

1939.
NEW ZEALAND.

RURAL INTERMEDIATE CREDIT BOARD

(REPORT OF THE) FOR THE YEAR ENDED 30TH JUNE, 1939.

Presented to both Houses of the General Assembly in accordance with Section 76 of the Rural Intermediate Credit Act, 1927.

Wellington, 28th September, 1939.

SIR,—

We have pleasure in submitting hereunder a report of the operations of this Board for the year ended 30th June, 1939, as required by section 76 of the Rural Intermediate Credit Act, 1927.

The principal function of the Board is the provision of financial assistance for farmers who require to borrow funds in order to develop their farms or purchase additional stock and implements, and, as the term “intermediate” implies, the intention of the legislation was to facilitate the raising of loans, which would be repayable over a period which might be described as half-way between yearly or short-dated accommodation and the long-term table mortgage adopted by the State Advances Corporation for its land mortgages. The Board’s policy has been to require repayment of its loans by five equal annual instalments, but where it is shown that a borrower requires a longer term, concessions are granted where such action is considered to be warranted. Since 1934 the rate of interest payable on loans borrowed from the Board, direct or from the Rural Intermediate Credit Associations, has remained at 5 per cent.

The Board’s system of financing the farming industry is divided into three sections :—

- (a) Granting of loans to Co-operative Rural Intermediate Credit Associations, which are established in terms of the Act for the purpose of making advances to farmers on the security of their stock and chattels.
- (b) Granting loans direct to farmers from the Board’s funds.
- (c) Discounting of bills of exchange and promissory notes for farmers.

When the scheme was first inaugurated it was anticipated that the co-operative association system which had been successful in overseas countries would be generally adaptable to New Zealand conditions, and the development of this side of the Board’s business was given special attention during the earlier years of its operations.