

1946
NEW ZEALAND

RURAL INTERMEDIATE CREDIT BOARD

REPORT FOR YEAR ENDED 30TH JUNE, 1946

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

State Advances Corporation of N.Z.

Wellington, 27th September, 1946.

The Right Hon. the MINISTER OF FINANCE.

We have pleasure in submitting a report on the business transacted by this Board for the year ended 30th June, 1946, as required by section 76 of the Rural Intermediate Credit Act, 1927.

The Rural Intermediate Credit Board appointed in terms of this Act has provided a source from which farmers could obtain loan finance on favourable terms for such purposes as the purchase of stock and plant and farm improvements. Farmers could obtain finance through the Board in the following manner:

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

In terms of the Rural Intermediate Credit Amendment Act, 1946, the business of the Rural Intermediate Credit Board will, as from the 1st October, 1946, be absorbed by the State Advances Corporation. The needs of farmers requiring assistance in the form of stock loans will be fully catered for by the Corporation and by the Co-operative Rural Intermediate Credit Associations, which will continue to operate as heretofore. In view of the lack of business offering in the form of discounting of bills and promissory notes and the facilities for transacting this type of business through banks and trading companies, it was decided that it would be unnecessary for the Corporation to have authority to extend its business in that direction.

In consequence of the amending legislation, the district boards, which had certain authorities to grant loans to farmers either direct or through associations, will cease to operate as from the 1st October, 1946, but provision has been made for local sub-committees appointed by the Board of Management of the Corporation to consider loan applications arising in the districts to the same extent as did the district boards under the Rural Intermediate Credit system.

During the nineteen years of the Board's operations up to the 30th June, 1946, it has made available, by way of loans and discounting, advances which in total exceed £1,926,000. Over the past year there has been an increase in the amount of the loans made direct to farmers by the Board, most of the borrowers thus assisted being ex-servicemen who have been eligible for assistance under the Government's rehabilitation scheme. Otherwise there has been no substantial variation in the volume of business as compared with previous years.

The following is a summary of the business transacted during the year ended 30th June, 1946 :

CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATIONS

There are now fourteen active associations, and two other associations are in course of liquidation. The loans made through this channel during the year amounted to £27,854, and at the close of the year there were 342 loans current for an aggregate amount of £63,598.

DIRECT LOANS FROM BOARD

Due to the increase in the number of rehabilitation loans granted to ex-servicemen, the volume of business transacted in this section showed a considerable increase over loans granted in the year ended 30th June, 1945. During the past year loans totalling £105,427 were granted, and at the close of the year 145 loans were current for an aggregate amount of £96,171.

DISCOUNTING OF PROMISSORY NOTES

Bills discounted by the Board during the year totalled £370, and the investments at the end of the year under this heading amounted to £187.

REVENUE ACCOUNTS AND BALANCE-SHEET

The accounts for the year ended 30th June, 1946, are being submitted by separate reference in terms of section 38 of the Act.

Investments of the Redemption Fund showed an increase of approximately £6,000 on the previous figures. Advances to associations decreased by £5,000, but there was an increase in Part III loans of approximately £50,000. Consequent upon the increase in the amount lent on stock securities, the amount held by the Board in cash and temporary investments at £132,114 was £49,364 less than that held at 30th June, 1945.

Expenditure for the year showed little variation, the main items being interest on loan capital, £12,000, and management expenses, £2,266. Revenue derived by the investment of funds available for the Board's normal lending activities has been augmented by the transfer of £4,275 from the Redemption Fund Income Account in terms of section 17 (3) (a) of the Rural Intermediate Credit Act.

Although the Board will continue in operation until the 30th September 1946, this will be the final occasion on which a full report will be submitted, and we take this opportunity of recording our appreciation of the valuable assistance given by members of district boards, in many cases over a long period of years. The work undertaken by these boards in considering loan applications and helping in the local administration has been greatly to the advantage of borrowers in the districts and has materially assisted the central Board, pending the time when its own district organization would be able to take over this work. The Board also expresses its appreciation of the services of the directors and secretaries of associations in connection with the lending operations through associations, and the Board of Management of the State Advances Corporation as the controlling authority for the future will continue to work in the closest co-operation with these officials.

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| A. D. PARK | } Joint Managing Directors. |
| T. N. SMALLWOOD | |

RURAL INTERMEDIATE CREDIT BOARD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1946

| <i>Dr.</i> | £ | <i>Cr.</i> | £ |
|---------------------------------|----------------|---|----------------|
| Management expenses | 2,266 | Interest on advances to associations .. | 2,873 |
| Travelling-expenses | 2 | Interest on advances to farmers .. | 3,959 |
| District board members' fees .. | 3 | Discount on bills discounted .. | 7 |
| General expenses | 19 | Interest on Government securities .. | 3,205 |
| Audit fees | 85 | Sundries | 56 |
| Interest paid to Treasury | 12,000 | Transfer from Redemption Fund income | 4,275 |
| | <u>£14,375</u> | | <u>£14,375</u> |

BALANCE-SHEET AS AT 30TH JUNE, 1946

| <i>Liabilities</i> | £ | £ | <i>Assets</i> | £ |
|--|---------|-----------------|---|-----------------|
| 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 | 266,460 |
| Less expenditure to date | 7,765 | | Advances to associations for preliminary expenses | 25 |
| | | 2,235 | | £ |
| Advances from Consolidated Fund for preliminary expenses of associations .. | | 850 | Advances to associations | 63,598 |
| Advances from Consolidated Fund under section 16 | | 400,000 | Less reserve | 248 |
| Rural Intermediate Credit Redemption Fund: Accumulated interest on investments and share of profits .. | 132,104 | | | 63,350 |
| Rural Intermediate Credit Reserve .. | 20,246 | | Advances to farmers | 96,171 |
| Reserve (premiums on conversion of Redemption Fund investments) .. | 1,137 | | Less reserve | 952 |
| Sundry creditors | 7,893 | | | 95,219 |
| | | | Bills discounted | 187 |
| | | | Less rebate of interest | 5 |
| | | | | 182 |
| | | | Overdue interest on advances .. | 13 |
| | | | Accrued interest on advances .. | 1,482 |
| | | | Sundry debtors | 5,505 |
| | | | Government securities and accrued interest | 93,971 |
| | | | Cash at bank and in transit .. | 38,258 |
| | | | | <u>£564,465</u> |
| | | <u>£564,465</u> | | |

A. D. PARK, F.I.A.N.Z., F.R.A.N.Z. } Joint Managing Directors.
T. N. SMALLWOOD }
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.—J. P. Rutherford, Controller and Auditor-General.

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