

*Mr. Polson* : Twenty per cent. is only one-fifth of the loan. For £100 he has only to pay £20 down, and the other £80 is a further liability. It is easy enough to find the money once the application is approved.

*The Chairman* : Quite so. I do not see any difficulty on that score. Now, the next clause is No. 48, in regard to the repayment of loans. I take this to mean that the money shall be repaid as set out, but that if at the end of the period a person is unable to pay provision may be made for a new loan.

*Mr. Polson* : The Board will review the position and grant a renewal for the whole or part of it.

*The Chairman* : The Board will also review the security, which is a very valuable thing.

*Mr. Polson* : Yes.

*Mr. A. Hamilton* : When the man pays off his loan, could he get the share capital back again ?

*Colonel Esson* : Yes.

*Mr. A. Hamilton* : Supposing a man wants £1,000 ; you lend him 90 per cent. of his security, and that leaves him with 10 per cent. of his security. What I was wondering is whether you could not, instead of lending him the full amount and then taking the 10 per cent., lend him 80 per cent. of his security.

*The Chairman* : How does it work out ? I take it it works out in this way : A man applies for £1,000, and you lend him £980—that is what it means—and he has a liability for an additional 10 per cent.

*Mr. A. Hamilton* : He will be lent £980 out of his £1,000 ?

*The Chairman* : Yes.

*Mr. Forbes* : But you must have the security.

*Colonel Esson* : The Board will have precisely the same security that the banks and other institutions are getting now, plus the share capital.

*Mr. A. Hamilton* : The banks will never lend the full amount.

*Mr. Polson* : The Board can only lend up to 80 per cent.

*Right Hon. Mr. Coates* : Is that the maximum ?

*Mr. Polson* : Yes. It does not follow that they will lend up to the 80 per cent. That is the maximum.

*Mr. Forbes* : Does this co-operative system work well in other countries ?

*Colonel Esson* : Yes, it does in the older-settled countries. Belgium and Holland are perhaps the most notable examples. The farmers there to-day are lenders, and not borrowers. Their borrowing institutions have become lending institutions. That is what co-operation has done for the farmers in Belgium and Holland.

*Mr. A. Hamilton* : With regard to loans to co-operative societies, what form of co-operative society in New Zealand does that chiefly refer to ?

*Colonel Esson* : Dairy factories principally.

*Mr. Polson* : And farmers who are farming co-operatively. Anything of that kind.

*Mr. Forbes* : Would it refer to the Wairarapa Farmers, for instance ?

*Mr. A. Hamilton* : Would there be anything to stop them lending money to the New Zealand Farmers' Co-operative Association ?

*Colonel Esson* : They might, if they were satisfied with the position of the company, discount first-class securities.

*Mr. A. Hamilton* : What about a group of farmers working co-operatively ?

*Mr. Polson* : Farmers work co-operatively in the case of dairy-factories. They might do so in the freezing industry, or in half a dozen other things. They might set up a plant to take the burr out of wool. They might set up a wool-scouring plant. I can see quite a number of things they might work co-operatively.

*Right Hon. Mr. Coates* : How are we going to help fat-lamb growers ?

*Mr. Polson* : They will not come into Part III at all, except where they might decide to build co-operative freezing-works, or anything of that kind ; and I am not suggesting that they should.

*Right Hon. Mr. Coates* : I was wondering how we could extend it to those in difficulties.

*Mr. Polson* : They are dealt with under Part II.

*Right Hon. Mr. Coates* : This Bill is, practically speaking, drafted on experience.

*Mr. Forbes* : Not New Zealand experience.

*Colonel Esson* : It is the result of Continental experience, the source of the American inspiration. The Bill is a modification of Continental experience, and adapted to suit a different environment.

*The Chairman* : Are there any other points on which we desire information ?

*Right Hon. Mr. Coates* : I would like Mr. Polson to think over the point as to whether we could assist the mixed farmer.

*Mr. Polson* : Well, I—

*Mr. H. E. Holland* : Is this the last occasion on which these witnesses, Colonel Esson and Mr. Polson, will appear before the Committee ?

*The Chairman* : If the Committee desires their attendance at a further stage I think they will be only too pleased to arrange it. (To witnesses :) Do you desire to say anything further in connection with this Bill ?

*Mr. Polson* : No. I think I have said all I want to say, thank you. The thing that appeals to me most is the necessity for having a centralized Board. Also, the fund should be increased to half a million. I think Colonel Esson admits that that is desirable.

*Mr. A. Hamilton* : The Bill meets your wishes, apart from the proposals in connection with the Warehouse Act ?

*Mr. Polson* : Yes, that is another point. If these things are done the Bill will be brought into line with the Credits Commission's report. The long term is not in line with the Commission's report ; but that is a matter for consideration elsewhere.

*The Chairman (to witnesses)* : Well, thank you very much, gentlemen, for your evidence.