

19. *Revision of Basis of Repayments.*—It has been found necessary to grant concessions to some borrowers during the year in respect of their principal repayments, and in a number of cases to postpone the payment of interest. Each case in which postponement was applied for was carefully reviewed, and if the mortgagee or lessor of the land was willing to co-operate, and a concession was justified in the interests of the farmer and for the preservation of the security, the Board granted such relief as was warranted by the particular circumstances. The Board has in suitable cases entered into arrangements with the borrower and his other mortgagees or encumbrancers for the financing of the farm until the next ensuing season, and the equitable distribution of the farming proceeds amongst the various encumbrancers.

It is pleasing to record that the number of cases where concessions have been required was comparatively small, and that the great majority of the Board's borrowers have met their commitments in full.

LOANS FOR THE PURCHASE OF FERTILIZER.

20. Farmers have fixed charges, such as interest on mortgages, rent, and rates, to meet every year whether the season experienced is good or bad, and consequently when their income is reduced through unfavourable seasons, or by a decline in the prices of primary products, expenditure in other directions must be curtailed. It was brought to the notice of the Government during the year that there was a tendency on the part of farmers to restrict the application of fertilizer to their properties on the score of economy. As the regular application of fertilizer to much of the farming-land in the Dominion is essential if production is to be maintained, the Government, realizing the importance of the matter, and notwithstanding the many demands made upon the public funds at the present time, decided to make available the sum of £100,000 for the purchase of fertilizer by farmers on easy terms. The amount was entrusted to the Board for administration, and, as it was clear that if the full benefit of the fund was to be obtained it would be necessary for the amount to be lent under somewhat easier conditions than those insisted upon by the Board in its usual lending operations, the Government authorized and requested the Board to relax its usual requirements in respect of the special fund, and agreed that any losses incurred should be borne by the Consolidated Fund. At the same time, the Government adopted the view that, having regard to the heavy calls made upon the general taxpayer at the present time, the moneys should not be made available indiscriminately, but only in those cases where there was reasonable prospect of the amount advanced being recouped from the proceeds of the next season's produce. As requested by the Government, the Board has relaxed its usual conditions, and is advancing the money to the best advantage consistent with reasonable protection to the interests of the taxpayer. Loans not exceeding £75 to any individual farmer are made, provided that a guarantee up to 50 per cent. of the amount is obtained from an institution, firm, or person whose financial position is satisfactory to the Board. Any ultimate loss sustained in any particular loan will be borne in equal proportions by the guarantor or endorser and by the Consolidated Fund. In those cases where a satisfactory guarantee cannot be obtained the Board is prepared to make the advance available provided a satisfactory charge is given over the milk cheques or other proceeds for the next productive season.

CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATIONS.

21. Additional associations formed during the year were the Matamata, Pahiatua, Northern Hawke's Bay (Hastings), Northern Southland (Gore), Papakura, Huntly and Otamatea (Paparoa) Associations. The total number of associations formed and in active operation is now forty. The existing financial stringency has curtailed the formation of associations to some extent, as many farmers who ordinarily would have supported the formation have not been willing, in the present difficult circumstances, to commit themselves to further expenditure, however small. It is evident, however, that as soon as the conditions show signs of improve-