has been necessary, however, to relax the requirement to some extent to meet changing conditions, and concessions have been granted to borrowers where they have been shown to be necessary. The Board also found that some borrowers needed successive advances to enable them to develop their farms and build up their herds, and in such cases it was considered desirable to provide for smaller repayments in the earlier years of the loan and to increase the amounts required during the later years when the farms and herds were able to produce higher returns.

13. *Valuations.*—The Board appointed a number of valuers in each district to make valuations of securities offered, and only in isolated cases has the Board not been able to rely entirely on valuations made in this way. During recent years the directors of some associations have been empowered to make the valuations required on the granting of loans and for other purposes, and have also been given responsibility for inspections required after the loans have been granted.

14. *Special Provisions.*—By reason of the differences in the requirements of farmers engaged in sheep-farming, grain-growing, and dairy-farming it has been necessary for the Board to introduce special provisions relating to each class. Sheep-farmers and grain-growers receive the greater part of their annual revenue towards the end of the farming year, whereas the income received by dairy-farmers is spread over the greater part of the season. Sheep-farmers and grain-growers also require their advances spread over a longer period than do dairy-farmers, and the Board therefore provided for their convenience a special system by which a limit was fixed up to which a borrower could draw for his finance, the necessary reduction being effected after the returns for the season were received. With dairy-farmers it was possible to fix an amount up to which the loan was to be increased immediately, and the annual repayment was made by monthly deductions from the milk cheques. Although it was the practice to review sheep-farming and grain-growing accounts