

Temporary investment of funds not required immediately for payment of loans authorized amounted to £106,080.

The figures published in Appendix I to this report show that the volume of advances outstanding or under consideration is considerably less than at the end of the previous year. As the sum of £127,035 has been advanced by the Board in the ordinary course of business during the year, the fact that the net investments have decreased shows that borrowers have made very considerable repayments during the year. This, of course, is in accordance with the terms on which loans are granted, but is particularly satisfactory in view of the difficult financial conditions under which the Board's clients are working.

Owing to the large number of small loans, and the necessity for the greatest care in the investigation of applications and in the supervision of advances upon the security of stock and chattels when granted, the business of the Board must necessarily be somewhat costly to operate. This position was apparently anticipated by Parliament when the provision that the £400,000 to be advanced from the Consolidated Fund was to be free of interest for a period of ten years was included in the statute.

It is due to the use of £266,666 of this sum, free of interest, that it has been possible to show a profit on the year's working.

38. *Issue of Debentures.*—During the year little action has been taken to accelerate the sale of the Board's debentures, as under the ruling conditions additional money was not urgently required. The debentures have, however, been available for sale, and a considerable sum was, in fact, subscribed.

39. *Accounts of Associations.*—The officers of the Board continue to supervise the accounting work of the associations, and in this connection to render assistance to the secretaries when such is necessary.

#### LEGISLATION.

40. *Rural Intermediate Credit Amendment Act, 1931.*—An amendment of the Rural Intermediate Credit Act, 1927, was passed during the 1931 session of Parliament, embodying certain provisions required to facilitate the working of the system. It was found that some dairy companies which desired to assist their suppliers to obtain loans under the Board's discounting system, particularly in connection with the special grant made available by the Government for the purchase of fertilizer, could not do so owing to the absence from their memoranda of association of the power to endorse the requisite promissory notes. It is provided by the amending legislation that any company may, notwithstanding anything to the contrary in its memorandum or articles of association, make, draw, accept, or endorse any promissory note or bill of exchange to be discounted by the Board, provided that the power conferred is not to be exercised until the company by special resolution so determines.

A further section of the amending Act deals with the granting of loans by the Board to trustees. It is provided that such loans may be granted unless the trustees are expressly prohibited by the Act or instrument creating the trust or by any Act or instrument limiting their powers from obtaining such loan. If the loans are obtained through rural intermediate credit associations, trustees may apply for and take up the necessary shares. The liability of a trustee in obtaining a loan and, if necessary, taking up shares in an association is limited to the property subject to the trust for the time being in his possession. For the purposes of the amendment the term "trustee" includes an executor or administrator, a committee or person authorized to administer the estate of a mentally defective person under the Mental Defectives Act, 1911, an administrator under Part III of the Prisons Act, 1908, and a manager under the Aged and Infirm Persons Protection Act, 1912.

41. *Chattels Transfer Amendment Act, 1931.*—The Board made representations to the Government with the object of securing two amendments of the Chattels Transfer Act, 1924, which the experience of the Board had shown to be desirable. The recommendations were accepted by the Government, and the necessary legislation was embodied in the Chattels Transfer Amendment Act, 1931.