

## RURAL INTERMEDIATE CREDIT.

**Rural intermediate credit.**

The independent organization for bridging the gap between the long-term mortgage finance and the facilities offered by commercial banks, provided for under the legislation passed last session, is now in full operation.

Briefly, the object is to enable farmers to obtain credit on the security of stock and chattels at reasonable rates of interest, principally by encouraging the application of the co-operative principle through the formation of rural intermediate credit associations. Eleven such associations have already been formed, and committees are actively at work with the object of forming others.

Those provisions of the Act which enable loans to be granted direct to farmers with the collateral guarantee of some substantial person or company are being utilized by dairy companies as a means of assisting their suppliers to obtain the benefits of the system.

In addition, applicants will receive every assistance from the sixteen District Boards, composed mostly of practical farmers and business men. The intimate local knowledge of these Boards will also react for the protection of the interests of debenture-holders.

The Government have assisted the inauguration of the system, which is purely a commercial concern, by lending £400,000, free of interest for ten years. One-third of this amount must be invested in Government securities, as the nucleus of a redemption fund for the debentures from the sale of which the necessary capital will be provided. A substantial amount of debentures has already been disposed of without resort to a public issue.

It should be clearly understood, however, that the intermediate credit organization, administered by the Public Trustee, is quite separate from the Rural Advances Branch of the State Advances Office, which deals solely with long-term first mortgages of land.

## REVIEW OF FINANCIAL POSITION.

**Review of financial position.**

The decrease of £90,000 in departmental expenses last year was the result of a continuous and rigid supervision over practically every item of expenditure subject to administrative control.

**Administrative reforms.**

Many reforms have been introduced in the last few years. Merit and efficiency have been made the chief considerations for the promotion of officers of the Service, who have been encouraged to qualify themselves in every way for the better performance of their duties. Modern methods of accountancy have been adopted throughout the Departments of State, and commercial balance-sheets are now produced annually for all State activities. Steps have also been taken to ensure that all stores are accounted for in the same manner as cash, and a Stores Control Board has been set up to arrange for the purchase of supplies in bulk. Where the nature of the service permits of it, every effort is being made to make services self-supporting as far as possible, and no opportunity is lost of introducing better methods, eliminating waste, and preventing extravagance. Experience has shown that in a very large organization like the Public Service true economy in administration is not attained by spectacular reforms, but by continual and gradual improvements, and this is the course that is being followed.

**Economy.**

By far the greater part of the expenditure consists of fixed payments in which no curtailment is possible unless some of the services at present rendered by the State are to be eliminated or restricted. It is easy to indulge in rhetorical platitudes about economy, but I am convinced that this virtue is practised by the heads of Departments to an extent little realized by the public. They are not responsible for policy questions, and if they are called upon to carry out new or more extended services it is the Government that must meet public approval or condemnation, and not the administrative heads.