

of Finance. In the meantime, approximately £340,000 has been added to the bank as a result of collections under the arrangements mentioned above. The total capital of the bank, therefore, at the end of 1922 was approximately £6,000,000.

On this amount Parliament has authorized the payment of  $3\frac{1}{4}$  per cent, but by resolution of Parliament, the interest charges varied during the period of the war. At the moment, the bank is returning to the state an amount in excess of the cost of the money raised by the state.

This bank is under the management of a central board, appointed by the Governor General, consisting of a general manager and four other members. In addition, local boards have been established at Cape Town, at Port Elizabeth and at Bloemfontein, for advisory purposes only, the headquarters of the bank being at Pretoria.

Under the Act, every magistrate, field cornet and police officer and the Postmaster General and any officer under him are by law agents of the bank when required by the central board to give assistance.

The main objects of the Bank, in so far as they affect agriculture, are—

- (1) to make advances to farmers against the security of first mortgage on agricultural and pastoral lands. Advances cannot be greater than 60 per cent of the appraised value of the land nor greater than a maximum of £2,000;
- (2) to make advances to agricultural co-operative societies against the security of the joint liability of the members for the society's debts;
- (3) to make advances to farmers to construct dipping tanks, silos and other contrivances for the making or storage of ensilage and to erect boundary fences;
- (4) to make advances to settlers who hold land from the Crown under lease or license. In addition, advances made to farmers by Parliament for purposes of relieving distress from time to time have been administered by the Bank;
- (5) to promote co-operation among farmers.

The bank's relation to the co-operation societies, is that of a lending agency. Legally the Bank is not responsible for the formation of these societies. They are formed under a special Act for the Promotion of Co-operation, administered by the Department of Agriculture.

These co-operative societies at first were unlimited liability, but, by an Act passed in 1922, the Bank is authorized to make advances to these societies with limited liability, to receive money on fixed deposits for the purpose of financing co-operative societies and to make advances with respect to fencing of boundaries and public roads.

Prior to 1921, the Bank was authorized to charge only 5 per cent interest; since 1921, 6 per cent interest has been charged on all loans.

It will thus be seen that this Bank serves the purpose of the Long Term Credit and Short Term Credit organizations in other countries, that is, it makes capital loans on first mortgages to farmers, and, in addition, makes short term loans for seasonal purposes through the co-operative societies organized within the Union.

Since its inception in 1912, the Bank has shown a net profit of £355,596, being 5.14 per cent on the capital invested.

"While the bank is conducted on ordinary commercial lines, its object is not to make large profits and the law provides that as soon as the reserve fund and the capital of the bank total such an amount as is in the board's opinion adequate