

a nominal paper profit of $1\frac{1}{2}$ per cent. We recognized that that $1\frac{1}{2}$ per cent. did not pay us, but we felt that 8 per cent. was as much as the farmer could afford to pay, and when this rise took place we did not increase our rate; and I think that that also applied to the majority of the stock and station agents and the co-operative associations. I believe that very few of them have increased their rates on advance accounts. They felt that they did not want to pass it on. The question of interest on these advances is not really the most important matter, as I said before. The rate of interest on the larger mortgage is, of course, an important matter, and that is where the advantage of the long-term mortgage credits comes in. I may say that what affects the farmer very greatly is the repetition of legal expenses when rearranging his mortgages; and that, of course, you have also corrected in your long-term rural credits. I also have a letter from Mr. Frank Bushell, who is in Southland. He is the general manager of the Farmers' Co-operative Wholesale Federation (N.Z.), Limited. His letter deals mainly with the viewpoint that trading should not be allowed under the Bill. Now, dealing with the Bill itself, we are, of course, naturally most anxious that our clients should have all the assistance that they possibly can get; but it seems to me that there is some danger with the intermediate credit associations in the small capital which they have to provide. At the end of twelve months an association of twenty members would have only £100 of their own, and yet they could borrow a very large sum of money from the Government. Of course, there is the security behind it; but as Mr. Abraham has said, it is very questionable whether 80 per cent. would be a safe thing to advance on stock at present prices. On last year's values it certainly would not be.

Mr. Walter.] What objection have you to the dairy companies trading: is it just because it is unfair to your business?—Yes; because they are only duplicating the co-operative facilities we have provided.

But apparently they have always done good business for the farmers: they have cheapened the cost of manure, for instance, and other things that are required in big lines by the settlers?—I do not think they should be assisted by means of Government loans.

You think they should not be assisted by the use of cheap money?—No; and also by exemption from income-tax. It is difficult to separate their trading operations from their manufacturing operations. That is a very difficult thing indeed.

But they are certainly helping the settlers considerably. They have reduced the prices on fencing-wire and manures, I believe, as much as £1 a ton?—I question that. Certainly in my district the dairy companies are not supplying at £1 a ton under the merchants' prices.

You also say that the little help we could give in the matter of interest would not benefit the farmers very much. Why, then, has there been such an outcry when the banks have only advanced their rate $\frac{1}{2}$ per cent.?—If we can reduce the rate, say, by $1\frac{1}{2}$ per cent., would it not be an advantage?—Well, I would be very glad to see you reduce the rate of interest to farmers; but we think that the question of interest is being overstressed.

But it was overstressed considerably, and there was a big outcry when the bank rate was raised $\frac{1}{2}$ per cent.?—Well, the complaint against the bankers, I think, was largely caused because they were making large profits, and it was consequently thought that there was no justification for raising their rate of interest.

What percentage of security do you think would be safe in connection with these proposed advances on stock and chattels?—Sixty per cent. on present-day values. Of course, the difficulty the stock and station agents have had to face in that connection is that after they have advanced to the farmer say 60 per cent. they have found that he was behind with the mortgage interest, or something of that kind; and then he has come along for further assistance, and, of course, they being anxious to help him, and to try to put him on his feet they have let him have further assistance; and then he may have got further and further into difficulties. You may make a hard-and-fast margin, and say "That is all we are going to lend," but in practice you will find that in some cases you will have to lend a great deal more.

Do you think there are many farmers in your district who, having paid too much for their land, have by good farming brought up the value, although not sufficiently to reap the benefit of the State advances?—Certain of them have; but, in regard to those who bought in the boom time, I am afraid some of them will never overtake the deficiency unless reductions are made by the vendors or mortgagees.

Would not this scheme help them: by lending them money on their stock and chattels would it not help them to get the balance of their mortgage-money paid off?—I do not think the amount contemplated is large enough to help such a man very much.

There are several in my district who have not got the security to get the benefit of the State advances, and if they have to get a second mortgage they will have to pay 8 or 10 per cent. Would not this scheme help them to get a sufficient margin so that they can benefit by the cheap money from the State Advances?—I do not think the limit proposed is large enough to do that. If it was £1,500 it might be more effective.

Instead of having to borrow on second mortgage, they could borrow on their stock and chattels?—Yes.

Mr. A. Hamilton.] You are representing the co-operative association, and you are affiliated with the proprietary one as well?—Yes, the Stock Auctioneers' Association.

You are here pretty well as a member of the Mercantile Stockowners' Association?—Of the Auctioneers' Association, yes.

You are pretty well in agreement with what Mr. Abraham has said?—Yes.

You have no objection to dairy companies trading, provided they find their own money?—None at all.

Providing they stand on the same basis as others who are trading?—Yes, and pay income-tax on their trading operations.