

LOANS TO CO-OPERATIVE SOCIETIES.

51. As yet no advantage has been taken of the provisions of Part IV of the Act, which set up facilities for advances to farmers' co-operative companies upon the security of their live-stock or produce. Under these provisions applications may be made to the Board by co-operative companies having for their principal object the production or sale of staple agricultural or pastoral products, including live-stock, and including also goods manufactured from any such products. To be competent to receive a loan from the Board such a company must be composed of not fewer than thirty members, and have a subscribed capital of not less than £2,500. Provision is made for the keeping of a register of co-operative societies to which the Act is applicable and entry on this register, which is to be made only on the application of the societies, is a condition precedent to the granting of any loans. To a society fulfilling the above requirements the Board is authorized to grant advances not exceeding 80 per cent. of the fair market-value of the live-stock or produce belonging to the society upon which the loan is to be secured. Loans are to be for terms of not less than six months or more than three years, and the maximum rate of interest chargeable is fixed by the legislation at 7 per cent. per annum. The Board's general lending rate, at present $6\frac{1}{2}$ per cent. per annum, will apply to any business transacted under this heading.

FINANCE AND ACCOUNTS.

52. The accounting system continues to satisfactorily meet all requirements, and enables a full and complete record of the Board's transactions to be obtained without undue labour. It provides for a separate record of the transactions of each district board, and the incorporation of the accounts relating to all the district boards in the Board's general Profit and Loss Account and Balance-sheet. The accounts recording advances are kept at the offices of the district boards and information regarding their accounts is thus at all times readily accessible to borrowers.

The system of supervision of the business transacted by district boards by means of periodical returns has assisted the Head Office to keep closely in touch with the position in each district, and has enabled the financial requirements of district boards to be accurately estimated and provided for.

The arrangements made for the temporary investment in Government securities of moneys not immediately required have proved of great advantage, permitting the funds to be profitably employed, while at the same time ensuring that there shall be no delay in making them available for the Board's lending operations when required.

53. *Accounts to 30th June, 1930.*—The business has continued to expand steadily throughout the year, and the investments (excluding Rural Intermediate Credit Redemption Fund investments) at 30th June, 1930, amounted to £322,507. As the investments at 30th June, 1929, amounted to only £165,115, the increase, £157,392, is almost 100 per cent.

The growth in investments has naturally resulted in a very considerable increase in the gross income, which amounted to £16,195 14s. 3d., compared with £5,940 11s. for the previous year. These figures do not include the income earned by the investments of the Rural Intermediate Credit Redemption Fund, £4,694 2s. 3d., which is credited direct to the Fund Account. The expenditure totalled £12,015 15s. 1d., compared with £5,379 10s. 4d. for the year ended 30th June, 1929, and the excess of income over expenditure was thus £4,179 19s. 2d. This amount compares favourably with the previous year's figure, £561 0s. 8d.

In accordance with the statutory provisions contained in section 39 of the Act, the net profits for the year, £4,179 19s. 2d. have been appropriated in equal shares to the Rural Intermediate Credit Redemption Fund and the Rural Intermediate Credit Reserve.