

"This application is submitted for your approval under clause (d) of section 69 of the New Zealand State-guaranteed Advances Act, 1909." That is signed by the Superintendent, and the date is given at the foot. Then, on the same form is printed, "Loan application approved," with the signature of the Minister of Finance and the date. Now, what I want to ask you is this: before this form that goes to the Minister of Finance is submitted for his signature—is this the case or is it not, that the Board at a meeting after the application for a loan from the local body, if it is inclined to consider a loan, it provisionally approves it?—Yes, in the first instance.

129. Now, after that provisional approval has taken place—this procedure is not gone through on this form for the provisional approval?—No, the provisional approval does not give any particulars.

130. This form is not made out on the provisional approval at all for submission to the Minister?—No, the papers go up to the Minister with them attached.

131. Is this form made out or not when the provisional approval is authorized by the Board in the first instance?—No, it is the final step.

132. Well, after the provisional approval is minuted by the Board, do they advise the local body that the loan has been provisionally approved?—Yes, and they send the forms, but perhaps it takes six months before they get the affairs in order.

133. After the provisional approval has gone to the local body have they not to ask for the authority of the ratepayers unless they had obtained the authority before?—Sometimes they have obtained it before.

134. Whether they obtain it before or afterwards, you have as Superintendent to set out on this form that all the necessary steps under the Act have been taken before this form goes to the Minister—that is, that the special orders making the rate have been adopted, that it has been confirmed, advertised, and gazetted, and that they have got the consent of the ratepayers: that is all done before this form goes to the Minister for his approval—is that so?—Yes.

135. Now, after the return from the local body reporting what they have done, from the date of the provisional approval, is it or is it not the case that the whole loan then goes before the Board for consideration before it goes before the Minister on this form?—Yes.

136. And is it the case that if the Board has approved the loan that the whole procedure of granting the loan has been finished except the loan application being formally approved, when it goes on to the Crown?—Yes.

137. Now, would it as a matter of procedure be right and in the interests of the Board for the Minister of Finance, who has to put his signature to the form that comes to him, to refuse to give effect to what the whole of this procedure indicates has been done and which the Board has adopted?—The Minister has to consent. If he refuses the loan could not be granted.

138. Would it be right of the Minister if he refused?—He would have to face a good deal of obloquy.

139. If he was to refuse at that stage he would be putting himself in the position of the Board?—I do not know. If the Minister thought the loan should not be granted he has a right to refuse.

140. Would not that be putting on the Minister the responsibility of the whole work and the duties which the Board had carried out in connection with the loan?—The Act says the Minister shall approve of it. That power has not been exercised yet. That is one of the essentials of the loan.

141. Would you expect the State-guaranteed Advances Board would be able to carry on business if he adopted that course?—Well, if the Minister refused a loan, when the next loan came along we would send it to him as a preliminary to approve of it. Perhaps that would be better now that money is getting short.

142. If that is so, how could the Board set out to the Minister that all the conditions of the Act had been complied with—namely, the consent of the ratepayers, the special order making the rate, then adopted, confirmed, advertised, gazetted, the rateable value of the district, showing the special rate of how much in the pound is sufficient for the loan of the amount applied for, and the rate per cent. that the local body is to pay upon the loan and for the number of years of such valuation—could the Board furnish that information to the Minister?—No; there would have to be an alteration in the procedure. The resumption of control by the Minister would not require an alteration in the Act. That form would be altered, and a summary of the position would be sent up to him before it went to the Board for approval. If when there is a shortage it becomes necessary to differentiate or to use discrimination, it would be only right to the Minister to send it on to him first, otherwise he would have to bear the brunt of it, and an alteration in the procedure will be necessary when there is not enough money to go round. It would only require an alteration in the procedure.

143. Do you know that under the old Loans to Local Bodies Act, when the Minister had control, that similar approval was made in regard to similar loans, that they came up complete to the Minister, and I do not know of any case where the Minister has refused to sign?—In this case the Board approved it and the Minister finally approved it.

144. You suggest widening the powers of the State-guaranteed Advances Office—that there should be no buffer between the Minister, who is looked upon as the political head of the Board, and the people desiring to get money from that institution?—You will have to do that when there is not enough money to go round. The Minister will have to say.

145. In other words, you suggest that the responsibility for advancing money to the extent of £1,000,000 a year which is provided for by the Act now to local bodies throughout this country should be done direct by the Minister without any Board between him and the borrowers?—The Board will have to see that the procedure is all right, but the Minister will have to exercise his discretion as to whether the loans should be granted or not. That will have to be done when there is not enough money to go round.