

33. *Issue of Debentures.*—During the year it was necessary to place an issue of debentures on the market to secure funds for the extension of the lending business. These debentures were offered to the public through the organization of the Public Trust Office throughout the Dominion, on the following terms:—

Period.	Rate of Interest. Per Cent.	Denomination of Debentures.
Twelve months	.. 4½ £100, £250, £500.
Five years 5½ £100, £250, £500, £1,000.

A prospectus was issued and accorded considerable publicity by newspaper advertising. Special measures were taken to bring the issue before the notice of the investing public, including organizations directly interested in providing finance for farmers. The full issue of £100,000 was subscribed, and a further issue of debentures is now available for subscription. The funds thus obtained, together with the substantial repayments received from borrowers, have enabled the Board to carry out its lending programme during the past year.

34. *Accounts of Associations.*—Considerable assistance and guidance has been extended to associations in connection with the accounting work. In the case of new associations this assistance is necessary to ensure uniformity. Suitable accounting and statistical books are purchased by the Board and supplied to associations at cost.

SUPERVISION OF SECURITIES.

35. The necessary supervision of securities is exercised in the case of association loans by the directors of the associations, and, in regard to loans direct to farmers, usually by the guarantors of the loans, who have a financial interest in ensuring that the securities are adequately maintained, and by the District Supervisors. The Board has also arranged with the Public Trustee that, where necessary, the services of the Farm Inspectors of the Public Trust Office may be utilized.

As the association method of obtaining loans has become increasingly popular, the supervision by directors has become of added importance, as the success of associations depends to a large extent upon the supervision exercised over the securities and over the farming operations of the borrowers. Not only have directors protected the interests of the associations and the Board, but they have at all times been willing, and in fact, anxious, to tender advice to farmers with the object of assisting them in their operations. The Board expresses its appreciation of the attention given by the directors to the affairs of the associations, and of the advice and assistance rendered to the borrowing members. All services are rendered gratuitously by the directors, and both the Board and the farming industry is under a debt of gratitude to them. Only by the generous co-operation of all interested parties could the system be successfully worked.

INSPECTION OF WORK.

36. The inspectorial staff of the Public Trust Office has continued to make periodical inspections of the rural intermediate credit work which is performed by the Branch Officers of the Board, and has thus ensured that the work is conducted in a uniform and satisfactory manner.

LEGAL WORK.

37. The legal work of associations is conducted by the solicitors for the respective associations, and it is with the legal work in respect of direct loans only that the Board's legal officers are, as a rule, concerned. There were, however, during the year a number of general matters of legal importance which required consideration, and these were referred to the Board's legal officers for opinion. The arrangement made with the Public Trustee under which the legal staff of the Public Trust Office is available for the performance of the Board's legal work has continued to prove very satisfactory.