FRIDAY, 7TH OCTOBER, 1927.

MR. R. S. ABRAHAM examined. (No. 6.)

The Chairman.] What is your full name, Mr. Abraham ?—R. S. Abraham.

And your address ?—Palmerston North.

And you are representing ?—The New Zealand Stock and Station Agents' Association.

You have read the Bill, Mr. Abraham ?—Yes, sir.

Will you make a statement to the Committee ?—Yes, sir. I may say, before I start, that we were instructed at a general meeting of our association to attend here. A committee was appointed to attend here, but only two of us are able to be here, and I have to apologize for Sir Alexander Roberts, Mr. Stewart (of Dalgety and Co.), and Mr. Bushell (of the Farmers' Co-operative Association), who are unfortunately not able to be present. Well, sir, whilst I have to thank you on behalf of the New Zealand Stock and Station Agents' Association for being allowed to give evidence to-day, may I refer to the fact that some months ago we—that is, Sir Alexander Roberts, of Murray Roberts and Co., Ltd. ; Mr. W. D. Stewart, of Dalgety and Co., Ltd. ; and Mr. E. Hassall, of the New Zealand Farmers' Co-operative Distributing Co. ; together with myself—waited on the Right Hon. Mr. Coates in reference to this matter, and we received from him a definite promise that we should be sent a copy of the Commission's report as soon as it was published, and, further, that we would be consulted before any Bill was brought down. That promise has not been carried out, and it appears to me that this sort of what may be looked upon as purely *ex parte* statements cannot be as effectual in arriving at a decision which is fair and reasonable to all parties concerned as a round-table conference would be.

Mr. Eliott.] How long ago was that ?—About five or six months ago. May I be allowed to point out that it seems somewhat unfair that in Part III of the Bill co-operative companies only should be selected to share in any advantages which the Bill may offer in the way of cheap money, as against those concerns who years ago, before co-operative concerns were ever thought of, were the mainstay of the farmers of this country, when neither banks nor Governments assisted them, and by whose help they were gradually built up until they were able to take full advantage of the benefits derived from the freezing industry when it was instituted. During the war a careful estimate of the total advances by stock and station agents was taken out, which then amounted to £25,000,000. At the present time these advances will probably stand at £20,000,000. Is it worth while, for the sake of finding £250,000 of cheap money, to run the risk of estranging those on whom the farmers are so absolutely dependent for such an enormous sum ? May I point out that though you cannot point to a single New Zealand stock and station agents' balance-sheet since 1921 that will show a reasonable return to shareholders for the money invested, yet there has been no increase made in our rates of business, nor in our rates of interest to the farmer, notwithstanding the enormous increase in costs of all sorts in running the business. Is it wise that our organization, which has endured and, I think, has been efficient over so many years, should be scrapped ? As with the State advances, which, being free from income-tax, &c., were able to gradually drive the ordinary investor from the field until they are faced with demands for more than they can cope with, so will the same result happen with the intermediate credits, which will quickly produce a demand far beyond the ability of the Board to deal with. It therefore seems to us unfair, and possibly unwise, that the Government should establish a fresh trading Department which is to get money free of interest for ten years, and is further subsidized by a gift of £10,000. We are of opinion that the financing of co-operative dairy concerns all through the country is scarcely judicious, inasmuch as it will induce many of them to enter into competition with existing concerns, of whom, for competition purposes, there are already far too many, and may result in heavy losses both to themselves and the State. It is questionable whether many dairy-farmers are qualified to handle such tricky matters as chattels securities. We consider the exemptions made in clause 22 and subclause (4) of clause 37—exemption of duty and payment of fees—to be improper. Clauses 51–54 : We consider that the surrender of capital to be made is injudicious, and that encouragement should be given to increase rather than reduce capital. I conclude by expressing the hope that Parliament will pause before they commit themselves to passing a measure which, whilst it cannot materially benefit the farmer, may result in adding to the burdens of those who carry the country on their backs, through taxation. I may say, sir, that any amount of facilities for legitimate trading purposes are available in the case of the present concerns which are trading throughout the country, and are made use of by any farmers showing a reasonable surplus of assets over liabilities. There is no question of a shortage of money in that way. Those concerns are quite prepared to make reasonable advances. That is mainly what I wanted to say, sir. Mr. Hassall, of the New Zealand Farmers' Distributing Co., would also like to give evidence.

The Chairman.] I would like to clear up one point. Of course, we were not aware of your interview with the Prime Minister ?—No, of course not.

Now, with regard to the question of co-operative companies here in the Bill, I gather from your remarks that you are regarding them as farmers' companies trading as stock and station firms ?—It reads like that.

Yes ?—And as other co-operative companies, such as dairy concerns, for instance.

Well, it is not intended to apply to the ordinary farmers' co-operative trading business at all ?—Oh, I see.

That is not the intention of the Bill ?—I see.

It is somewhat ambiguous ?—Yes. It is stated in the interpretation that a "co-operative society means a co-operative company" ; and farther on in the Bill I think it refers particularly to companies that are co-operative societies.

I think, probably, if we had Colonel Esson's views on this point it would be of advantage to the Committee. Colonel Esson was Chairman of the Commission, and I asked him to be here this morning while the Committee is sitting.