

Part II deals with groups of farmers who may join together in order to take advantage of the provisions of the Bill. The machinery to enable this to be done is set up subject to the control and supervision of the proposed Farm Loan Board. Each association must be managed by a board of directors with specific duties and administrative powers.

The objects of the loans which may be made to these associations are set out in clause 18 of Part II of the Bill, and include the ordinary operations of farming apart from the purchase of the land. The method of making application for loans, requiring the endorsement by the associations of the notes of their borrower members, is provided, and a maximum rate of interest fixed. The discounting agencies are required to furnish the Board with particulars of each transaction, in order to facilitate the rediscounting of such paper as may be acceptable to the Board. Provision is made for the registration of liens and charges, and the Chattels Transfer Act, 1924, and amendments, are made applicable to such securities.

The paid-up capital of any association established under this Bill must be invested only in approved securities, and profits must be applied as prescribed in clause 55.

Clauses 61 to 64 recite the supervision to be exercised by the Board, and provide for Government audit of the books and accounts of associations.

Clause 70 gives the Board discretionary power in regard to the marketing of produce or stores controlled by borrowers, and the application of the proceeds to the liquidation of advances.

Part III sets up machinery enabling co-operative societies who may desire to do so to avail themselves of the proposed system. The Board is empowered under clauses 2 and 3 to make advances to societies composed of persons engaged in the production and manufacture of staple agricultural products, or growers of live-stock. Such societies must have at least a capital of £2,500, and consist of not less than thirty persons. The amount of the advance will be at the discretion of the Board, and must not exceed 80 per cent. of the market value of the security.

Clause 8 sets out the method of finance, and the power of the Board to sell trust debentures, and also limits the interest payable to 6 per cent.

The discount-rate is similarly limited by clause 10, to safeguard the borrower on the one hand against excessive interest, and on the other to provide the lending institutions with the additional security necessary to encourage lending at reasonable rates.

Similar provisions to those set out in Part II are made for supervision, valuation, and control by the Board.

Power is provided to issue collateral trust debentures or similar obligations for which the Board shall be primarily liable.

Co-operative societies doing business with the Board to be required to furnish at stated intervals full and explicit information disclosing their resources and liabilities.

THE STATE ADVANCES AMENDMENT ACT, 1926.

AN ACT to amend the State Advances Act, 1913.

(NOTE.—Definitions and interpretations to be included.)

PART I.

1. This Act may be cited as the State Advances Amendment Act, 1926, and shall form part of and be read together with the State Advances Act, 1913 (hereinafter referred to as the principal Act).

2. In addition to the branches of the State Advances Office established by section seventeen of the principal Act, there is hereby established a branch to be known as the Farm Loan Branch.

3. For the purpose of carrying out the object of this Act there is hereby constituted a Board, to be known as the Farm Loan Board, to consist of the State Advances Board with the addition of three members of the agricultural and pastoral industry appointed in the first place by the Governor-General in Council for a term of three years; thereafter the representatives of the farming industry upon the Board shall consist of three, two of whom shall be elected by long-term borrowers under this Act, and one of whom shall be elected by societies and associations established under Parts II and III of this Act; such representatives need not necessarily be farmers. The method of election shall be prescribed by regulations.

4. The provisions of the principal Act from section thirteen to section sixteen inclusive shall apply to the Farm Loan Board.

5. The first meeting of the Farm Loan Board shall be held in Wellington as soon as may be after the passage of this Act, at a date and place to be fixed by the Minister of Finance.

6. No member of the Farm Land Board shall, during his continuance in office, be an officer or director of any other institution, association, or partnership engaged in banking, or in the business of making land-mortgage loans or selling land mortgages. Before entering upon his duties as a member of the Farm Loan Board each member shall certify that he is eligible under this section.

7. The Governor-General in Council shall have power to fill any vacancy occurring in the membership of the Farm Loan Board, other than the permanent official members.

8. The Farm Loan Board shall have power—

(a.) To adopt and use a corporate seal:

(b.) To have succession until it is dissolved by Act of Parliament or under the provisions of this Act:

(c.) To make contracts:

(d.) To sue and be sued, complain, interplead, and defend, in any Court of law or equity, as fully as natural persons: