

1941.
NEW ZEALAND.

RURAL INTERMEDIATE CREDIT BOARD

REPORT FOR THE YEAR ENDED 30TH JUNE, 1941.

Presented to both Houses of the General Assembly in accordance with Section 76 of the Rural Intermediate Credit Act, 1927.

Wellington, 18th September, 1941.

The Hon. the MINISTER OF FINANCE.

IN terms of section 76 of the Rural Intermediate Credit Act, 1927, we have pleasure in submitting a report on this Board's business for the year ended 30th June, 1941.

The Rural Intermediate Credit system, which is operated under the direction of a Central Board, the personnel of which is the same as that of the Board of Management of the State Advances Corporation, was established in 1927 for the purpose of providing loan finance for farmers on the security of farm stock and chattels on an intermediate basis, as the title implies—i.e., something between the extremes of "demand" and "long-term" loans. The close association of these two lending institutions makes possible a co-ordination of the farmer's financial arrangements affecting stock and lands, and facilitates farming operations to a greater degree than would be possible if the borrower required to negotiate with two separate lending institutions.

The Rural Intermediate Credit Act permits of credit being granted in a number of ways, and the following is a summary of the scheme as it now operates:—

- (a) In various farming districts Co-operative Rural Intermediate Credit Associations have been established and advances are made to them by the Board. The associations may then from the funds provided grant loans to their members on the security of farm stock and chattels.
- (b) The Board may grant loans direct to farmers on the same type of security as the associations.
- (c) The Board may discount bills and promissory notes drawn or made by farmers, provided that these are endorsed by guarantors approved by the Board.

On loans made to farmers, whichever method may be used, interest is chargeable at the rate of 5 per cent. on the daily balance. A distinctly favourable feature is the freedom of action given to a borrower to buy and sell stock through normal channels, and he is not tied to any one firm, as is usual with other credit agencies. Repayment of these loans is usually spread over five years, but this is extended in appropriate cases where the borrowers are engaged on development work involving further expenditure or where other contingencies arise which affect the farmer's financial position.

During the past few years the amount of business handled by the Board has remained fairly steady, and it is pleasing to note that for the year now under review there is an increase in the loans granted, total advances paid over amounting to £96,266, as compared with £71,210 for the previous year. In view of the apparent willingness of stock firms and other lending institutions to make loan-moneys available for similar purposes, the Board's improved turnover gives reason for gratification.