

The effect of (a) would be to nullify the effect of *Jacobs v. Doyle*, whilst the effect of (b) would make the inter-position of any bank or any person or organization fulfilling the function of a bank illegal. Having regard to the restrictions upon the transfer of funds abroad the intervention of some banker is necessary to the successful administration of the business of the lottery in this country.

SECTION 4.—INVESTMENT BONDS WITH BONUSES

392. A detailed scheme for the institution of a scheme of investment bonds with bonuses to provide funds for hospitals or any other local or national objectives was submitted by Messrs. W. Stuart Wilson and F. Cassin during our sittings at Wellington. As submitted, the scheme is as follows :—

The Government is to issue the number of bearer bonds annually that are deemed necessary to provide sufficient funds for the objects in view.

The bonds are to be of the value of from £1 each, so as to give every one an opportunity to subscribe. The bonds are to bear interest at the rate of $1\frac{1}{2}$ per cent. per annum, payable in cash.

In addition, a further sum equal to $1\frac{1}{2}$ per cent. interest is to be paid by the Government into a fund from which bonuses are to be allotted each half-year by way of ballot, or in any other similar manner the Government thinks fit. On the amount of the issue postulated by Messrs. Wilson and Cassin, the half-yearly bonuses would amount to £75,000, and in order to give as many bondholders as possible a chance to draw a bonus, they suggest that 8,000 bonuses be allotted each half-year, the largest single bonus to be £10,000 and the lowest £5. The allotment of a bonus would automatically retire the bond in virtue of which the bonus was required. At the expiry of twenty years period, all bonds are to be automatically cancelled.

Interest on the bonds should, it is suggested, be free of taxation. These bonds could—if the holder wished—be substituted for National Savings Certificates. Every facility should, it is said, be given to holders of National Savings Certificates to convert the whole or part of their holdings to the proposed bond scheme.

393. To introduce and popularize this scheme it is suggested that the first-bond issue of £10,000,000 per annum be devoted entirely to hospital and allied causes. This sum would be sufficient to extinguish all hospital taxation as it exists to-day. It would also make any Government subsidy unnecessary and repay the moneys borrowed by Hospital Boards. A substantial balance would, it is thought, be kept for research, and the improvement and enlargement of our hospitals. On an annual issue of