

FRIDAY, 30TH SEPTEMBER, 1927.

Mr. A. A. PRICHARD, Deputy Superintendent, State Advances Department, examined. (No. 3.)

The Chairman.] We are discussing the Rural Intermediate Credit Bill, Mr. Prichard. I presume you have read it?—Yes.

The Committee considers that your experience in connection with the securities in your Office will be valuable to us. Perhaps it would be better for you to make a statement in connection with the work there?—Yes. Since the inception of the Act, in 1922, the Department has advanced £79,265 as at the 31st March, 1927. Of that amount £39,596 has been repaid, leaving a balance of £39,669.

Mr. A. Hamilton.] Practically half has been repaid?—Yes, practically half has been repaid, and during that time we have had to realize on seven securities.

The Chairman.: How many securities had you?—The total was 413. We have realized on seven securities at a total loss of £493.

Mr. A. Hamilton.] At what rate do you lend out?—At 7 per cent., reducible to $6\frac{1}{2}$ per cent.

What has been the amount of profit: you will have a fair idea?—We do not keep the Chattels Security Account separate from the Advances to Settlers Account, but it could be easily worked out.

Is it 1 per cent.?— $1\frac{1}{4}$ really, making a profit approximately of £400 a year. The accounts are not kept separately, but there has been a profit of about £400 a year for the four years it has been in operation. The instalments have been paid regularly, on the whole. We have had no cause for renewal of the bill of sale, seeing that the full period of five years has not expired since the first loan was made.

Mr. Walter.] Does that mean that some of them will probably have to be renewed?—Some of them. The bills of sale are made for five years, and our first loan was not made until 1st April, 1923, so that none of them will expire until April, 1928. It may be that owing to the bad time the farmers have been having during the last twelve months we may have to renew the last payment of some of them, because the last payment is a large amount of principal—in fact, I have noticed on several occasions recently where they are asking for a further advance to repay their arrears, and also to pay a portion of the arrears under the Advances to Settlers loan. Many of these people are mortgaged to us under the Advances to Settlers. But generally I may say that we have not had much trouble at all with them.

Do you see that the value of the securities are kept up?—Yes, we watch that. It must be remembered that in all cases of lending on stock and chattels we have taken a collateral security over the land for what it is worth.

Mr. Forbes.] Have you found that it is becoming popular: have the applications been falling off lately, or have they increased?—I do not think it is any more popular at the present time. I think a good deal of that is probably due to not much money being available for the purpose.

There is not much money available?—No.

In what way—by the Office?—Yes, by the Office.

Supposing a man wanted to get a loan from you on chattel security, would he have to wait long?—At the present time the Department is putting those through straight away.

You are putting them through straight away?—Yes. I may say that during the last five months we have received and authorized twenty-six applications, amounting to £6,750, of which £3,150 has been paid over to eleven mortgagors.

Do you think you are doing more now than at the start: do you think it is becoming recognized?—I think it is, slowly.

Where do the applications come from?—From all parts of New Zealand. You will see by the amount that we have out that it has not been taken very great advantage of.

Mr. Walter.] I think you told us that it was not popular because there is only a small amount available for the advances: is that so?—Yes. The various stock agents may provide more finance for them to use. I think that is the trouble—that they cannot deal with the stock and station agents freely after their chattels are mortgaged to us.

Are the regulations too cast iron?—No. No we do not arbitrarily withhold our consent for them to deal with their lines. We assist them as much as possible.

The Chairman.] You are limited to £500?—Yes.

Mr. Savage.] You have seen the Bill, Mr. Prichard?—Yes.

Do you think the machinery provided for in the Bill will be responsible for getting any more money? You say that the money available is insufficient to meet the requirements at the present time: do you think the machinery in this Bill is going to add to the supply of money?—Yes, I think it will, but I think it is going to be a pretty hard job to raise money on the security of stock and chattels.

You think it will be a pretty hard job?—I certainly think it will.

Mr. A. Hamilton.] You are referring to the raising of money by the Board?—Yes. One has not a very good idea as to how the bonds will sell. If we had tried out our rural credits bonds we would have had a much better idea. I may say that the greatest difficulty in the Bill, from my point of view, is, can you get those twenty farmers to form an association? That seems to me to be the difficulty.

Mr. A. Hamilton.] Is your chattels-money not kept separate?—No.

It is the ordinary Advances to Settlers money?—Yes.

What does it cost you?—About $5\frac{1}{4}$.

You loan it out at $6\frac{1}{2}$ per cent.?—7 per cent., reducible to $6\frac{1}{2}$.

That is $1\frac{1}{4}$ per cent. profit?—Yes.