

There has been no alteration in the policy in regard to the granting of advances to farmers, and the amount of business transacted during the past year has been approximately the same as for the previous period. Financial assistance is made available principally under the following headings:—

- (a) Advances to Co-operative Rural Intermediate Credit Associations for the purpose of granting loans to farmer borrowers.
- (b) Direct loans by the Board to farmers.
- (c) Discounting of farmers' promissory notes.

CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATIONS.

This method of financing farmers has found favour in some districts, particularly in those where dairying is the principal activity. Associations were established in various parts of the Dominion, but those operating in the Waikato, North Auckland, Taranaki, and Manawatu districts have been most successful, and the volume of business handled by these associations indicates that the farmers are fully appreciative of the advantages of having a local organization with which to transact their business. The borrowers themselves become shareholders of the association, and a Board, appointed by the members, controls the business. The members of the Board are chosen for their ability both as farmers and as business men, and it has been evident that their advice and assistance has been of considerable value to the borrowers in handling their individual problems.

The Central Board is fully appreciative of the service that is given by the directors of the associations, and there is no doubt that the present sound position of the existing loans arises from the thorough administration of the business by these gentlemen, whose services are given voluntarily. The secretarial work is undertaken by a local accountant or solicitor, and the associations have been fortunate to have the services of men whose experience and ability has helped very largely in the successful development and operation of these subsidiary lending bodies.

DIRECT LOANS.

In those districts where there is not an active co-operative association the Board has granted a number of loans direct to farmers on the security of their stock and chattels, but it has been the practice in the past to require some collateral security or guarantee in connection with such loans. The recent amending legislation removed the requirement that such collateral security should be obtained as a definite condition to a loan direct from the Board, and it is now a matter for discretion of the Central Board as to whether the loan should be granted on the security of the stock and chattels alone.

DISCOUNT OF BILLS.

During recent years a comparatively small amount of business has been done under this section, but the facility is still available for use by farmers who are able to arrange for the endorsement of bills by companies and other guarantors acceptable to the Board. The bills that have been discounted have been mostly those submitted through co-operative dairy companies who have agreed to endorse them for discounting by the Board. The reduction in the amount of business handled very possibly arises through the fact that the dairy companies themselves have been able to make advances from their own resources without recourse to discounting their suppliers' bills.