

served the needs of a considerable number of farmers in the district covered by its operations, may be quoted :—

“The directors feel certain that the figures afford clear proof of the advantages of the rural intermediate credit scheme, and show that the system will, if properly administered, grow to such an extent that it will provide practically all the facilities for rural finance which may be obtained from an agricultural bank.

“The directors desire to express their appreciation of the manner in which the scheme is handled by the District Supervisor and his staff, and by the Rural Intermediate Credit Board in Wellington, and the District Board, Hamilton. The experience of the directors is that all applications are dealt with promptly and the recommendations of the local association receive very sympathetic consideration.

It is also pleasing to place on record the contents of the following letter addressed by the secretary of the Te Awamutu Association to the District Intermediate Credit Supervisor at Hamilton :—

“At the annual meeting of my association, the chairman referred to the valuable help and assistance that had been given towards the establishment of rural credit associations and to the furtherance of the movement generally, and a resolution was passed by the meeting expressing its appreciation of the assistance given by the officers of the Public Trust Office.”

LOANS TO FARMERS WITHOUT THE INTERVENTION OF ASSOCIATIONS.

46. *Particulars of Direct Method of Application.*—Under the legislation originally submitted to Parliament in connection with the intermediate credit system, which followed the recommendations of the Royal Commission of 1925 on Rural Credits, loans were obtainable by farmers only through co-operative rural intermediate credit associations or through discounted promissory notes or bills of exchange; but it was considered that this restriction would prevent settlers in outlying districts, where it would be difficult or impossible to form associations, from obtaining assistance under the Act. Part III of the Act was accordingly introduced by the parliamentary Committee which considered the Rural Intermediate Credit Bill, and on which farming interests were extensively represented, enabling a farmer to apply direct to the Board for an advance, provided he is able to arrange for a guarantee satisfactory to the Board for such amount as might be required by it, being not less in any case than 20 per cent. of the original amount of the loan. This addition provided for the development and extension with adequate safeguards of the existing facilities under which loans on chattel securities can be obtained under the State Advances system. The collateral security afforded by the necessary guarantee replaces the collective responsibility of an association for advances made by the Board to the association to enable loans to be granted to its members. Section 64 (2) of the Act authorizes companies incorporated in New Zealand to guarantee loans under Part III of the Act, notwithstanding any provisions to the contrary contained in their memoranda and articles of association.

Loans may be granted under this Part of the Act for any of the purposes for which loans may be approved to members of associations, the relative sections in Parts II and III of the Act defining the purposes of loans being identical in their provisions. Similar conditions also apply to the rate of interest payable and the maximum amount of the loans. In practice the securities relating to both classes of loan are drawn so as to make the loans repayable on demand, but borrowers have the assurance that so long as their obligations are met and the securities maintained in a satisfactory condition the best possible treatment will be accorded to them and their loans will not be called up arbitrarily. The practice of requiring loans to be repaid by instalments suited to the individual cases is also made to apply to direct loans.