

shown to be justified. It has, in numerous cases, reduced or deferred the collection of the principal repayments which were prescribed on the granting of loans or were fixed subsequently. With the improvement in prices during the past year, especially in the dairy-farming industry, more borrowers were able to meet their commitments, and there was a reduction in the number of applications for concessions. The repayments received by the Board amounted in all to £121,109. In comparatively few cases have borrowers made application under the Mortgagors and Tenants Relief Act, or the Rural Mortgagors Final Adjustment Act, and in most of these instances the relief sought has related mainly to the mortgages on the land.

4. Part VI of the Mortgage Corporation of New Zealand Act, 1934–35, which came into force on the 1st April, 1935, provides that on a date to be fixed by the Governor-General by Order in Council the members of the Rural Intermediate Credit Board shall go out of office, and thereafter the persons who for the time being are members of the Board of Management of the Corporation shall constitute the Rural Intermediate Credit Board, and certain amendments of the Rural Intermediate Credit Act, 1927, shall take effect. All except two of the amendments are machinery ones which will be rendered necessary by the change of control. The remaining two, which relate to the granting of loans direct to farmers as distinct from those made through associations, are:—

- (a) The repeal of section 63, which provides that no person shall be entitled to receive under the provisions of the Act any loan or loans so that the aggregate amount for the time being outstanding in respect thereof shall exceed two thousand pounds.

The effect of the amendment will be that there will be no limit on the amount which may be lent to a borrower who obtains a loan direct from the Board. A loan granted through an association will continue to be limited to a maximum of £2,000.

- (b) The repeal of subsection (2) of section 64, which provides that in addition to the usual security of a mortgage of stock and chattels every loan granted direct to a farmer shall be collaterally secured by an instrument of guarantee, signed by one or more sureties approved by the district board, whereby such sureties undertake to answer for the default of the borrower in respect of the repayment of the loan or in respect of the payment of interest thereon, to such extent as may be therein specified, being not less in any case than twenty per centum of the amount of the loan originally granted. Any company may, notwithstanding anything to the contrary in its memorandum or articles of association, guarantee the repayment of any loan so granted or the payment of interest on any such loan.

The effect of the amendment will be that a loan may be granted to a farmer without the necessity of obtaining a guarantee or applying through an association.

The late Government intimated that the administration of the system would be taken over by the Corporation, but the change was not made. During the present session of Parliament the State Advances Corporation Act, 1936, has been passed, and important alterations have been made in the constitution and administration of the Corporation. None of the amendments, however, make changes in Part VI of the Act of 1934–35, except that references to the Mortgage Corporation are replaced by references to the State Advances Corporation. The Board has been informed that the system will be taken over by the Board of Management of the Corporation, but the ultimate date of the transfer cannot yet be indicated, and in the meantime the administration is being continued on the usual lines. It seems undoubted that the uncertainty which has existed regarding the transfer of the system to fresh control and the possibility of future changes of policy have, to some extent at least, deterred borrowers from availing themselves of the facilities afforded by the system.