available at much lower values than they can now be imported at. This would be encouraging a great local industry, with the advantage of keeping the money within the country, giving employment to a large number of men, and giving an impetus to our iron industry which at the present is recognized to be most necessary. Should, however, private enterprise not be attracted to the iron industry on the inducements I have stated, the Government will consider immediately the expediency of developing the iron resources of the Dominion as a State enterprise.

FINANCE FOR WORKERS.

Some amendments to the Advances to Workers Act will be submitted. The provision limiting an advance to a worker to the value of his building will be abolished. To further assist the workers to provide homes for themselves, authority will be asked to increase the present amount authorized to be borrowed by £250,000 per annum, making £750,000 per year instead of £500,000 as at present. These alterations will further increase the usefulness of the measure.

FARMERS' CO-OPERATIVE BANKS.

It is desirable to enable small men or small associations of men to whom credit is not readily, if at all, accessible under our existing banking system to obtain it for productive purposes, or purposes insuring economy.

This, in my opinion, can be done by the formation of farmers' associations of even comparatively small numbers. I propose to submit a scheme to enable this to be done. These will be incorporated and empowered to borrow money for purposes of loan to their members on such security as they think fit for productive purposes, but repayment of the money so borrowed will be guaranteed under proper conditions by the State. This will enable it to be obtained at reasonable rates of interest from ordinary banks, and if not so available, then from other sources. Each member of the association will, subject to proper safeguards and conditions, be liable for the default of any one of their number. This last provision it is conceived will prevent waste or abuse of the system. The security for a loan to small farmers under such a scheme is not necessarily—as it is under present banking methods—the value of the property the small farmer can offer, but rather the industry, character, and skill of the farmer himself. Such a scheme provides for an expert test of the moral risk involved, in the personal knowledge the lending associations will have of the borrower, and for a watchfulness secured by a keen sense of collective responsibility of the capacity of the borrower to turn the loan to profitable account. Thus the qualifications of the small farmer for his business become in large measure the security on which he can borrow, and men with small or even no material security can obtain capital. Similar schemes have been found enormously beneficial by small farmers in several European countries. They have not only made capital available to struggling men, but greatly cheapened the rates at which it could be obtained. This, too, will tend to reduce any attempt at monopoly which might arise under our present banking system. In Germany 950 co-operative banks of one type alone keep about £100,000,000 steadily in circulation in credits in the country. Germany has indeed about twelve thousand of such banks in all, and by far the greatest number are employed in financing agriculture. I have every confidence in stating that as the result of close examination into the matter this can be done without risk to the Dominion or injury to our financial institutions.

FINANCIAL ASSISTANCE TO FARMERS.

The system of farmers' co-operative banks for certain specified purposes can be usefully employed by the family land settlements which I also propose to provide for. These settlements will be promoted on the following lines:—

Lands now inaccessible, but well suited for settlement, will be acquired by the Crown. Of these there are considerable areas both with Native and European owners, as well as areas still Crown land. A scheme of public works will be submitted to provide communication to these areas by road or rail. Application for these lands will be called for, and the applicants may be of two kinds—(1) individual applicants; (2) applicants as associated settlers. The latter will consist of not less than ten or more than twenty-five men, preferably married