

good purpose would be served by granting a loan to a farmer whose finances are involved or who would not be able to meet his commitments from the income which he is likely to receive. That the Board's attitude has been the correct one is evidenced by the results which have been achieved, and existing debenture-holders and intending investors can rest assured that their interests have received, and will continue to receive, the fullest protection the Board is able to afford.

5. In view of the existing economic conditions, the Board has been urged in some quarters to relax its requirements in order that it may assist farmers who bear a good reputation in their districts and who are farming their places capably but who are not able at present to offer security of the standard normally insisted upon by the Board. Any such relaxation would, however, involve the loss of confidence of the investing public, and less money would be available for lending, so that the final result would be unfavourable rather than favourable to the farming industry as a whole. As the Board's debentures have been constituted trustee securities, it must be assumed that the Legislature intended that loans should be made only to farmers who have sufficient security to support their loans. It is apparent that it is in the interests of the investor, and ultimately of the farmer himself, that the Board's present policy should be adhered to.

6. When the system was first established one of the objects aimed at was the supply of credit to the farmer in progressive amounts as his position improved and as the opportunity for the more extensive employment of credit increased. It is pleasing to record that this object has been largely attained. Many farmers who, during the earlier years of the Board's operations, obtained loans to improve their properties have later made application for further advances to enable them to increase the stock carried and thus to obtain the full advantage of the improvements they have made. The system has thus proved of great value to progressive farmers who have been able to increase materially the output from their properties without any corresponding increase in the fixed charges on their lands, and the Board is desirous of assisting farmers of this type to the greatest possible extent. Farmers who have obtained loans from the Board and who desire further advances for productive purposes will have no difficulty in obtaining the requisite finance, provided their relations with the Board have been satisfactory, their financial position is sound, and the securities are acceptable to the Board.

## ADMINISTRATION.

7. *Personnel of Board.*—The Board records with regret the death of Mr. R. E. Hayes, C.M.G., who as Financial Adviser to the New Zealand Government was a member of the Board. The vacancy was filled by the appointment of Mr. A. D. Park as Financial Adviser to the Government.

8. *Meetings of Board and Local Committee.*—The Board has continued to meet on the second Friday of each month for the consideration of matters of general policy, and for periodical review of the working of the system and the position of the various loan accounts. Matters requiring prompt attention, including the consideration of loan applications, are dealt with by a committee of three members of the Board resident in Wellington, which meets weekly, the decisions of the committee being subsequently circulated to all Board members for review. During the year ended 30th June, 1931, twelve meetings of the Board and forty-six meetings of the Local Committee were held.

9. *District Boards.*—The district boards have continued to operate satisfactorily during the year and have rendered valuable service to the Board and the farming community. The chief function of the district boards is the consideration of loan applications not exceeding £250 in amount, but the boards have also been frequently consulted by the central Board on matters of general policy, and the advice and assistance rendered by them is greatly appreciated.

Mr. W. A. Gordon has become a member of the Waikato District Board on his appointment as District Government Valuer, Hamilton, in succession to Mr. G. W. Hyde, who has retired through ill health. The Board places on record its appreciation of the services rendered to the scheme by Mr. Hyde. No other changes in the personnel of district boards have taken place.