

1928.

NEW ZEALAND.

RURAL INTERMEDIATE CREDIT BOARD

(REPORT OF THE) FOR THE YEAR ENDED 30TH JUNE, 1928.

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

SIR,—

Wellington, 29th September, 1928.

In accordance with section 76 of the Rural Intermediate Credit Act, 1927, I have the honour, on behalf of the Rural Intermediate Credit Board, to submit a report on its operations for the period ended 30th June, 1928.

1. The report sets out the progress made in the inauguration of the system, the developments of the Board's business, and the policy of the Board in regard to its lending operations and other matters. The volume of applications dealt with during the period was not large, but it must be remembered that the Board did not meet until the 17th February, 1928, and a certain amount of time was occupied in the preliminary work occasioned through the setting-up of the new system. Much propaganda work was necessary, as indicated in the report, to bring particulars of the system before the notice of the farming community, and consequently it was not until towards the close of the period under review that the system was in full operation. To a large extent the efforts of the Board have been directed to setting up the necessary machinery for the conduct of its operations and to laying the foundations of a sound business. The developments which have occurred during the period inspire the confident belief that the system will be largely availed of in the future, and that it will bring substantial benefits to the farming community and so indirectly to the Dominion as a whole.

HISTORICAL SURVEY.

2. Although perhaps greater prominence has been given in post-war years to the difficulties confronting the farming community concerning credit facilities, a survey of economic conditions and developments during the last century and the present one indicates that they are to be traced to causes of comparatively long standing. Perhaps one of the most remarkable features of commercial and business life during the nineteenth century was the first gradual and later rapid development of the joint-stock-company form of enterprise, with the accompanying growth of confidence in the shares and securities of such companies as a method of investment. The outstanding result of the adoption of the joint-stock principle was the increasing extent to which, through the medium of trading companies, the savings of the community were utilized for industrial purposes.

These developments were not accompanied by an equal extension of the joint-stock principle to the farming industry, and to this and to the consequent lack of any organization for diverting capital to agricultural purposes is largely attributable the absence of adequate credit facilities for farmers. It is not difficult to understand the delay in the application of the corporate principle to rural conditions: the characteristics of the farm as an enterprise are such as to place it in a materially different category from the various branches of industrial, commercial, or financial activity which we are now accustomed to associate with corporate enterprise. Throughout the world farms are separate units, and the successful conduct of farming operations is generally found to be dependent upon the labour and ability of