

by an agreement by the guarantors that, in the event of default being made by the borrower, the guarantors will not sell any milk, cream, or cheese produced upon their farms otherwise than through the society, and that it shall be lawful for the society to make such deductions from the amounts due by the society to the guarantors for the price of such milk, &c., as the society in its absolute discretion thinks fit.

The maximum amount which the committee of a society may advance to any one borrower is £150, and applications for loans in excess of that sum are to be referred to the corporation. The purposes for which loans may be granted are practically the same as those for which loans may be granted by the Board, and the loans are also to be repayable by instalments, with a maximum period for repayment of seven years. In this regard creameries are recommended, in the interest of borrowers, to arrange for deductions to be made from the monthly milk cheques to meet the annual repayments.

The operations of the Agricultural Credit Corporation are of particular interest to the Board, and it will be observed that the endeavours made to secure the co-operation of the creamery societies correspond in the case of the Dominion with the successful efforts made by the Board to secure the active interest of dairy companies in the intermediate credit system. The method by which loans may be obtained in Ireland through the medium of the creameries combines characteristics both of the discounting system and the procedure in obtaining loans through the medium of co-operative rural intermediate credit associations, and the Irish system generally reproduces many of the principal characteristics of the system which the Board is administering.

70. *Scotland.*—In Scotland, by the Agricultural Credits (Scotland) Act, 1929, the establishment of a company with the object of making advances upon the security of agricultural land is authorized. In addition, with the object of facilitating the obtaining of credit by societies engaged in the provision of agricultural requisites for their members and the sale of agricultural produce purchased from the members, provision has been made for a special form of charge, called an "agricultural charge," to be given by the societies over their stocks of merchandise in favour of banks of currency. To be competent to avail themselves of the facilities provided, such societies must be registered under the Industrial and Provident Societies Acts.

71. *England.*—The means provided for assisting farmers in Scotland to obtain loans on the security of their farm properties are practically identical with the facilities provided for in England by the Agricultural Credits Act of 1928, which made provision for the formation and administration of a limited-liability company with the principal object of making long-term advances upon farming lands. The corporation has been set up and is now in active operation. The position in England regarding credit for shorter terms for agricultural purposes is, however, different. Further provisions of the Act of 1928 legalized a form of security, also called an "agricultural charge," which may be taken by a bank to secure moneys advanced on a farmer's stock, crop, implements, machinery, and similar assets. It has been stated that by the end of April last applications totalling two and a half million pounds had been made for loans upon the security of long-term mortgages of farming-land and in respect of major permanent improvements to such lands, and that in the same period over one thousand applications had been made for short-term credit from the ordinary banks by farmers and co-operative societies.

72. *Other Countries.*—The Board has also received reports and publications issued by the Farm Loan Board of the United States of America and by various institutions in the Union of South Africa and the Commonwealth of Australia engaged in the provision of credit facilities for farmers. Arrangements have been made in all cases for copies of further publications to be forwarded to the Board as they are issued by these concerns.

#### CONCLUSION.

73. It will be recognized that the new system of rural finance which the Board is charged to administer is still largely in the developmental stage, and that, whilst a satisfactory amount of business has been transacted during the year under review, the Board has also been largely concerned with laying down lines for future progress and establishing the necessary machinery to deal with the increased amount