

mencement it was known that a loss would be made on the working. The Minister was asked by the Board at one of its first meetings if he would place a sum on the estimates to recoup the Department for losses. He said there would be no objection, as every member of the House desired to help local bodies, but it would be better to wait a couple of years to see what the losses actually would be.

PROCEDURE.—Three members form a quorum. The Board considers all applications after they are put in order by the Department's officials. If the loan appears to be for a necessary purpose and the security sufficient, the Board provisionally approves it—that is, agrees to proceed with it if everything is put in order, the security is good, and there are funds obtainable to meet it. Unfortunately, nearly all local bodies consider the provisional approval a final agreement to grant the loan. It is extremely difficult to make the officials and members of local bodies understand that the provisional approval is tentative only. Some of them at once launch out into letting contracts as soon as they are informed that the application is provisionally approved. One of these bodies applied for a loan of £9,000 for waterworks. It was provisionally approved. Straightway, without making any inquiries, it entered into a contract to pay £5,000 for the supply of water-pipes. The proceedings taken for the loan were found to be invalid. In the voting-paper the amount of rates to be struck for the loan was not given. The Board for this and other reasons subsequently declined the application altogether, and the body is now without money and in a serious difficulty over the £5,000 order for pipes, which the suppliers refuse to cancel. In another case an application was refused at once on the preliminary consideration. It was to get money to build a hall in commemoration of something. Notwithstanding the direct refusal, the erection of the hall was proceeded with, and on completion a somewhat peremptory request for the amount of the loan was sent to the office. Thinking the loan must have been got from one of the other Government lending Departments, the demand was sent to them. It turned out that after the refusal of the Board to entertain the application, some one on behalf of the body had seen a Minister, and acting on some imaginary assurance that the loan would be granted, and without any communication whatever with the Department, the body had actually gone on with and completed the erection of the hall. If after the provisional entertaining the ratepayers approve the loan, and all proper steps have been taken to make it valid, and the rate is sufficient, the application is submitted a second time to the Board. It then recommends the Minister to finally approve the loan. On his approval being given the loan is granted. The money is then paid over as the body requires it. In order to prevent too many payments out in small sums all part of the same loan the maximum number of instalments is five, but the Board may allow the loan to be divided into a greater number than five (see Regulation 14). Under the procedure introduced by the Department the steps required to be taken by a local authority to obtain a loan have been greatly simplified. Forms and a pamphlet containing full instructions how to proceed are supplied to applicants, and the cost is reduced to a minimum, and unnecessary delays avoided.

ABSENCE OF POLITICAL INFLUENCE.—No Minister or member of Parliament has personally or by agent at any time, either by persuasion or suggestion, or by any communication, written or verbal, approached me with the intention of influencing me to grant or refuse any application for a loan. The cases in which Ministers or members appeared at all in connection with loan matters have been remarkably few, considering the vital interest in these loans of the local bodies, who, of course, look to the member for the district to help them in these transactions. The following in order of date are the only cases in which a member or Minister has been introduced:—

1. Mr. Greenslade, M.P., on the 14th February, 1910, wired me asking about the Frankton Town Board's application for £3,000—when the money would be available. This was only twelve days after the Act came into force. He was informed that the Board's preparations were not completed, that forms would be sent, and it would be a considerable time before the loan would be paid over.

2. Mr. Lawry, M.P., sent a wire on the 14th March, 1910, about an application for £8,500 by the Remuera Road Board. It was making inquiry about the position.

3. On the 8th April, 1910, the Mayor of Onehunga wrote the Hon. Mr. Fowlds about letting contracts in anticipation of a loan being granted. The letter was referred by him to the Prime Minister and minuted by his private secretary to me. My report gave the position.

4. On the 24th February, 1911, the Clerk of the Birkenhead Borough Council wrote the Hon. Mr. Fowlds asking for an extension of the term of a loan already granted from 36½ years to 50 years. The request was refused by the Board.

5. On the 2nd November a deputation from the Remuera Road Board and some labourers waited on Sir John Findlay and complained that the Government—that is, the Department—was holding money to which the Council was entitled, thus throwing men out of work. He wired the Prime Minister, who minuted the telegram to me. A reply was sent by the Prime Minister explaining that the proceeding was not complete, and no money could be paid over pending completion.

6. Telegram from the Hon. Mr. Myers (29th May, 1912) stating the Mayor of Hastings wished to know if 10 per cent. more than amount of loan already received could be got to enable complete works. This was refused.

7. Wire from Clerk, Remuera Road Board, to Mr. Dickson, M.P., asking him if he could arrange for two further draws of £4,000 each: date, 10th July, 1912.

8. Letter from Hon. Mr. Allen to Superintendent, of 10th September, 1912, asking if an application from the Clutha County Council could be favourably considered.

9. Wire to Mr. Dickson, M.P., from Clerk, Remuera Road Board, complaining that Superintendent could not allow withdrawal of £3,000 of the fifth instalment of a loan, leaving the balance to be drawn later (date, 5th October, 1912).