

1945  
NEW ZEALAND

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# RURAL INTERMEDIATE CREDIT BOARD

REPORT FOR YEAR ENDED 30th JUNE, 1945

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

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Wellington, 19th November, 1945.

The Hon. the MINISTER OF FINANCE.

WE have pleasure in submitting a report on the business transacted by this Board for the year ended 30th June, 1945, as required by section 76 of the Rural Intermediate Credit Act, 1927.

The Rural Intermediate Credit system, which was established in 1927, was introduced for the purpose of enabling farmers to obtain at favourable rates of interest credit facilities for periods intermediate between short-term seasonal finance and long-term loans upon land securities. Under this system loans are provided for terms up to five years, generally with provision for the repayment of the loan-moneys by annual instalments. Finance required on a yearly basis may be arranged with the Board by discounting bills or promissory notes. Local administration is provided for by district boards and associations comprised mainly of farmers.

Loan finance may be obtained by three methods :—

- (a) By borrowing through Co-operative Rural Intermediate Credit Associations :
- (b) By a direct loan from the Board :
- (c) By arranging with the Board for the discounting of bills or promissory notes.

During the period of eighteen years that the Board has been in operation it has made available, by way of loans and discounting, advances which, in total, exceed £1,797,400.

In recent years the volume of lending business transacted by the Board has been on a limited scale, due principally to the favourable credit position within the Dominion and the restricted amount of developmental and maintenance work which could be undertaken by farmers under war conditions. Over the past year there has been an increase in the amount of direct loans by the Board, but the bulk of this new business is comprised of loans granted to ex-servicemen of the present war who have been eligible for assistance under the Government's rehabilitation scheme. Otherwise there has been no substantial variation in turnover as compared with the new business handled in previous years. The amalgamation of the Rural Intermediate Credit system with that of the State Advances Corporation is under consideration.

The following is a summary of business transacted during the year ended the 30th June, 1945 :—

## CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATIONS

There are now fourteen active associations, and three other associations are in course of liquidation. The loans made through this channel during the year amounted to £31,008, and at the close of the year there were 436 loans current for an aggregate amount of £69,706.

## DIRECT LOANS FROM BOARD

Due to the increase in the number of rehabilitation loans granted to ex-servicemen, the volume of business transacted in this section showed a considerable increase over loans granted in the year ended 30th June, 1944. During the present year loans totalling £44,173 were granted, and at the close of the year 84 loans were current for an aggregate amount of £46,154.

## DISCOUNTING OF PROMISSORY NOTES

Bills discounted by the Board during the year totalled £438, and the investments at the end of the year under this heading amounted to £74.

## REVENUE ACCOUNTS AND BALANCE-SHEET

The accounts for the year ended 30th June, 1945, are being submitted by separate reference in terms of section 38 of the Act.

Investments of the Redemption Fund show an increase of approximately £5,000 on the previous figures. Advances to associations have decreased by £17,000, but there is an increase in Part III loans of approximately £27,000. The amount now held by the Board in temporary investments, Government securities, and cash balances aggregates £181,478, and represents a decrease of £14,893 on last year's figures.

Expenditure for the year shows little variation, the main items being interest on loan capital, £12,000, and management expenses, £2,246. Revenue derived by the investment of funds available for the Board's normal lending activities has been augmented by the transfer of £4,093 from the Redemption Fund Income Account in terms of section 17 (3) (a) of the Rural Intermediate Credit Act.

The Board again records its indebtedness to the members of the district boards and the directors and secretaries of associations for the valuable services rendered by them in connection with the conduct of the lending operations.

A. D. PARK  
T. N. SMALLWOOD } Joint Managing Directors.

## RURAL INTERMEDIATE CREDIT BOARD

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1945

<i>Dr.</i>	£	<i>Cr.</i>	£
Management expenses .. .. .	2,246	Interest on advances to associations .. .. .	3,487
Travelling expenses .. .. .	4	Interest on advances to farmers .. .. .	1,982
District board members' fees .. .. .	3	Discount on bills discounted .. .. .	7
General expenses .. .. .	14	Interest on Government securities .. .. .	4,640
Audit fees .. .. .	59	Interest on short-term investment .. .. .	81
Interest paid to Treasury .. .. .	12,000	Sundries .. .. .	36
		Transfer from Redemption Fund income .. .. .	4,093
	£14,326		£14,326

## BALANCE-SHEET AS AT 30TH JUNE, 1945

<i>Liabilities</i>	£	£	<i>Assets</i>	£
Establishment grant from Consolidated Fund .. .. .	10,000		Investments of the Rural Intermediate Credit Redemption Fund and premiums on conversion: Government securities at cost and interest accrued .. .. .	260,290
Less expenditure to date .. .. .	7,765	2,235	Advances to associations for preliminary expenses .. .. .	58
Advances from Consolidated Fund for preliminary expenses of associations .. .. .		850	Advances to associations .. .. .	69,707
Advances from Consolidated Fund under section 16 .. .. .		400,000	Less reserve .. .. .	1,679
Rural Intermediate Credit Redemption Fund: Accumulated interest on investments and share of profits .. .. .		125,820	Advances to farmers .. .. .	46,154
Rural Intermediate Credit Reserve .. .. .		19,541	Less reserve .. .. .	991
Reserve (premiums on conversion of Redemption Fund investments) .. .. .		1,157	Bills discounted .. .. .	74
Sundry creditors .. .. .		7,238	Less rebate of interest .. .. .	3
				71
			Overdue interest on advances .. .. .	7
			Accrued interest on advances .. .. .	1,072
			Sundry debtors .. .. .	624
			Government securities and accrued interest .. .. .	150,301
			Cash at bank and in transit .. .. .	31,177
				£556,791
		£556,791		£556,791

A. D. PARK, F.I.A.N.Z., F.R.A.N.Z. } Joint Managing Directors.  
T. N. SMALLWOOD  
W. G. DENT, B.Com., A.R.A.N.Z., for Chief Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby.—J. P. RUTHERFORD, Controller and Auditor-General.

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