

£10,000,000, the bondholders during the term would receive in cash £3,000,000. They would receive by way of bonuses £3,000,000. The aggregate of these sums is the same as the sum that the Government at present pays the holders of National Savings Certificates by way of interest. The virtue in the proposed scheme, it is claimed, is that the bondholders, after having approximately forty chances each per annum of drawing a bonus and being meantime entitled to interest, the Government would not in the end owe the lenders £10,000,000 as is the case with all other forms of borrowing now in vogue, but at the end of twenty years would be free of the debt. There would probably be an additional saving, the proposers think, by reason of there being no interest payable on the 16,000 bonds which would be cancelled annually when the bondholders have been allotted a bonus. There would be a saving, too, through loss or destruction by fire or other means, of a large number of bonds. The promoters then comment: "If further schemes are instituted in addition to the benefits to the hospitals advocated, as no doubt they would be, the very great financial advantages accruing to the State can be envisaged." In its essence it is the premium-bond scheme with the lottery angle sharply accentuated. It differs from the usual premium bond-scheme in this, that whereas in the former, at the end of the period of investment a capital sum is returned to investors, in the latter it becomes the property of the State. There is no question, we think, but that this scheme would have a great public appeal and in itself might well solve any problem of money going out of New Zealand for participation in overseas lotteries.

394. The objections to the scheme are numerous. It would involve the Government as an active participant in a lottery scheme, which is not in itself desirable. Then the social consequences of Government participation might be widespread and detrimental. It would certainly give a sanction to gambling which it does not now enjoy. The introduction of such a system would therefore prove detrimental in divers directions. Be this as it may, it would not be wise, we think, to establish any system of public finance which offends the conscience of large sections of the community. To do so would provoke disharmony.

395. We do not therefore recommend the adoption of any premium bond scheme nor yet the establishment of any State lottery.