

amount to be advanced. If we were satisfied with the security as compared to the amount of the advance, I do not see why we should not. We are debarred from effecting guarantees at present; but, of course, that could be remedied.

You say some of the farmers are paying 9 and 10 per cent., and that is a rate we all know a man cannot carry. That is the one point we have to consider. You think that your firm would be prepared to guarantee 20 per cent. of the loan?—Presuming our shareholders would release us from our understanding. At present we are debarred from guaranteeing, as it was thought to be a dangerous policy.

Mr. A. Hamilton: I presume that a clause could be put into this Bill permitting any company to sign a guarantee notwithstanding what is in their articles.

The Chairman: Yes.

Witness: I should think there would be no difficulty in cases where that sort of thing appears in the articles. It could be arranged with the shareholders.

Mr. A. Hamilton: You would have to get a resolution passed by your shareholders.

Right Hon. Mr. Coates: I take it that Mr. Abraham agrees with any well-thought-out scheme that would give intermediate credit to the farmer at an interest rate less than he is paying now?—Yes, I think that would be helpful.

I have been told by stock and station people that such a proposal would be an imposition if they were finding 20 per cent. of the advance?—As far as my company is concerned, we would be pleased to see you come in. It would not alter our position with our clients, and it would relieve us of 80 per cent. of our liability. We do not make anything out of our advances directly, because we have to pay the bank. Frequently when I first started in business and was hampered for funds I made offers to financial people to come in and help me on the understanding that they were to get a proportion of what I was earning. I have always recognized that it would pay me to allow a man who is financing my client a proportion of my earnings rather than carrying the load myself.

Would you retain the supervision which you now keep on the money advanced?—I take it that a State office would be only too pleased to make use of our knowledge; they would be governed by us to some extent. I think it would be wise to do that. We are in a better position to do it than you.

My point is, would the supervision be effective, seeing that your responsibility may be reduced to 20 per cent.?—You mean, would we take bigger risks?

Yes, in one way; perhaps in not watching that a man looked after his stock?—We would do our best. We take many positions of trust in that way. I do not know whether it would be an absolutely sound principle to establish.

My point is, it has been stated that if you relieve the stock and station agent of his total responsibility in regard to the amount he has advanced, that he would then not take the same interest in either that farmer or his account?—I do not agree with that. Our interest is in the business we can get from the farmer, not in the amount we have advanced.

Letter from Mr. R. S. Abraham to Rural Intermediate Credit Bill Committee.

The New Zealand Live-stock Auctioneers' and Agents' Association,
Palmerston North, 11th October, 1927.

G. C. Black, Esq., Clerk, Rural Intermediate Credit Bill Committee, House of Representatives, Wellington.

DEAR SIR,—

I have the honour to return the copy of evidence submitted to the Committee, to which I have to make an alteration to the statement made on page A 2 (page 35 in text) in regard to a promise made by Mr. Coates. I regret that owing to my absence from town, I was unable to return the copy of evidence sooner.

In regard to the alleged promise by the Right Hon. Mr. Coates, I find that I was mistaken in saying that the copy of Commission's report had not been sent to me. This was duly received.

In regard to the statement that we were to be consulted before a Bill was brought down, the actual words used by Mr. Coates were: "He would be very glad indeed to have the association's opinions upon any suggested legislation in this connection, and opportunity would be given of giving evidence before any Committee set up. The same thing might apply to the proposals of the Bank of New Zealand. At the moment the Government had not made any commitment in that connection, but he expected that a Bill would be forthcoming, and, if the association so wished, the contents of that Bill would be at their disposal."

The date of the deputation to Mr. Coates was the 28th July, 1926.

Yours faithfully,

R. S. ABRAHAM, Chairman.

Mr. ERNEST HASSALL examined. (No. 7.)

The Chairman: Your name?—Ernest Hassall.

Who do you represent?—The New Zealand Live-stock Association and the New Zealand Farmers' Co-operative Distributing Company, Limited.

You have seen the Bill, and you desire to make some comments?—I am in full sympathy with the Rural Credits Bill, but I think it would be unwise to give trading-powers to rural intermediate credit associations. When a deputation representing the farmers' co-operative trading associations interviewed the Hon. Mr. Stewart and Colonel Esson we were told it was not the intention of the Commission that trading facilities should be provided for these intermediate associations, yet we knew that many farmers thought that such was the intention, and from our reading of the report it was thought that such interpretation might reasonably be placed upon it. We realized that the Bill might be amended in Parliament and pressure might be brought to bear in a direction which we thought unwise. Full facilities for co-operative trading are already provided by the existing farmers' co-operative trading associations with their branches and agencies throughout the Dominion. I have here a copy of a map prepared by the Farmers' Co-operative Wholesale Federation which shows where the branches of their various affiliated associations are spread throughout the Dominion. In addition to