the affiliated associations, there are the North Otago Farmers, the Farmers' Union Trading Company, and the Wairarapa Farmers' Co-operative Association, with numerous branches and agencies. I believe it has been suggested that the Government should make advances to dairy companies under the proposed Act for purpose of buying stock, fertilizers, seeds, machinery, &c., for their suppliers. If this were agreed to, it would encourage dairy companies, despite the fact that some of them have made trading losses in the past, to extend their trading operations, instead of attending strictly to their legitimate business of manufacturing. They already have the advantage of being exempted from income-tax, and should not be given Government assistance in their trading operations. I understand that they are not free from income-tax on their trading operations, but I think the Income-tax Department must have much difficulty in separating their trading operations from their manufacturing ones. I suggest that, if assistance of the kind is to be given, it should be made under the supervision of the Advances to Settlers Office, or of a special Farm Board, through the existing farmers' co-operative and stock-agency firms, who already have the necessary machinery and organization for supervising and making valuations, and that dairy companies and firms who arrange such advances should be asked to accept a proportion of the risk involved. There is a danger of auctioneers, merchants, and storekeepers making losses for present indebtedness if the securities are given to the Board and the cream cheques are mortgaged. Quite a lot of money is owing at present to merchants, storekeepers, and others; and if the farmers are permitted to give their securities to the proposed Board, and to mortgage their cream cheques, without settling their old accounts, then trouble will undoubtedly result. The capital invested in the existing farmers' co-operative trading companies in shares, debentures, bonds, and deposits is approximately £7,757,018, and many of them have made heavy losses in financing struggling farmers and trying to keep them on the land. In proof of that, I have had prepared a table made up from the balance-sheets issued, up to June of this year, and this table shows that the capital that had been invested in the existing associations was—Subscribed capital, £5,136,565; bonds and debentures, £1,006,381; and deposits, £1,614,072: making a total of £7,757,018. In the good times prior to 1920 co-operative associations had given large returns to their farmer shareholders. For example, the two Canterbury associations, with headquarters at Christchurch and Timaru, had paid out £758,000 and £488,000 respectively. And I say that no action should be taken that would further imperil these investments by encouraging a number of weak associations to set up and usurp their functions. The trading facilities provided were—Investments in properties, £1,752,411; plant, £233,573; stocks of merchandise, £1,544,692; and advances and sundry debtors, £3,844,465: making a total of £7,375,141. This shows that the financial assistance that has been given to the farmers by these associations amounts to nearly £4,000,000. A portion of it is ordinary monthly trading accounts, but the bulk of that money represents the assistance that is now being given by those farmers' co-operative trading associations. I call them "trading associations" as distinct from dairy companies and others. (See Table in Appendix at page 57.) I have also a statement here from Mr. A. C. Bushell, of the Farmers' Auctioneering Co., a very large concern in the Waikato, and according to this tabulated statement they have extended credit amounting to £377,489 to their clients. He is unable to attend personally, because his annual meeting is being held to-day, but he has sent me a telegraphic message, which I received this morning, and which reads as follows:—

"Rural credits well-meant attempt assist needy farmer. Doubtful if much success will attend scheme. Experience institutions such as ours in supporting needy farmers has not been happy one. Governments proposal lend quarter million free interest ten years at expense other financial institutions who are assisting farmer and paying heavy income and land tax might well be employed other ways farmers' benefit. Instance making mortgages on farm lands more popular by reducing income-tax these investments. Scheme may benefit lucky few, but will not solve problem farmers' finance. Advancing money to buy cows will not increase number milked or their production; simply help transfer from one farmer to another at more or less inflated values. Advances manures, seeds will help large number, but if farmer has any security at all to offer he can get accommodation now. Are Government prepared advance without security and without reference to any equity? Experience past money easy terms low rates inflates values. Co-operative associations stock and station agents have plenty money available for financing farmers provided reasonable security for individual advances can be seen. Were we to handle Government moneys we should want take same reasonable precautions. Government no right take greater risk than we ourselves. Proposal finance dairy companies' trading schemes savours class legislation. Associations and companies present existent able give necessary service at reasonable cost. Present means of living, which are already at low ebb, would be still further reduced. Large joint capital invested in finance to farmer. Might be necessary recall this in order recover capital. Loss to Government in income-tax considerable. Since 1917 inclusive, we have paid income-tax, £94,727; land-tax, £10,680. Sorry cannot attend. Trust few points mentioned may be helpful to you."

That is expressing Mr. Bushell's personal views. Now, there was a point I noted in the discussion with Mr. Abraham which I may as well mention, and that is in connection with the rate of interest. I think the idea that the rate of interest is responsible for the difficulties of the farmers is somewhat overstressed. As a matter of fact, if you take the average dairy-farmer, and assume that he has an advance of £1,000, and he saves 1 per cent. on that, that amounts to only £10; and then say he has a mortgage of £2,000—those are fairly average figures—he would save another £20. Now, £30 is not going to push him under or lift him up. That is only one of many incidental reasons for his difficulties. Another point is the question of the profit being made by companies on their interest bill. Take my own company, for example: We have to pay our bank 7 per cent. interest on our overdraft. We previously paid 6½ per cent., and when we were charging 8 per cent. on our advances we were making