

129. That is signed by D. Robertson, Secretary of the Post Office; and I want to know whether that is the official letter?—Yes.

130. On that it was referred by me as Minister of Finance to the Secretary of the Treasury for report on the 15th February, 1912?—Yes.

131. And you sent a report?—I replied to your minute.

132. Your reply to that minute is as follows: "The Right Hon. the Minister of Finance.—The agreement as to future loans being at $3\frac{1}{2}$ per cent. was regarded by the Post Office as applying to renewals as well as future loans. The Treasury was considering only future loans. There was therefore no breach of agreement as stated. If renewals are at $3\frac{1}{2}$ per cent. it will mean, of course, more interest; the increased rate on the £3,000,000 renewable during the current year will mean £7,500 increased interest next year. The Post Office should not be embarrassed by having its money locked up at too low a rate of interest, and if this would result by renewals at $3\frac{1}{2}$ per cent., I recommend that $3\frac{1}{2}$ per cent. be allowed on renewals as well as new loans.—J. W. POYNTON." Is that your reply?—Yes.

133. And upon that I approved the proposal on the 21st February, 1912, to allow the Post Office $3\frac{1}{2}$ per cent., amounting to an increase of £7,500, upon new loan-money advanced to the State-guaranteed Office?—Including renewals of other loans.

134. Any suggestion that an investment by the Post Office was to be made at a lower rate than that recommended by the Secretary of the Post Office to me would be contrary to fact?—Excepting the $3\frac{1}{2}$ per cent., as far as I can see, the file shows a complete understanding between the two Departments.

135. Now, Mr. Poynton, would you look at the loans advanced at a Board meeting on the 6th November?—Yes.

136. There is a loan provisionally approved to the Otahuhu Road Board of £1,500?—Yes.

137. A loan of £3,000 to the Raglan County Council: is that correct?—Yes.

138. A loan of £600 to the Hawera County Council?—Yes.

139. A loan of £2,000 finally approved on that date to the Manaia Town Board?—Yes.

140. £2,950 approved to the Pelorus Road Board?—Yes.

141. £5,300 approved to the Waitara County Council?—Yes.

142. £1,250 to the Waitomo County Council?—Yes.

143. £3,500 to the Waipawa Borough Council?—Yes.

144. If all those loans except one were approved to districts represented by Opposition members in November, would it not be just as fair to say they were advanced for party political purposes as to say that the loan advanced in November to the district represented by the Government candidate was for that purpose?—I repeat again that no matter who represented the district, the question never entered into the minds of the members of the Board.

145. Now, on the 13th November, the Stratford County Council applied for a loan of £14,000 and that was declined?—Yes.

146. That was for electric-light purchase?—Yes.

147. If political influence is said to be introduced into this Board's work, then the declining of a loan to a district represented by an Opposition member would be likely to get the Government into great disfavour and do the Government harm?—You know more of the political feelings of members than I do.

148. There is a place called Pukekohe that had a loan finally approved on the 13th November?—Yes.

149. Do you know that Pukekohe is in the district represented by the present Prime Minister, Mr. Massey?—I think it is—I am not sure.

150. Now, there is an amount on the 20th November to the Hobson County Council of £3,000; Taranaki County Council, £3,000; Hawera County Council, two sums of £600; Mangatarata Road Board, £3,000; Waimate West County Council, £375, recommended by the Board for final approval by the Minister on the 19th November, 1911?—Yes.

151. The final approval would be advised to the districts at that time where Opposition members represented them?—Yes.

152. There is a loan of £5,000 advanced to the Kaponga Town Board on the 27th November, recommended by the Board for final approval of the Minister?—Yes.

153. There is a loan provisionally approved on the 27th November at $3\frac{1}{2}$ per cent. to the Rangitikei County Council of £2,000; another to the Rata Drainage Board, £5,000; Weber County Council, £3,000—those items are correct?—Yes, but I could not say whether Government or Opposition candidates represented the districts.

154. If I told you that they are districts represented by present Government candidates, you would not contradict me?—No.

155. Between the first and second ballots there is a loan of £1,100 provisionally approved for the Rangitikei County Council?—Yes.

156. Another £1,500 for the Mount Roskill Road Board—that is approved?—Yes.

157. Further down there is a loan of £32,000 applied for by the Invercargill Borough Council for extending the present system of waterworks, which was refused. While Opposition members got large sums for their districts, that loan was refused by the Board on the 11th December. If this Board was in any way exercising political influence, was there any reason whatever why that Invercargill application for a loan could not have been postponed till after the second ballot?—Yes, if we wished to.

158. Then, taking the question put previously, that dealing with a loan close up to an election, if that was likely to influence the election, *per se* the declining of a loan to Invercargill would prejudice the electors against the Government candidate. If such a statement is correct, then, applying that reasoning, would not that be so?—Yes, we could have postponed it if we wished any impression created that we were going to grant it.