

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

scheme. It is anticipated that applications of this type will show a steady increase during the next few years. During the year under review, loans were granted involving a sum of £10,409, and the total loans outstanding at the end of the year amounted to £19,482.

DISCOUNTING OF PROMISSORY NOTES

Bills discounted by the Board during the year totalled £286, and the investments at the end of the year under this heading amounted to £138

REVENUE ACCOUNTS AND BALANCE-SHEET

The accounts for the year ended 30th June, 1944, are being submitted by separate reference in terms of section 38 of the Act.

Investments of the Redemption Fund show an increase of approximately £5,000 on the previous year's figures. Advances to associations have decreased by £30,000, but there is an increase in the Part III loans of £13,500.

The amount now held by the Board in temporary investments, Government securities, and cash balances, aggregating £196,371, represents an increase of £25,375 on last year's figures.

Expenditure for the year shows little variation, the main items being interest on loan capital, £12,000, and management expenses, £2,044. Revenue derived from the investment of funds available for the Board's normal lending activities has been augmented by the transfer of £4,948 from the Redemption Fund Income Account in terms of section 17 (3) (a) of the Rural Intermediate Credit Act.

We again desire to record our appreciation of the valuable assistance rendered by the members of district boards and association directors, who have been responsible for the management of the bulk of the lending business.

A. D. PARK  
T. N. SMALLWOOD

} Joint Managing Directors.

RURAL INTERMEDIATE CREDIT BOARD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1944

Dr.	£	Cr.	£
Management expenses .. .. .	2,044	Interest on advances to associations .. .. .	4,169
Travelling-expenses .. .. .	8	Interest on advances to farmers .. .. .	448
District board members' fees .. .. .	7	Discount on bills discounted .. .. .	12
General expenses .. .. .	15	Interest on Government securities .. .. .	4,328
Audit fees .. .. .	75	Interest on short-term investment .. .. .	219
Interest paid to Treasury .. .. .	12,000	Sundries .. .. .	25
		Transfer from Redemption Fund Income .. .. .	4,948
	<u>£14,149</u>		<u>£14,149</u>

BALANCE-SHEET AS AT 30TH JUNE, 1944

Liabilities	£	£	Assets	£
Establishment grant from Consolidated Fund .. .. .	10,000		Investments of the Rural Intermediate Credit Redemption Fund and premiums on conversion: Government securities at cost and interest accrued .. .. .	255,182
Less expenditure to date .. .. .	7,765		Advances to associations for preliminary expenses .. .. .	58
		2,235		<u>£</u>
Advances from Consolidated Fund for preliminary expenses of associations .. .. .	850		Advances to associations .. .. .	86,534
Advances from Consolidated Fund under section 16 .. .. .	400,000		Less reserve .. .. .	1,679
Rural Intermediate Credit Redemption Fund: Accumulated interest on investments and share of profits .. .. .	120,711			84,855
Rural Intermediate Credit Reserve .. .. .	19,511		Advances to farmers .. .. .	19,482
Reserve (premiums on conversion of Redemption Fund investments) .. .. .	1,137		Less reserve .. .. .	991
Sundry creditors .. .. .	11,545			18,491
			Bills discounted .. .. .	138
			Less rebate of interest .. .. .	5
				133
			Overdue interest on advances .. .. .	6
			Accrued interest on advances .. .. .	847
			Sundry debtors .. .. .	46
			Government securities and accrued interest .. .. .	157,864
			Short-term investment and accrued interest .. .. .	25,115
			Cash at bank and in transit .. .. .	13,392
				<u>£555,989</u>
		<u>£555,989</u>		

A. D. PARK, F.I.A.N.Z., F.R.A.N.Z.  
T. N. SMALLWOOD

} Joint Managing Directors.

W. G. DENT, B.Com., A.R.A.N.Z., for Chief Accountant.

I hereby certify that the Balance-sheet and accompanying accounts have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby. C. G. COLLINS, Controller and Auditor-General.

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