

It was previously necessary that implements or machinery to be included in a security must be owned by the farmer concerned at the time of the execution of the instrument by way of security, and if they were to be purchased out of loan-moneys it was essential to the validity of the security that the purchase of the implements or machinery and the execution of the instrument should be completed simultaneously. Such a course was not always practicable. The position is now met by section 4 of the Chattels Transfer Amendment Act, 1931, which provides that where an instrument by way of security over any chattels is therein expressed to be given as security for a loan to be expended in whole or in part in the purchase of those chattels, the grantor shall be deemed to have acquired them contemporaneously with the execution of the instrument.

Section 25 of the Chattels Transfer Act, 1924, provides that an instrument by way of security given subject to a defeasance or condition not specified in the instrument shall, under certain conditions, be void to the extent and as against the persons mentioned in section 18 of the Act, but by section 26 an exemption is made in respect of stock, wool, and crops included in any such instrument. By section 5 of the Chattels Transfer Amendment Act, 1931, the exemption is extended to cover tractors, engines, machines, vehicles, implements, and farming plant of every description described in the instrument by way of security and used upon or in connection with any land or premises specified in the instrument.

CONCLUSION.

42. Bearing in mind the exceptionally difficult conditions which have prevailed throughout the period under review, the Board feels that the result of the year's working as revealed in this report must be regarded as satisfactory. The organization of the Board is completely established, the relations with borrowers, directors of rural intermediate credit associations, and guaranteeing companies have generally been excellent, and the fact that the Board has been able in a time of unusual difficulty to transact business amounting in all to close on £1,000,000 with negligible loss is a testimony to the care and attention which has been given to the system by all those connected with its administration.

43. The Board has in hand sufficient funds to enable it to meet all legitimate demands likely to be made upon it in the coming year, and will continue to show to borrowers the utmost consideration which is possible in view of the Board's obligations to its debenture-holders. With the return of more prosperous conditions in the farming industry the Board feels that there should be a large scope for the extension and development of its business. It is with pleasure that the Board once again places on record its sincere appreciation of the very valuable services rendered by the officers of the Board, the members of the district boards, and the directors and officers of rural intermediate credit associations. It is only through the services so willingly rendered, often on an entirely gratuitous basis, that it has been possible to achieve the results recorded in this report.

I have, &c.,

(For and on behalf of the Board),

J. W. MACDONALD, Commissioner.

The Right Hon. the Prime Minister.
