

of civilians who qualify for special loans for the erection of dwellings and also those whose requirements can be met within the normal lending limits of two-thirds of the assessed value of the security offered. From time to time suggestions are made that interest rates and the lending margin should be reduced. It is, however, obvious that money alone will not build houses, and the provision of cheap finance, which could not be related in any way to the rate at which either the Corporation or the Government could borrow from genuine savings of the people, would merely create a greater demand for labour and goods already in short supply and would assuredly cause building costs to harden further against the very people a more liberal lending policy would be intended to assist. It is essential that lending policy should always be co-ordinated with the national economy, and any factors which would have the effect of increasing consumer demand—*i.e.*, for labour, materials, or completed houses—without at the same time increasing production of those materials in short supply should be eliminated. Any other course would imperil the stabilization policy which is concerned just as much with houses and materials for houses as it is with any other necessity of life such as the food and clothing of the people.

Ex-servicemen immediately eligible for rehabilitation benefits continue to enjoy the low rate of 3 per cent., reduced to 2 per cent. for the first year, for house and farm loans and 4 per cent., reduced to 2 per cent. for the first year for business loans.

#### RURAL INTERMEDIATE CREDIT (STOCK) LOANS

In terms of the Rural Intermediate Credit Amendment Act, 1946, the Rural Intermediate Credit system established by the Rural Intermediate Credit Act, 1927, was amalgamated with the Corporation's other lending operations. During the past year facilities continued to be available for farmers who desired to obtain short-term finance principally on the security of their farming stock and chattels, and applications for loans were received both from farmers applying direct to the Corporation and from those who sought their requirements through co-operative Rural Intermediate Credit Associations operating in accordance with the provisions of the legislation. As in recent years, the demands for accommodation were not extensive, owing to the favourable conditions generally which primary producers are enjoying, but during the year 64 loans, aggregating £82,727, were granted to farmers who applied direct to the Corporation, the applicants being mainly ex-servicemen of the recent war who were eligible for rehabilitation assistance, and 30 loans, totalling £21,392, were granted to farmers who applied through associations, no rehabilitation lending being involved under this heading. At the end of the year the total amount outstanding under current loans granted direct to farmers was £132,752 in respect of 216 loans, and, in addition, the sum of £46,630 was outstanding in respect of 206 loans granted through associations. The total loans outstanding were consequently 422 for the aggregate amount of £179,382.

#### REHABILITATION AGENCY : GENERAL

The Rehabilitation Loans Committee and (under delegated authority) the various District Executive Committees are charged by the Rehabilitation Board with the responsibility of considering all loan applications from eligible ex-servicemen. These lending authorities, in turn, look to the Corporation's administrative and field staffs to obtain and assemble the necessary data to enable a correct decision to be made. It will be readily apparent that these investigations must be exhaustive and thorough, and this is particularly so where business loan applications are concerned. Not only must the physical assets being purchased represent full value for the price asked, but, where available, past accounts records must be analysed to ensure that the average turnover is such as to indicate that the ex-serviceman will have a reasonable prospect of being successful and that his rehabilitation on a permanent basis may be assured. Each application,