

The Corporation's field staff has been continuously engaged in the appraisal of new securities and the supervision of existing investments: and in the country districts our officers have been working in close co-operation with other Departments in utilizing available labour in improvement works on farm securities.

At this critical stage of the nation's history, where New Zealand, as a member of the British Commonwealth of Nations, is called upon to assist both in regard to man-power and production, a still greater effort is being made to utilize the Corporation's field and office organization in promoting a greater production of foodstuffs for export, and at a recent meeting of the Board, the following resolution was passed :—

“That the Board of Management of the State Advances Corporation being fully seized with the difficulties that have arisen and are likely to arise from the war, confirms its determination to do everything in its power to assist the Government in its endeavour to co-operate with the British Government and other units of the Empire in bringing the present conflict to a successful conclusion. In particular to direct the Corporation's lending policy so that the maximum results may be obtained in meeting the exigencies of the war.”

TRADE AND INDUSTRY IN NEW ZEALAND.

The position of industry as a whole in New Zealand, both primary and secondary, has, of course, been materially affected by the war conditions, and for this reason a comparison with earlier periods may not be so useful as in normal times. The purchase of all exportable farm-produce by the New Zealand Government at fixed prices has a more stabilizing effect on the income of the farming community, but against this, however, there is some increase in the cost of production. During the year surveys and investigations have been made of various aspects of the farm-labour problem, and the Government has encouraged and assisted in the movement for the transfer of workers from non-productive labour to the farms. The Rural Housing Act and various employment schemes that are now in operation should do much to overcome the labour difficulty of the farmers and increase production. On referring to the statistics relating to farm-production it is found that the quantity produced during the year 1939–40 shows little variation as compared with the production for the previous twelve months, the figures for which are shown in brackets. A table showing the comparative figures is appended.

Commodity.	Quantity.	Value
	Cwt.	£
Meat	6,215,600 (6,018,307)	16,432,196 (16,278,123)
Dairy-produce	4,326,498 (4,324,266)	22,889,895 (22,411,272)
	Bales.	
Wool	789,990 (814,458)	12,639,725 (11,946,410)
Skins and hides		2,498,006 (2,274,291)
Other farm produce		930,261 (1,217,162)

These returns are naturally affected materially by the climatic conditions, and it is clear from reports received from the Corporation's field officers throughout the Dominion that production was considerably retarded in many districts by the severe winter and late spring of 1939.

VALUATION OF SECURITIES.

There is a considerable diversity of opinion on the subject of valuation or appraisal of land and improvements thereon, and in view of the widespread interest it is considered desirable to furnish a brief statement on the matter as it affects the Corporation.

In the first place, attention is drawn to section 24 of the State Advances Corporation Act, 1934–35, which provides, *inter alia* :—

“Where the security consists of a mortgage of land used exclusively or principally for agricultural, horticultural, or pastoral purposes, the Board shall determine the value thereof for the purposes of this section by reference primarily to the earning-capacity of such land.”

The pronouncement of the President of the Assessment Court at Palmerston North in December, 1939, when considering appeals against the valuations made for rating purposes, strongly supported the view that it was essential to reconcile farm values with the production to be obtained therefrom. This principle was also supported by the findings of the Adjustment Commissions and the Court of Review