

*Colonel Esson* : Those are the purposes for which loans may be made on the securities quoted—namely, mortgages on land and chattels, &c.

*Mr. A. Hamilton* : He can do what he likes with them.

*Colonel Esson* : The purposes for which the Board may lend money are specified.

*Mr. A. Hamilton* : What about stock as security ?

*Right Hon. Mr. Coates* : Supposing he gets £10 on his cow Daisy ?

*Mr. A. Hamilton* : That is all right ; he can sell Daisy.

*Mr. Polson* : The associations will watch that.

*Mr. Forbes* : The object of the associations is the lending of money on land or chattels, or on approved personal security.

*Colonel Esson* : The Rural Advances Board lends on first mortgage. A borrower who is establishing an equity by his half-yearly instalments would probably be able to get money, some on a second mortgage.

*The Chairman* : The clause is fairly wide.

*Colonel Esson* : It is necessary that the Board should be given wide powers.

*Mr. A. Hamilton* : What is to stop one, under that provision, from building a little store and stocking it ?

*Right Hon. Mr. Coates* : I think we can leave that to the Board.

*Mr. Forbes* : The clause says, " any other purpose in relation to farming operations that may be approved by the Board " : is that sufficient security ?

*Mr. Polson* : The Law Draftsman is responsible for the framing of the objects of the association in this Bill. The objects set out in the report (page 56) covers the position in a more satisfactory way.

*The Chairman* : I think we will have to make it quite clear that no trading is to be allowed.

*Colonel Esson* : The purposes of this Bill are practically the same as those set out in the Rural Credits Bill of 1922.

*Mr. Polson* : One of the effects of the Continental system is that they can jointly purchase coal, timber, &c., at reasonable rates. They are the originators of the co-operative idea.

*Mr. H. E. Holland* : This was provided for the small man ?

*Mr. Polson* : Yes.

*Mr. A. Hamilton* : Supposing they started marketing under this scheme ?

*Mr. Polson* : I think you will have to give the Board pretty wide powers. Certain things should be done, and certain things should not be done. I quite agree that they should not go in for indiscriminate marketing, but there might be cases where it would be advantageous to do so.

*Mr. H. E. Holland* : Do not farmers' co-operatives meet that at the present time ?

*Right Hon. Mr. Coates* : I think that is quite right, Mr. Holland. I think most of the farmers' co-operatives do that. Nearly all of them have taken it on as a side line.

*Mr. A. Hamilton* : It is a different class of business.

*Mr. Polson* : It is not proposed to go in for trading. This clause is, unfortunately, not well worded. We had no intention of allowing trading at all. We thought it desirable that they should have the right of purchase jointly, because it was necessary for their business.

*Mr. A. Hamilton* : If they commenced competing with traders they would get a number of privileges under this Bill. Ordinary traders would not get these advantages, such as exemption from stamp duties, &c., and they would have a grievance.

*Mr. Polson* : The object was to allow them to buy, but not to sell anything except their own products. Trading is not provided for in our Report. It was not intended that they should trade co-operatively like that.

*Mr. A. Hamilton* : There is nothing to prevent them buying twenty bales of corn-sacks.

*Mr. Polson* : The Board would step in there. The Board would have discretionary power.

*Mr. A. Hamilton* : There will be a secretary to the association, and he will probably say, " I will get you these things," and then they will start into a trading organization before you know where you are.

*Mr. Polson* : We suggested that there should not be any trading. It was specified that nothing shall be sold except the products produced by the subscribers. I like that definition better than that of the Bill.

*The Chairman* : Well, we will keep that in view when deliberating. Now, clause 44 provides that " Except as otherwise hereinafter specially provided, no loan shall be granted under this Part of this Act for a period less than six months or more than five years." The Commissioners are quite clear on that point in the report and in the Bill. I do not suppose we need any further information in that connection. We have discussed share capital.

*Colonel Esson* : Will you make it clear, sir, that the whole of the share capital is not called up—only 20 per cent. ?

*The Chairman* : Yes.

*Mr. Forbes* : Clause 45 provides that no person shall be entitled to a loan exceeding £1,000, or ten times the amount of the nominal value of his shares in the association, whichever is the less.

*Colonel Esson* : Each applicant must take at least twenty-five shares. If he wants more than £250 he must subscribe a further amount.

*Mr. Forbes* : But there can be no " whichever is the less."

*Mr. Polson* : You will have to inquire of the Law Draftsman about that.

*Mr. Forbes* : What about this 10 per cent. ?

*Mr. Polson* : He may take more, but not less than that.

*Mr. Forbes* : Subclause (2) of clause 46 provides that an applicant must pay not less than 20 per cent. of the nominal value of the shares.

*Mr. Polson* : That is, 20 per cent. of the share capital.

*Mr. Forbes* : Then, it has been said that the amount could be taken out of the loan.