

Right Hon. Mr. Coates.] In order to get as reduced a rate of interest as possible for the farmer, it will be necessary to keep down the cost of administration as low as possible. You will have noted the proposals in the Bill. There will be a central organization, and the cost cannot be pushed up?—Yes; but in that respect I would like the Government to follow the excellent example of my own directors, and put it on to an existing Department. A Department could very easily do it. I do not think the machinery in that case would be anything like so complex as it may be if it is done in the way proposed in the Bill. I do not think that large and expensive machinery should be set up in a thing like this, and if it can be done through organizations existing at the present time, who will do the work for the purpose of giving the benefit to the farmer and only getting a reflex benefit themselves. I think that would be the best kind of administration to adopt. It could be done through a Government Department fitted for the purpose. It certainly would require a Board, but the Board should not be expensive.

The principle of the Bill, I may say, is co-operation?—But I cannot see that it is going to be effective, sir, to have co-operation just for that one thing. I do not think you will succeed in getting your organizations together for just that one thing. First of all, you have to consider the class of man to be helped. The man who requires helping is the man who cannot help himself. He is not going to allow his affairs to be known to a little group of twenty people in his district. I think, sir, you will find that unworkable—you will not be able to get your little organization such as is proposed in the first part of the Bill. I think you will have to work through existing organizations very largely. You have the dairy companies, the co-operative companies, and other companies on a similar basis. It seems to me that it will be to the highest advantage to work through the existing machinery in order to look most effect vely after the interest of the individual concerned.

Right Hon. Mr. Coates.] Have you any knowledge of the system as it is worked in other countries?—I have read the report of the Commission, but I have no practical experience of it.

Right Hon. Sir Joseph Ward.] If the ruling bank rate for deposits over two years is 5 per cent. and the local public bodies are paying $5\frac{1}{4}$ per cent., do you think it would be possible for an organization to get money at the rate you mention?—I do not think you would get New Zealand money at the present time.

I agree with the view you have expressed regarding the question of raising money—that is the great difficulty. One thing I am uncertain about and would be glad to have your opinion: can we get money in New Zealand to lend out to these people?—I think it would be difficult. You might possibly get it at $5\frac{1}{2}$ per cent., but you would not get a large amount of money in New Zealand at 5 per cent.

The Chairman: Mr. Machin suggests that the Board should take the whole of the securities of the farmer as a guarantee for the purpose of securities.

Mr. Machin: Yes; take a hundred farmers whose liquid securities are worth £100,000, get the Government to advance 90 per cent. of that and have that guaranteed by the concern itself to the Government.

Mr. A. Hamilton.] The Board would then be dealing with the mercantile firms only?—Yes.

How would you define the company through which the borrower would operate?—Co-operative companies are mentioned here, but I have no special brief for them; any mercantile company would do. The object is to get the benefit to the farmer. I would not limit it to a purely co-operative company. Any of these companies should be prepared to put up, say, £100,000 security, in order to obtain advances, conditionally on their charging no extra expenses of working and let the whole of the benefits go to the clients.

Who would hold the securities?—They would be held by the mercantile firms; they would have a registered charge over these securities.

But the Board would have the first call on them?—Yes.

Would the working of the account not become complicated?—No, not at all.

Suppose a man sold his stock?—I can see no difficulty in giving him the credit. So far as practicability goes, I think every concern which knows more intimately than any one else the troubles of its own clients would be willing to give them this benefit.

Are there not other difficulties that the farmers are up against as well as cheap money? What about his freedom? Is it advisable to get him into such a position?—Do you think there is any man who needs this benefit who is to-day a free agent?

He might like to become a free agent?—Then he can buy himself out.

How could he buy himself out?—He simply redeems his security by paying in the money.

He could not get a loan direct from the Government then. There is a suggestion in the Bill that men who are free to-day could come along and get money from the Government. Supposing a man had £1,200 worth of stock and plant and he owed your firm £1,000; supposing he could find £200 himself; then the Government would find £800: would it not be advisable to allow such a thing to happen—to give him his freedom?—If he could do that, there is no reason why he should not.

Right Hon. Sir Joseph Ward.] In other words, once he has attained a position of freedom he could do what he likes within the limit of the Bill?—Yes, sir, once he has obtained his freedom he probably would not require any of the machinery of the Bill.

Mr. A. Hamilton.] But the Bill does not provide anything for the individual to get his freedom. In your scheme there would be no difficulty for him in getting his freedom supposing he is in a position to pay his debt. He might be in a position to pay off 30 or 40 per cent. of his securities?—Well, he would then do what he does to-day.

He would have to go to the banks?—Well, that is no concern of ours. I think the Bill is produced because of the necessities of these fellows. I know my directors are only too anxious to help the fellows who are badly off.