

These figures are a composite index covering all farm-production—agricultural, pastoral, and dairying. The position of each industry varies somewhat from the average, but even in the case of the dairy industry, which received very little benefit from increased prices for the 1933–34 season, the gross farm income index figure for the year was 70. The index of farm expenditure is not a complete measure of farm working-expenses, and therefore is not strictly comparable with that for gross farm income. Nevertheless the trend of the figures is unmistakable. For 1930–31 the index number of farm expenditure was 9 per cent. below the figure for 1928–29, but export prices were 39 per cent. lower. During the next year the effect of the Government's policy of cost-reduction is apparent in a fall in the farm-expenditure index to a level 24 per cent. below the 1929 figure, though the benefit was partially offset by a further fall in export prices. By 1933–34 the combined effects of the increase in exchange, the reduction in costs, and the increase in the volume of production had brought about a substantial improvement in the position of the farming industries.

Disparity between costs and income bridged.

While evidences of improvement are clear and unmistakable it is far from being maintained that the farming industries have been restored to the relative prosperity of the years immediately prior to the crisis. In particular, the problem of excessive capital liabilities remains serious. As honourable members know, a great many farmers are still battling along amidst financial difficulties, and we have still to clean up the aftermath of the past four years. The Rural Mortgages Final Adjustment Act and the Mortgage Corporation Act passed last session were designed to do this. The former Act provides the machinery for adjusting a farmer's liabilities on as fair and equitable a basis as is possible, so as to bring them within his capacity to pay. It is hoped and anticipated that most cases will be settled by voluntary arrangement between the farmer and his creditors. If necessary, the Mortgage Corporation can assist by making loans to repay existing mortgages at its recently announced rate of $4\frac{1}{8}$ per cent. Furthermore, for this purpose the Act empowers the Mortgage Corporation to lend up to 80 per cent. of the valuation on a productive basis, the State guaranteeing the Corporation against loss on the difference between its normal maximum of $66\frac{2}{3}$ per cent. and the higher percentage. Apart from this special provision, it is anticipated that the operations of the Mortgage Corporation will stabilize mortgage-rates of interest at a lower level and be the means of placing mortgage finance generally on a sounder and more liquid basis from the point of view of both the borrower and the lender.

Mortgagors relief and Mortgage Corporation.

The State Advances Office has already been merged in the Corporation, and under the legislation all mortgagors concerned in the transfer have the right, on certain specified conditions, to claim a reduction in interest to the Corporation's current lending rate of $4\frac{1}{8}$ per cent. It is generally intended that the Lands Department's mortgages shall also be transferred as soon as the necessary administrative arrangements for the purpose can be made, and when the transfer is made these mortgagors will also receive the concession in interest. For the £50,000,000 of mortgages the concession will cost the Consolidated Fund about £600,000 per annum, but lower mortgage-rates are an essential element in the economic rehabilitation of the Dominion, and the State must lead the way. Further, lower interest-rates will mean less capital losses, and, to the extent that the reduction improves business generally, it will also mean more revenue to the State.

Interest concession to ex State mortgagors.

The other aspect of what is hoped is the final phase of the rehabilitation of the primary industries is the effort being made to obtain a better return through an improvement in the quality of our products and greater efficiency in production and in marketing. To promote and co-ordinate efforts in these directions, the Agriculture (Emergency Powers) Act was passed, setting up an Executive Commission of Agriculture.

Executive Commission of Agriculture.

The Commission is charged with the duty of co-ordinating the work of the different Produce Boards, and serves as a connecting-link between those Boards and the different Departments of State. For the present, it is largely concerned with the problems of the dairying industry. In conjunction with the Treasury, the Unemployment Board, and the Court of Review, it has formulated a scheme whereby dairy-factory companies and dairy-farmers are enabled, at a low rate of interest and on easy terms, to finance improvements to