

progressive improvement of his dairy herd. With a view to assisting those farmers who desire to improve the standard of their herds, the Board decided that pedigree bulls should be accepted as security at valuations in excess of the maximum value of £15 per head normally allowed for grade stock, provided that the value of the bulls does not exceed 10 per cent. of the value of the herd, and that the valuation of any individual animal should not exceed £40 for lending purposes.

15. *Repayment of Mortgages and Payment of Interest.*—As a result of the conditions which have obtained in the farming community during the past year, the Board received a number of applications for loans for the purpose of reducing or repaying existing mortgages, or for the payment of interest thereon. In many cases it was apparent that, owing to the decline in the values of farm properties, mortgagees were anxious to receive the amount of their mortgages, or a reduction thereof, owing to the danger of loss on realization of the securities. As the effect of the financial stringency became increasingly apparent the Board adopted the attitude that its chief obligations were to assist farmers to maintain and increase production to compensate for the lower prices which were being obtained, and as a result of this felt obliged to conserve its funds for these purposes, and to decline applications for loans for the repayment of mortgages or the payment of interest thereon. In certain cases, however, where mortgagees were prepared substantially to discount the amount of their mortgages in consideration of a cash payment, thus conferring a material benefit on the borrower, the Board made the requisite funds available. Similarly, the Board rendered assistance in certain cases where mortgagors were able, by a prompt payment of their interest, to obtain substantial concessions.

16. *Loans for Repayment of Existing Liabilities.*—Applications for loans have been received in increasing numbers where the moneys applied for were required solely or principally for the discharge of existing liabilities secured on the stock or incurred in connection with farming operations, and not for fresh productive purposes. Although the repayment of existing liabilities is an authorized purpose under the Act, the Board considered that preference should be given to those applications in which, in addition to the discharge of existing liabilities, substantial amounts would be applied to fresh productive purposes. It was accordingly decided that where a farmer's finance was already arranged with a stock firm, bank, or other financial institution the Board would not, in the absence of special circumstances, grant a loan to enable the existing liabilities to be repaid. In a few special cases, where it was established that a farmer's financial position would be materially improved by the granting of a loan, an exception to the general rule was made.

17. *Statements of Financial Position.*—With every application a statement of the farmer's assets and liabilities at the date of the application, with a statement of his receipts and expenditure for the preceding twelve months, is required, in order that the Board may be satisfied, before granting a loan, that the applicant's position is sound, and that he should be able to carry on successfully and meet his commitments. Some applicants have exhibited a reluctance to supply such statements, but it is felt that if a farmer expects the Board to repose in him sufficient confidence to grant a loan he, in turn, should be prepared to place his financial position fully before the Board. It is of the utmost importance that there should be a full disclosure of all relevant information between applicants and the Board.

18. *Term of Loans.*—Representations have been made that in view of the difficulty which farmers have recently experienced in meeting their outgoings the Board should extend the term of five years within which loans must be repaid in accordance with the provisions of the Rural Intermediate Credit Act. Any variation in the direction of extending the present term would, of course, require legislative sanction, but the Board has not considered it desirable to move for any amendment in this direction. The object of the Board as defined in the existing legislation is to provide intermediate credit for productive purposes which in the normal course should permit of the loan being liquidated within the maximum of five years already assigned, and a farmer who is not overburdened with capital liabilities should be able to meet his interest and capital repayments under normal circumstances without undue strain. Where some relief has become necessary owing to the exceptional conditions now prevailing, the matter has been dealt with on the lines indicated in the succeeding paragraph.