Mr. H. E. Holland: Do I understand you to say that it will not provide fresh capital?

Mr. Polson: It will provide some. It will not provide a tremendous amount of fresh capital, because, after all, as we know, in the past we have managed to get along with our farming operations in some way or another. This scheme will reduce interest, and that will make all the difference.

Mr. H. E. Holland: Has that been the experience elsewhere——

Right Hon. Mr. Coates: Additional money will be provided.

Mr. A. Hamilton: But not a great deal.

Colonel Esson: The scheme will open up avenues at present closed to the producer.

Mr. A. Hamilton: It will release money; but that money is already provided by some one—at a high rate of interest, of course.

Mr. Polson: A great deal of money is offered on mortgage at a high rate of interest; but this scheme is all to the good, because it will ultimately mean more capital, which will in turn increase development.

Right Hon. Mr. Coates: This scheme will relieve many men who would not be assisted by business concerns. Take the cases of co-operative societies: it seems to me that that is where immediate use will be made of this. It will take some time to get the associations going. For the purpose of equipment and general utilities, I should think that is where money will be made available almost at once. I refer to those persons who are making a start.

A Member: His security is comparatively small.

Colonel Esson: I do not think the service of the Board will be limited solely to the discounts it can make itself. Experience in America showed that the organization of co-operative associations encouraged private financial institutions to extend loans to producers. Recognized associations themselves found commercial banks willing to give credit on reasonable terms.

Mr. Polson: Might I make a suggestion in connection with the framing of the Board, and the running of the whole thing? It is not a matter that comes under this Bill exactly, but I would like to give expression to an idea which I have in my mind in regard to the matter. My idea is that the Board should be comprised of five or six people. My own personal opinion is that the Government should appoint a Chairman—and we have our ideas as to who the Chairman should be—and that the Deputy Superintendent of the Advances Office should be Credit Commissioner in charge of the long-term section and be put on the Board; also that the Valuer-General, whose advice and assistance are of enormous value, should be placed on the Board, together with the Under-Secretary for Lands, both of whom are on the Advisory Board at the present time. In addition, there should be a farmer on the Board representing the short-term, and another farmer on the Board representing the long-term section. Then, the Public Trustee would be on the Board, and he would become Commissioner for the short-term section. One Board would run the whole thing and co-ordinate all sections. There is always a certain amount of danger when you have two institutions, one of which might do something without consulting the other, and regretting afterwards that it had not done so. It is very much better to have one Board controlling both the long- and the short-term sections. It can be understood better if one Board is handling the whole thing.

Mr. A. Hamilton: The main idea is to bring all the State Advances under——

Mr. Polson: I am talking of rural intermediate credit.

A Member: The Board should be a department of the State Advances Office.

Mr. Polson: As a matter of fact, I do not mind stating frankly that my proposal is that we should create a new Board, with Colonel Esson as Chairman, because he fully understands this matter; and including Mr. Pritchard, who has been in the State Advances Office for a long time—we could make him Commissioner. Mr. Brooks should be included because he is required as Valuer-General. As the man responsible for valuation, his advice has been invaluable, and he could not be done without. Then, there is Mr. Thompson. Now, these gentlemen could represent the Government, and there could be one or two farmers to represent the farming side. These gentlemen could run the whole thing. With these two departments, under two Commissioners—one the Public Trustee, and the other the State Advances man—I believe that every satisfaction would be given to the producers and to the Government.

The Chairman: And leave the State Advances Office as it stands——

Right Hon. Mr. Coates: I agree with the idea that it should be centralized in some form. The Public Trustee has rather definite ideas on the subject. He is away from Wellington at present. I would like, Mr. Polson, if you would have a talk with him on the matter.

Mr. A. Hamilton: There is a good deal in having the Boards, or lending associations, co-ordinated. In the case of the State Advances Office, you will find, if it is separated, it will be difficult to get the various sections together.

Mr. Polson: It should be explained that the five-years loan is not actually a straight-out loan.

The Chairman: An opinion has been expressed in conversation that the term of the loan is too short. Mr. Walter mentioned the matter—in the case of loans for improvements and loans for stock, that the money had to be returned within too short a period.

Mr. Polson: But the borrower can always come back and get a renewal. If the term is too long it interferes with the sale of the debentures. The American system provides for a term of three years, with a review every year.

Mr. A. Hamilton: This Bill pretty well gives expression to the findings of the Commission?

Mr. Polson: With the alterations we suggest.

Mr. A. Hamilton: The Bill, then, is in accordance with the Commission's report?

Mr. Polson: Yes, in the main. Our wishes are expressed in the report. I do not think there have been any alterations in the circumstances since then. There is an alteration in regard to the Warehousing Act, but I will deal with that later.