

The Bill proposes that money should be raised against the securities that are held, plus the advance from the Government, but not with the Government security behind it: how would that affect the sale of debentures?—It certainly would affect the sale of them. I think the Government guarantee is essential if the cost is to be low. The Government has already two safeguards, in the security and the guarantee of the concern that is behind the security, so that its risk is not very much; but the thing is impossible without the Government guarantee behind it. The fact of the Government guarantee is a thing which would make all the difference in getting your money at cheap rates.

Practically, you look to the Bill for cheaper money for the farmers?—It is presumably to help the “lame dogs” over the stiles.

Mr. Elliott.] You consider that Government guarantee is necessary?—In order to obtain the money somewhere about 5 per cent., yes.

Mr. A. Hamilton.] You said that a concern had been offered £500,000 at 5 per cent.?—Yes.

Well, surely this scheme should be as good security as your institutions can offer?—Oh, yes; but the fact that the Government would not guarantee would immediately raise a doubt.

Why should it raise any more doubt than a doubt as to your being able to raise the money?—Because it would rest upon ephemeral organizations which would only be brought into being for this purpose, and which would not have the general commercial knowledge to carry on successfully.

The Board is holding certain securities which are lodged as security against the debentures, and these securities are backed by this £250,000: I cannot see why that security should not be able to obtain money at as low a rate of interest as an institution such as yours?—Oh, yes, if you confine the operation of the Bill to Part III.

You are of opinion that these debentures should carry a Government guarantee?—Yes.

The central idea of your proposal in regard to this £100,000 is in reality to increase the number of people in a group from twenty to one hundred?—There would be all the difference in the world between having a group of twenty or one hundred for a special object like this and taking advantage of an existing stable institution.

If your company took advantage of your suggested scheme to lump certain of your securities and get an advance of £100,000, the effect of that would be that your clients would be receiving money at a lower rate of interest than at present?—I can get that money from the bank to-day, and can lend it out and take my additional 1 per cent. without any trouble. The whole effect of Part III would be to give the chap who is using the money the benefit. It would help him to get into a more comfortable position sooner. There is nothing in it which is going to assist the finances of my concern.

Suppose you had this £100,000 for which you propose to charge your clients 1 per cent.: do you think your working-expenses—the running of your institution—would be increased?—Very little; they might be increased to the extent of probably one good accountant. I take it the whole object of this proposal is to interfere as little as possible with normal business, and it would work in with our normal business.

In order to assist the farmers, do you think that your company would be agreeable to forgo that 1 per cent.?—Oh, no; we could not do that. We should need it to keep our inspection staff going. There comes a point when you would otherwise commit suicide. We are prepared to do all the work, as at present, but we are not prepared to make it a free contribution. When the banks raised their rate of interest, I put it to my directors, “Do you want the rate of interest raised?” and they agreed to stand out of the extra $\frac{1}{2}$ per cent. I have not raised a single rate of interest through the raising of the bank rate.

The Chairman.] I gather that the 1 per cent. that you get from the bank leaves you no profit so far as the business is concerned—the actual lending: you get your profit from the trading part?—It leaves us no profit; it involves a little loss, which has to come from the trading department. We had one case—a poor chap who was nearly down and out. Our stock agents travelled 563 miles in all directions to sell his turnips for him. All that kind of service has to be done—often at a loss.

So that your opinion is that you want actually more than the 1 per cent. for the loan part of the business?—I should like it, yes. I was talking to a leading bank-manager the other day, and he reckoned that no concern could do it under 2 per cent.

Your own proportion is $1\frac{1}{2}$ per cent.?—It was $1\frac{1}{2}$ per cent. before the recent rise in the bank rate.

What proportion of your clients would be under this £1,000 that is suggested in the Bill: have you any idea?—I could not give an accurate figure. A great number would be round about it. I should say the majority would be just over it.

More than half of your clients would be over £1,000?—Yes, considerably more.

You want the £100,000 irrespective of the amount of money you lend to your clients?—No; I would simply take a bundle of chattel securities worth this amount. I could very well pick out one hundred clients who would benefit by having £1,000 each.

Your suggestion to the Committee was to take all classes of men?—Yes. What I meant was that I could benefit one hundred accounts of this particular type and ignore the larger ones.

You state that there will be some difficulty in getting people to disclose their business to one another?—I am sure of that. They do not like their neighbours to know their affairs.

Suppose the Government under this scheme lends a man up to £1,000, to an individual—one of your clients, for instance—and he is able to deposit £1,000 to £1,200 worth of security with the Board: do you think a firm would guarantee 20 per cent. of that amount in order to retain his business?—I do not think so. The argument would be like this: The Government has my chattels security; I am free to sell my wool, stock, or grain where I like.