

146. Was there any discrimination ever made by the Board or by the Minister in attendance at the Board as to a loan being granted or refused in a district of any particular member of Parliament?—It never entered into the consideration of members at all. The applications were considered and dealt with in numerical order. As they were received they were granted. The question as to whether the member of the district was a member of the Opposition or a supporter of the Government never entered into the consideration of the Board in any way.

147. For instance, Invercargill applied for a loan of £75,000 for tramways, and £32,000 for water-supply, and both were refused?—Yes.

148. Cambelltown applied for a loan of £4,000 to pay off an old loan raised for electric-lighting purposes, and that was refused?—Yes.

149. In the two returns I have asked to be prepared should be shown the applications for loans granted, the name of the member of the district and the local body, and also a return of the loans applied for and refused, and the name of the member of the district in each instance, and the amounts?—There may be a portion in each electorate, and there may be two or three members to one loan.

150. There is a case where one borough in my district applied for a loan and it was refused: was any suggestion or representation made by me as the member of the district or as a member of the Advances Board that any special consideration should be given to that district?—No.

151. There is the case of Pukekohe, which happens to be represented by the present Prime Minister. An application for a loan was applied for by his district. Would you state the amount?—£13,000.

152. What was the result?—£13,000 was applied for and £12,500 approved to instal a water-supply and construct roads. The portion allocated to electricity was declined.

153. And in that case there was no objection whatever against it?—No. These returns will take a long time to prepare, and if members of the Committee will take my assertion for it, I can say that the name of the member of the district applying for a loan never entered into our minds—it never weighed one bit with us. It would be quite impossible for the Advances Office to supply the information, because in some counties there will be two or three members.

THURSDAY, 10TH OCTOBER, 1912.

Right Hon. Sir J. G. Ward: Mr. Chairman, I want to call the attention of the Committee to a matter reported in the *Dominion*, to which I wish to refer for a moment, because it contains a statement I did not make and is capable of an interpretation that ought not to be on record unchallenged. The report says, "Sir Joseph Ward said that he would not care about being a Minister who had to take the responsibility of refusing loans." I made no such statement; I was dealing with the question raised by the Superintendent as to the Minister taking charge of this State-guaranteed Advances Board, Local Authorities Branch, and I was dealing with the question of the Board being a buffer between the Minister and the local bodies. Mr. Poynton is reported to have said, "If there is not enough money to go round the Minister will get all the blame. Mr. Craigie: He gets all the kudos, too. Mr. Allen: What does 'kudos' mean? Put it in other words. Sir Joseph Ward said that he would not care about being a Minister who had to take the responsibility of refusing loans." Now, Mr. Chairman, what I did say was that I would not care about being the Minister responsible for advancing loans without the Board. Now, under the old Loans to Local Bodies Act I have in my time refused scores of loans, and as a Minister of the Crown I would refuse any loan at any time that I thought to be wrong. The report conveys the impression that I made the statement here that I would not care about being a Minister who had to refuse loans, and yet I have refused scores of loans in my position under the old Loans to Local Bodies Act.

JOSEPH WILLIAM POYNTON further examined. (No. 2.)

1. *The Chairman.*] Have you had the returns prepared, Mr. Poynton, that were asked for?—Yes. Sir Joseph Ward asked for a return yesterday showing the amounts of loans to local bodies prior to 1910 and afterwards by the Government. Mr. Allen also wished other bodies included besides those mentioned by Sir Joseph, and I now hand in the returns. [Returns put in—Exhibit B.]

2. *Hon. Mr. Allen.*] Does it include Harbour Boards and boroughs?—Yes. Sir Joseph Ward also asked for a return showing the amounts obtained from the Post Office with the particulars. I also produce that return. [Return put in—Exhibit C.]

3. *Right Hon. Sir J. G. Ward.*] Can you inform the Committee, Mr. Poynton, what the losses to the country amount to upon the total amount of the advances under the old loans to local bodies system which was superseded by the State-guaranteed Act, 1909?—I could not give the exact loss, but the amount borrowed will have to be repaid and the interest will have to be repaid.

4. Well, is it a fact that under the old system, for the period of years for which these loans are granted, at the rates of interest charged to local bodies, that the full amount of principal is not repaid to the State?—Oh, yes. The whole of the loans granted for forty-one years will have to be repaid by the State—every shilling of it.

5. Well, take the ones for the shorter period?—There is a certain amount of interest paid in excess. For example, in connection with a loan for twenty-six years at $4\frac{1}{2}$ per cent. the local body pays $4\frac{1}{2}$ per cent. and the State pays $3\frac{1}{2}$ per cent. to the Post Office, and in addition pays the sinking fund that accumulates after the twenty-six years; but after the twenty-six years it pays the interest, and it has to credit the local body with excess of interest paid by it during the twenty-six years.