

1944

NEW ZEALAND

RURAL INTERMEDIATE CREDIT BOARD

REPORT FOR THE YEAR ENDED 30TH JUNE, 1944

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

Wellington, 2nd October, 1944.

The Hon. the MINISTER OF FINANCE

WE have pleasure in submitting a report on the business transacted by this Board for the year ended the 30th June, 1944, as required by section 76 of the Rural Intermediate Credit Act, 1927.

The Rural Intermediate Credit scheme, established in 1927, has provided a source from which farmers may obtain finance on the security of stock and chattels for developing and improving their land, increasing their stock, or for seasonal and working expenses. Prior to the inauguration of this system facilities were lacking for co-operation among the members of the industry in operating an organization that had the advantages of local administration, and at the same time enjoyed the financial backing necessary to ensure an ample supply of funds at a moderate rate of interest. Since 1939 the Rural Intermediate Credit business has been controlled by the same Board as the State Advances Corporation, and proposals are now under consideration for merging the two organizations, but in doing this all the advantageous features of co-operation and local administration would be retained.

Finance may be obtained by three methods:—

- (a) By borrowing through a Co-operative Rural Intermediate Credit Association.
- (b) By a direct loan from the Board.
- (c) By arranging for the discounting of promissory notes.

During the period of seventeen years that the Board has been in operation it has made available by way of loans and discounting advances which in total exceed £1,721,800.

There has been considerable fluctuation in the volume of business handled by the Board, and it has been found that in periods of low prices and general financial stringency the greatest advantage is taken of the financial facilities provided by the Rural Intermediate Credit system. At the present time, with the unavoidable restriction of development and maintenance work owing to war conditions, there have been fewer applications for advances. Another factor contributing to this reduction in new business is the favourable credit position within the Dominion.

The following is a summary of business transacted during the year ended 30th June, 1944:

CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATIONS

Associations formed under the provisions of Part II of the Act by farmers desiring to raise loans, and others who have been willing to support the formation of a locally organized financial body and to give to others the benefit of their experience, have been established in various parts of the Dominion. There are sixteen of these associations operating at the present time, but owing to the considerable decrease in demand for stock loans the turnover has been reduced to such a degree that several of the smaller associations may find it impossible to carry on.

During the year ended 30th June, 1944, loans to the total of £29,385 were granted by associations, and the loans owing to the associations at the close of the year amounted to £86,534, there being 521 borrowers.

DIRECT LOANS FROM THE BOARD

There has been limited business offering under this section, and the new business handled during the year was comprised mainly of loans to ex-servicemen from the present war who have been eligible for assistance under the rehabilitation