

90. Apparently the Board took no notice of the previous resolution in regard to the £5,000 limit if there was any application that had been provisionally approved?—We regarded those loans that had been provisionally approved in this light: that had the local body gone to any expense or gone on with their works, to have reduced the amount would have been a very bad thing.

91. What caused the Board to decide on the limit of £5,000?—Because the applications for loans were coming in so fast that we would not have enough money to go round.

92. Could you anticipate the following year?—No, but the Post Office intimated that they could not give us the amount of money we expected.

93. And you considered you were on a legal footing in granting a loan in one year to be paid in the following two or three years?—Yes.

94. Because the Board passed a resolution to that effect?—No, there is nothing to limit the Board granting a loan to be paid in the following year any more than there is a limit to the Minister undertaking to carry out a contract two or three years hence.

95. Is there anything in the Act giving power to the Board to lend money to a local body beyond the year?—There is nothing in the Act about it, and there is nothing in the Act to prevent it.

96. In making advances are you guided by what is in the Act or what is not?—There are other things not in the Act which the common rules of law have to be applied to. If you limit yourself down to the mere words of an Act you will be bound up in such a way that you will not be able to do anything.

97. What clause in the Act guided the Board in framing the regulation giving them power to extend the period?—The Crown Law Office issued the regulations.

98. You know that under the old Loans to Local Bodies Act power was given there for the Board to advance two years in one year?—Probably the Crown Law Offices followed the old Act and put it into the regulations.

99. Do you know that in the old Act there was that provision?—Yes, if the money is not available this year it can be next year. In the case of a local body borrowing £1,000 which cannot take it all this year, the Minister can grant it next year.

100. Under the old Act that local body could obtain £6,000 a year?—There was a limit.

101. But they could obtain £12,000 in one year with the Minister's consent?—Yes, if we had the funds, but if not we would have let them come in next year. It was all a question of money—whether we had enough money to go round.

102. Would the Board consider themselves justified in taking upon themselves to say whether they would have funds or not the following year?—The Board has to see about it. On the 22nd June the Post Office intimated that they would have £1,500,000 to lend this year.

103. What is the amount the State-guaranteed Advances Office can borrow?—£1,000,000 a year.

104. That million has not been obtained, and the operations this year have been hampered by the commitments?—No.

105. What that amounts to is this: that the administration of the Board has had the effect of curtailing the amount that the local bodies can obtain?—Yes, we have lent all we can. If I may be permitted to say, from Dr. Newnan's cross-examination, and the question was also asked by you, Mr. Chairman, the idea might go out that a lot of money was lent in November and December, and more than in the average months. In the summer months the local bodies want more than in the winter months. They do not carry out their work in winter because there is too much mud. But I will prepare a return showing the amounts paid out per month.

106. *Right Hon. Sir J. G. Ward.*] Mr. Poynton, would you be kind enough to look at the return you laid before the Committee showing "the Approximate Loss to the State on Moneys lent by the Government under the various Local Bodies' Loans Acts"?—Yes, I have a copy.

107. That is a return giving the loans made by the Government of the country to local bodies under the old Loans to Local Bodies Act, and not under the State-guaranteed Advances Act under which the present Board is advancing money?—Yes.

108. And the losses to the country as shown in that return under the old Loans to Local Bodies Act, which I asked the House to repeal for future years except to give effect to current engagements, amount to £2,300,000 at least?—Yes.

109. And no portion of that £2,300,000 at least is ever to be paid to the country by the local bodies that got that money?—No.

110. The State-guaranteed Advances Act introduced by me at the time, and the repeal of the system under which that loss had been made, provided that the full rate of interest that the country paid for its loans had to be paid to the country in full by the local bodies: is that so?—Yes.

111. And the Act provided that the cost of raising the loans was to be borne by the State?—Yes.

112. And that the local bodies were not to pay any portion of the cost of raising the money?—The moneys were to be lent to the local bodies at the same rate as the State raised them, except for the 10s. per cent. That amount was supposed to pay the expenses of the Office, but it does not.

113. The cost of working was to be paid at the rate of one payment for the whole period of the loan, 10s. per cent.?—That was one year only, a single payment of 10s. per cent.

114. One payment of 10s. per cent. was the only one made over the whole currency of the loan?—Yes.

115. What amount of money has been advanced by the State-guaranteed Advances Board since that Act was placed on the statute-book in 1909?—Finally approved up to the 16th September for payment to local bodies, £2,168,165.