

and not only among the members of the association. The original idea was that only farmers who formed the association were the people who would get an advance. Now, I understand, the new proposals extend that to any individual farmer, whether he joins such an organization or not. In fact, I suppose very few farmers would join such an association when they can get the same conditions through their local Board whether they belong to the association or not. It seems to me that it detaches itself from the co-operative idea to some extent.

*Mr. H. E. Holland.*] Does it affect the security?—I do not know that it affects the security a great deal, because that security is centralized.

I mean, so far as the shares are concerned?—I doubt whether many of the shares will be taken up, when the man who has no shares can get the use of the organization.

*The Chairman.*] You mean, the use of the Board?—Yes.

*Mr. H. E. Holland.*] He would not require to take up any shares?—No.

*The Chairman.* He has to find a guarantor.

*Mr. A. Hamilton.*] I think you have referred to trading. How would there be more trading under the new proposals than in the Bill?—Well, before it was restricted to the shareholders' association, but now you can trade anywhere you like. It is a broad trading association. It is like a bank—an agricultural bank. That is what it comes down to. It would not take many turns of the pen to make it into an agricultural bank—the whole thing.

*Right Hon. Mr. Coates.*] You are referring to the new proposals?—Yes, to these new proposals. That is what struck me about these new proposals.

*The Chairman.*] Have you any comments to make about the First Part of the Bill?—Not in general, sir. I thought that most of the proposals in the First Part of the Bill—as regards organization and co-operation—had been fully discussed here by men who know more about it than I do.

*Mr. Elliott.*] Do you object to the quarter of a million loan?—No, I do not object to it. I just drew attention to the difference between the original scheme, as outlined in the Commission's report and in the Bill, and the new proposals. In other countries the farmers' organizations that get this capital advanced to them clear themselves of it in a given time.

You also say that the debentures issued under the new clause 19A may affect the debentures issued under the rural advances?—Well, it is raising long-term money, and we are raising long-term money under the other Act, and if these debentures are out on the market—long term non-redeemable debentures—there may be some competition. Of course, there is one important difference: under the other Act they are trustee investments, these are not. There is that difference.

Do you think it advisable to have the two classes of debentures?—Well, at first sight it does not seem to be. I do not quite know what the object of this is—this non-redeemable money.

*Mr. H. E. Holland.*] Would not the new proposals have a tendency to damage the other proposals in the Bill?—Yes. Take the debentures, for instance. One set of debentures is trustee and the other is not. That is one of the features of it that wants to be considered. You have the two classes of security under the one Act.

With regard to the £250,000, are not the securities equivalent to the money?—But the new proposal is that we have to find the cash. We have to find the cash out of the present securities we hold.

Supposing there was any failure on the part of the Board, would the Government eventually have to be responsible for the liability—although there is no legal responsibility, the Government could not possibly allow default?—I should not think so. That is what we read under the other Act, the Rural Advances Act. Although there is no specific backing by the public revenues behind the securities, no Government could possibly allow the thing to default. I think that would also apply here, although perhaps not so pointedly as it does in the other Act.

*The Chairman.*] Supposing perpetual bonds were issued purely as bonds payable to bearer, could the owner of them be actually found?—No; they would pass from hand to hand. They would be bearer bonds.

They would have to be in the form of inscribed stock?—That would be a different proposition altogether. Bearer bonds are very popular.

Could they be made registered bonds?—Yes, they could be made registered bonds, although it destroys their fluidity a bit. Bonds are very popular amongst the trading-people; they can be passed round. One of our objections to bonds is that people get hold of bonds who do not know how to look after them. We have had some difficult cases of that kind. But many of the big people take bonds, and they know how to use them and keep them secure.

Do you suggest that it would be an easier way to hand over the securities than to hand over the cash in connection with the £250,000?—Yes. The original idea was, I think, that the Treasury should hand over the securities. Instead of us having to realize on the securities, they could do that themselves. But that is purely a matter for the Government or the Committee to decide. We could do it, of course.

But it would be easier for you?—Yes, it would be easier for us, because, among other things, we would not have the cost of selling; and if we had to sell on a bad market the securities might depreciate.

And the Board would be able to sell the securities as they require the money?—That is what I take it would be the arrangement.

And the Board could please itself whether it sells the securities or keeps them as a reserve?—Yes. As a matter of fact, at the present time the principal finance of the banks is founded upon their securities, realizing on them as required. That would be the better way.

In the Bill it states that the bonds are to be limited to five years: are you objecting to the extension of that period?—Which clause are you referring to?