

174. The Miramar loan of £68,000 which is referred to in that statement, was that loan in the district represented by Mr. Wright?—I am not sure whether it belongs to Wellington East or not.

175. What is the general position in regard to these gasworks loans?—I have said there was no influence whatever in connection with gasworks loans. Any apparent inconsistency shown in refusing some and granting others was due to the fact that at first we declined them thinking that all our funds would be required for other purposes. Secondly, we accepted them when we thought our funds were sufficient. When our funds began to get short again, or the Post Office told us we could not have as much as we expected, we declined them. That is the whole explanation as to the inconsistency.

176. And there was no influence of any kind brought to bear upon the Board?—None whatever. I produce all the gas files with a summary at the end showing the date of acceptance or refusal.

177. Is it or is it not a fact that the security for gasworks loans, in addition to the property of the gasworks itself, is secured by a rate over the town or borough in which the gasworks are situated?—Yes. The Solicitor would not pass it otherwise; he must also have the security by a special rate.

178. Is there any doubt raised as to the soundness of the securities in connection with any of the advances made to local bodies since the Advances Board was established?—I have never heard of any.

JOHN GEORGE FINDLAY, K.C.M.G., sworn and examined. (No. 5.)

1. *The Chairman.*] What are you?—I am a barrister practising in Wellington.

2. *Right Hon. Sir J. G. Ward.*] Did you at any time, Sir John, make representations on behalf of the Remuera Road Board to the State-guaranteed Advances Office for a loan for that Board?—The answer to that question would be No; but I think perhaps the better way would be for me to state in a word or two all I had to do in connection with the loan.

3. Did you send this telegram to me?—Yes, I sent this telegram: "A deputation interviewed me this morning in connection with the application of the Remuera Road Board for a loan totalling £84,000. I understand that the Department has raised some objection with regard to the security, which I think has been answered by the Remuera Board. If the whole loan cannot be authorized at present, £10,000 is urgently needed to carry on the work in hand, and that immediately contemplated. The position is aggravated by the fact that the men engaged in the work have recently been on strike, and, the strike having now been settled, they desire to return to work. The Board meets them by explaining that they have not the means to carry on because the Government will not advance the money to enable them to pay for the work and other outgoings. I hope you will be able to have at least £10,000 advanced to relieve the tension of the present position. The deputation consisted of the strike leaders and the members of the Remuera Road Board. Kindly let me have a reply as early as you can, which I may use." The circumstances anterior to that telegram were these: I was in Auckland, I think, in the month of November—at any rate, this telegram is dated the 2nd November—and I had been seen by the Chairman of the Remuera Road Board—Mr. Cawkwell, I think—and he explained first that the loan had been agreed to by the Department some months before; that there was no question as to the security, but that some objection had been raised by the Department to the legal formalities of the debentures; that he was advised these formalities were pure red-tape, and that the Department was sticking up the loan quite unnecessarily. He further explained that a strike which had been pretty bitter and had involved a large number of men—I think the number approximated a hundred—had been settled some days before on the express condition that the men should be taken back and should start their work on the succeeding Monday; that that arrangement had been arrived at on the faith of their getting the money from the Department with which to start the work and pay the men's wages; that the whole thing was imperilled because the Department would not make the advance owing to some objections to the legal formalities of the documents, and that in those circumstances the strikers were suspicious that the Board was not trying *bona fide* to carry out the arrangements—in other words, there was something between the Board and the Government which was not clear to these men; that he felt there was a suspicion growing in the minds of these men, and he wanted an interview at which both the Board's members and the strike leaders should be present. That was given, I think, on the 1st November, and the position was discussed. I knew nothing whatever, of course, about the loan. It had been granted when I was in England months before.

4. *Hon. Mr. Allen.*] Not granted—provisionally approved?—They said the loan had been agreed to, but there was objection raised in regard to formalities. "Provisionally approved" means, I take it, that the loan will be granted. At the interview the position was discussed. I am not sure whether there was any newspaper report of it, but I agreed to send a wire to the Minister of Finance—the Prime Minister—expressing what I have expressed in this telegram. Now this telegram was dictated in the hearing of the deputation. The telegram was worded so that those present should understand there was nothing being communicated by myself to the Prime Minister which they should not know, and I wanted it further understood that anything I got from the Prime Minister should be communicated to them, so that they might know frankly and fully what the attitude of the Department was, and I undertook that I would give them a copy of any reply I got. It was in those circumstances the telegram was sent. I got a reply, and that reply was communicated either by myself or my secretary to the chairman, and I think also to the leader of the strike, Mr. Semple, who was looking after the men's interests. That, I think, was the whole connection I had with the matter. I had, as far as I remember, no other