

159. If the suggestion is made that those loans were granted for political purposes, and a loan was refused to a district which was favourable to the Government candidate, would not the declining of the loan, if that reasoning is right, prejudice his chances of election?—Yes, one is the corollary of the other.

160. Now, there was a loan of £80,000 applied for by Waitemata on the 6th November, and that loan was declined?—Yes.

161. If the theory is correct that these loans were being advanced for political purposes, would not the declining of the loan of £80,000 to the Waitemata County Council have prejudiced the chances of the candidate standing in the interests of the then Government if the reasons which are assigned by some gentlemen are to be accepted as sound reasoning?—The same reasoning applies.

162. Was there any telegram received from the member for Invercargill urging the Board to grant the amount of the loan for waterworks?—I have searched the file but cannot find any.

163. Do you recollect any of the circumstances in connection with the granting of a loan to Eltham?—Yes. The Eltham gas loan was applied for under the old system—that is to say, they applied for a Government guarantee of the loan. They could not get it under the Act at that time. The loan had been guaranteed by the Government under the old system. They delayed getting their loan for two years, and afterwards when the Act was repealed they made application to the Advances Office for a loan. It was declined twice. The whole of the proceedings regarding the guarantee are on the file. The application came up later, on the 8th February, 1910.

164. Have you any recollection of a deputation that waited on me in regard to the matter?—Yes, a deputation waited on you. In the *Evening Post* of the 26th April, 1910, there is a report of it.

165. That deputation that waited upon me was introduced by Mr. Dive, member for the district at the time, and the following is the report: "Gasworks Loan: When the Local Bodies' Loans Act was in operation the Eltham Borough Council was authorized by the ratepayers to raise a loan of £10,000 for the construction of gasworks. The Treasury authorized the amount in due course, and asked for the form of debentures to be forwarded for approval. The rate of interest was to be  $4\frac{1}{2}$  per cent., but in the hope that the rate of interest would go down the Council delayed taking the necessary steps to get the money, which under the Act could be obtained at any time within two years. While they were waiting the State-guaranteed Advances Act was passed, repealing the Local Bodies' Loans Act, and compelling local bodies either to borrow privately or to apply to the State-guaranteed Advances Board for a loan. The Council applied to the Board for the loan, and it was refused, and the Council, finding itself in an awkward position, sent its representatives to the Minister of Finance (Sir Joseph Ward) to ask for reconsideration. The deputation, introduced by Mr. B. Dive, M.P., waited on Sir Joseph this morning. He advised them to send in a fresh application, promising to place the facts before the Board, but made it clear—as he did to a previous deputation—that the Board was giving precedence to applications to loans for such purposes as roads and bridges, water and sanitation; gasworks would probably come next, but loans for such purposes would not be granted until the more urgent necessities had been provided for. The money was there, but the policy of the Board was to meet first demands for the more urgent works, and those would receive the first consideration." What was the outcome of that—was the loan granted?—No, it was declined.

166. Then, what led up to the Board granting the loan?—The question of granting gas loans came up again for consideration, and it was decided after discussing the matter that we would grant loans for gasworks, as we had the money, and a telegram was sent to the Town Clerk on the 25th June, 1910, exactly similar to the one sent to the Sumner Borough Council. This shows that there was no political influence used. The telegram stated, "Have any arrangements been made for borrowing outside Advances Department, otherwise please delay, as question of granting loans for this purpose will be considered by the Board on Friday next."

167. In the report which I have read I notice that I made a statement to the effect that the consideration of gas loans would come next?—Yes, something about that. You said "Gasworks would probably come next."

168. Did the Board afterwards decide that they would make advances in connection with gasworks?—Yes, somewhere about the date of that telegram—the middle of June.

169. Was any influence attempted to be brought to bear by me as a member of the Board to get any gasworks loan authorized for any purpose?—No. I think you would have been at the meeting.

170. What was the date of the granting?—The date of the provisional approval was the 1st July, 1910.

171. I was present at that meeting?—Yes.

172. Is there any truth in this statement which is published in the *Dominion* newspaper of the 30th September, 1912: "Under the Ward Administration the State Advances Office went so far beyond the boundaries of common prudence, and transgressed so violently the spirit of the Act, in its anxiety to make the Department an electioneering weapon, that it had to limit to £5,000 the sum the Department could lend to a county under the Act"?—None whatever.

173. Is there any truth in this statement which is made in the same paper of the same date: "Wherever it seemed desirable, during 1911, to use the Advances Department to sweeten an electorate, the Government appears to have opened the purse-strings. Money was thrown at Timaru, at Blenheim, at Wanganui, and the boroughs of Parnell, of Greymouth, of Miramar, and of Hastings. Even the small proportion allotted to the counties was apparently allotted with an eye to the fact that an election was to take place in December. It is a shameful story of what a self-seeking and unpatriotic political group can do with the nation's resources when the party case is desperate." Is there any truth in that statement as far as the Board is concerned?—None whatever.