

ment the formation of associations will be resumed. Already a number of farmers have intimated their willingness to form associations in the Marlborough, Central Hawke's Bay, and Thames Valley districts, and at Mangonui (North Auckland) and Matakana (Auckland), whilst a certain degree of interest has been aroused in South Canterbury and in the Waikouaiti - Palmerston South district.

22. *Relations with Associations.*—The relations between the associations and the Board have been almost uniformly cordial, and valuable services have been rendered to farmers and to the system by the directors and secretaries of associations, and by the valuers and solicitors employed by them. That the system is proving of benefit to the farming community, and that good relations exist between the associations and the Board, is evidenced by the appreciative references contained in the annual reports of many of the associations. Some of these references are published in Appendix III of this report. It is inevitable that there should be differences of opinion in some cases between the Board and associations respecting particular loan applications or on matters of policy, but it has been found that, as a general rule, a discussion between the directors and a representative of the Board has resulted in an amicable adjustment being arrived at.

23. *Directors and Secretaries.*—A booklet advising directors and secretaries of the Board's requirements in regard to its lending business has been printed and issued. Supplements to the booklets are issued periodically in a form suitable for incorporation in the original booklet. The Board recognizes that if the association method of obtaining loans is to continue to be a success directors and secretaries must be in possession of reliable and current information regarding the scheme.

A revised list of the directors and secretary-treasurers of associations operating throughout the Dominion at the end of the year under review is published in Appendix II to this report.

During the year it was ascertained that a director of an association who was also a borrower had, when making application for a further advance, failed to make full disclosure of his financial position, and had not supplied in his statement of assets and liabilities a complete list of the liabilities. The borrower's account later became unsatisfactory, and on the full facts coming to the knowledge of the Board the position was placed before the directors of the association, with the result that the resignation of the director involved was subsequently received and accepted.

24. *Position of Association Loans.*—The position of the loans generally is very satisfactory, and it is a matter for congratulation that in only two cases during the year was it necessary to realize securities owing to default by borrowers. This result speaks well for the consideration given to applications for loans and for the supervision exercised over securities subsequently to the granting of the loans. In the case of one security a loss was suffered by the association, and in the other case part of the security still remains unsold and only a trifling loss is anticipated when the balance of the security is realized. In neither case is the Board likely to make any loss.

25. *Business transacted through Associations.*—As at the 30th June, 1931, the amount owing by members of associations after crediting the repayments received over the period of the loans, in some cases extending up to three years, amounted to £314,949, as compared with the sum of £156,833 owing on the 30th June, 1930. The figures refer to the net investments only, and do not show the total amount of loans granted or the applications under consideration at the date stated.

#### LOANS DIRECT TO FARMERS.

26. Although the association method of obtaining loans is gradually proving more popular, satisfactory progress has also been made in respect of direct loans, and dairy companies and other companies, as well as firms and individuals, have continued to show their willingness to guarantee loans.

During the year arrangements were made with sixteen companies for the acceptance of their guarantees by the Board, and in four cases the Board agreed to increase the amount previously authorized for the acceptance of the guarantees of the companies concerned. From the inception of the system to the 30th June, 1931, the Board has agreed to accept the guarantees of sixty-eight companies.