

to state that its organization is now complete, and that where an applicant has a satisfactory security to offer no delay in dealing with the application need be anticipated. The powers of district boards to deal with applications have been extended during the year, and a substantial proportion of the Board's lending is now carried out in the districts where the borrowers are located. In the other cases the applications are submitted to the central Board for final decision, but in order that such applications may be dealt with expeditiously the Board has delegated the power to deal with such loans to a local committee consisting of Board members who are resident in Wellington. This committee meets each week to deal with applications, and any apprehension of delay under this heading is thus removed.

The Board will continue to give constant attention to the speeding-up of the administration and the elimination of any unnecessary work, as it realizes to the full the necessity of providing money for the farming industry not only at reasonable rates of interest, but with a minimum of machinery and delay.

75. The amount of business already transacted by the Board has been sufficient to demonstrate the need and value of such a scheme as the rural intermediate credit system, and is an indication that there is scope for considerable expansion in the business to be transacted. The value of the scheme cannot be measured solely by the direct lending which it has effected, as the establishment of the scheme and the operations of the Board have undoubtedly served to concentrate attention on the problem of rural finance, and have led to more sympathetic consideration of this type of finance by other financial institutions, with consequent benefit to the farming industry. It is felt that, as the system extends, its benefit will become more and more apparent, and it will assist in the attainment of a closer approximation to the ideal conditions under which the farmer will arrange for his long-term credit by means of a mortgage of his land, secured under the amortization or instalment system, and will obtain the additional finance requisite for stocking and working the property by means of a loan from the Rural Intermediate Credit Board, which will also be on a definitely reducing basis. The closer the approximation to this ideal, the more stable will become the position of the farmer, and the better able he will be to meet the inevitable fluctuations which take place from time to time in the prices of our primary products. A system of long-term amortized loans will also have a most valuable effect in serving to stabilize the values of land, and tend to reduce the possibility of rapid inflation and deflation, which in the past few years have caused such hardship to the farming community.

76. The Board desires to place on record its sincere appreciation of the valuable services rendered by the members of district boards, including leading farmers, representatives of the stock and station companies, and Government officials, such as the Commissioners of Crown Lands, and officers of the Valuation or Agriculture Departments, together with the District Public Trustees who are chairmen of the boards in the various districts. The Board also desires to tender its thanks to those public-spirited farmers in the various districts who have promoted the formation of rural intermediate credit associations and are serving on the directorates of such associations in an honorary capacity.

I have, &c.,
(For and on behalf of the Board),

J. W. MACDONALD,
Commissioner.

The Right Hon. the Prime Minister.