

*Mr. Walter :* I should like to ask Mr. Machin whether clause 48 would work in all right with the scheme he has mentioned.

*The Chairman :* That is the repayment system.

*Mr. Machin :* I read that clause last night, and I think that something of that sort should be done. But whether 55 per cent. could be paid at the end of the third year—it seems too good to be true.

*The Chairman :* You are not alone in that view.

*Right Hon. Mr. Coates :* It looks all right on paper.

*Right Hon. Sir Joseph Ward :* It sounds well.

*Mr. Walter.]* Regarding the outside business of your clients, you would have the full control of it. If they had skins or wool you would naturally expect the whole of their business?—We expect it, but we do not always get it.

That is one of the things you would guarantee for—to get their whole business?—Yes.

Do you think that would be sufficient to tempt them—they would take the guarantee on for that business?—I think so; a good many concerns have done it in years past for a lot less—taken much bigger risks in the years gone by.

*Right Hon. Mr. Coates.]* It could be easily started, this scheme, if something like that could be made workable?—It would not entail a large amount of work. The Prime Minister has mentioned the question of getting money at a sufficiently low rate of interest. The thought of paying a high rate of interest along with their other troubles has a depressing effect on men. To many 8 per cent. is an insuperable obstacle.

*Mr. Walter.]* Many of the farmers are working on three-months bills?—I know that, but it is not very helpful for them.

*Right Hon. Sir Joseph Ward.]* They cannot afford to do it; no one can. We are all in the same boat.

*Mr. Walter.]* I think you are rather optimistic regarding your guarantee?—I suggested that we should hypothecate this £100,000 of securities, borrow £80,000 or £90,000 on it, and guarantee the payment of it. We would have to guarantee the whole of it. On our organization would rest the responsibility of seeing that the client stands up to his obligations.

*Mr. Forbes.]* On the question of the lower rate of interest: the shortage of money—is that not one of the difficulties? The difficulty of the farmer to get money: is that not one of the difficulties?—I do not think so. Most farmers can get advances readily enough to-day against good security.

You do not think that a great deal of the value of this Bill would be in providing additional money for the farmers?—The value of the Bill is in providing cheap money.

You think there are firms doing business to-day who are able to provide all the money required by the farmers?—“Required” is a difficult word. Farmers can get all the money that is legitimately needed, and that will show a reasonable return.

You do not think then that the Bill is necessary for the purpose of providing additional funds for the farmers?—No; I think it would be highly dangerous if this Bill provided additional money which could be got more easily. Money has been obtained too easily!

For instance, a young man making a start, and a firm cannot see its way to finance him?—If the proposition is a reasonably sound one there are always firms prepared to entertain it.

*Mr. A. Hamilton.]* Is that general?—Yes, I think so. I do not think I am breaking any confidence when I say that my own firm has taken on a number of individual cases, which I have had to assure my directors were sound accounts, during the last six months.

*Mr. Forbes.]* This scheme of yours would not be of much value unless the money were available at a lower rate than it is to-day?—I regard the whole value of the scheme in proportion to its ability to give the farmer the funds he requires at a lower rate than he can get it to-day. That is the only value I attach to it.

What is the risk in regard to chattels security—the money advanced on chattels security: do you look upon it as sound?—A few years ago I think people preferred to advance against land. To-day advances are more readily obtained against more liquid security.

Do you think that a man wishing to raise money against stock would be able to do so as easily as against land?—I have no doubt about that.

You take the man who gets an advance against a flock of sheep; that is a security that deteriorates fairly fast?—If he is short-sighted enough not to maintain his flock. It is very short-sighted policy to allow such a security to waste. Part of the supervision would have to be the maintenance of the man's flock and the improvement of it.

If he had these terms of payment, do you think it would be possible for him to make it?—Yes, as long as the flock is kept up to its value.

You do not ask for any of these fixed sums to be produced?—No; but I maintain that a man in business or farming does not stand still; he either goes forward or backward. There is something wrong if a man is not improving his position. I have in practice a system of testing whether a man is improving his position. Is he improving his flock or improving the state of his account? At present I am applying that test, now when times are not propitious.

You have the right of realizing on the security at any time?—Yes.

This Bill provides for five years—money lent for five years?—I have a doubt as to the practicability of the steepness of the repayment system. Knowing what I do, it would be impossible for me to impose conditions like that on a client of this kind: the recovery suggested is too steep. If you carry that to its logical conclusion they would all be making fortunes in a few years.

In dealing with chattels securities do you think it necessary to be able to realize at any time?—No one does that sort of thing capriciously, but it is necessary to have the power.