

of business which may be reasonably anticipated. The comparative statement published in the Appendix to this report, giving the total amount of business transacted or under consideration as at the 31st August in the years 1928 and 1929 respectively, shows that there has been a very satisfactory growth in the business during the period covered by the statement. In estimating the prospects of future business it must be borne in mind that many valuable points of contact have been established by the Board with the farming industry, and that from these a steadily increasing volume of business may be anticipated. Up to the present the scheme has been almost exclusively utilized by the dairying industry, the loans granted to other classes of farmers, such as sheep-farmers and grain-growers, being very limited in number and amount. This result is attributable to a number of special causes. In the first place, the limit of £1,000 fixed under the existing legislation, has proved inadequate for the requirements of sheep-farmers and grain-growers during the "dead" season of the year, when no revenue is being obtained and the expenses connected with farming operations, including the planting of crops, have to be met. In the second place, it would appear that the same facilities have not been at the disposal of the sheep-farmers as was the case with the dairy-farmers in obtaining guarantees of loans to enable the provisions of Part III of the Rural Intermediate Credit Act to be utilized. The third cause is probably to be found in the fact that, whilst a fixed loan to be liquidated over a period of years is usually suited to the requirements of the dairy-farmer, who is able to pay his interest and the instalments of principal required by the Board by deductions from his milk cheques throughout the productive season, such a loan is not equally applicable to the circumstances of the sheep-farmer, whose indebtedness steadily increases during the major portion of the year and is then rapidly liquidated either in whole or in part during the production season.

The Board has given careful consideration to these disabilities, and arrangements are in hand which it is anticipated will make the scheme equally popular with the sheep and grain farmers as it has proved with the dairy-farmers. On the representations of the Board, supported by a resolution of the last Dominion Conference of the New Zealand Farmers' Union, the Right Hon. the Prime Minister has undertaken to introduce legislation during the present session of Parliament raising the limit to be obtained by any borrower from the Board to £2,000. The Board has also devised a system for the fixing of limits up to which sheep-farmers and those engaged in mixed farming will be able to draw for their seasonal requirements, the amounts being reduced or liquidated from the proceeds of the next season's produce. Details of the Board's proposals in this connection are contained at an earlier stage of this report.

The difficulty of obtaining guarantees to support the loans of sheep-farmers will largely be disposed of by the formation of rural intermediate credit associations in the sheep-farming and grain-growing districts. It is of interest to record that the first of the associations in such districts has been formed in Mid-Canterbury, with headquarters at Ashburton. It is undoubted that the formation of this association has been stimulated largely by the public notification of the Right Hon. the Prime Minister that the limit for loans will be raised to £2,000, and by the Board's announcement of its new proposals relating to loans to sheep-farmers and grain-growers.

With these modifications of the system the Board confidently expects that the volume of business to be transacted with farmers other than dairy-farmers will show a marked and substantial increase.

74. In an earlier portion of this report reference has been made to certain complimentary comments which have been passed on the various modes of lending adopted by the Board. These expressions of satisfaction are the more gratifying in that the operations of the Board have been subjected to a certain amount of criticism during the year, some of which was obviously based on imperfect acquaintance with the facts, as the Board was able to demonstrate. It is obvious that in the early stages of the scheme, when the lines of organization were being laid down and the policy of the Board in its lending operations was being developed, it was not reasonable for applicants to expect exactly the same promptitude as though the Board's organization were fully established. The Board is in a position