

was paid three days before the election; Remuera, £87,625, of which £37,000 was paid three days before the general election." That is what the paper said or reported you to have said.

59. Do you not think that as I was Chairman of your Board it would have been wise on your part to have waited and asked me if that is what I did say?—No. Other people called it a most diabolical arrangement. Here is another paper in which they say, "diabolical outrage." Why did you want, as you were Chairman of the Board and our Minister of the Board, why did you want to throw discredit on us in the way you did?

60. I did not want to?—It seemed that you said we paid out £37,000 three days before the election. That was sufficient to damn us. Were we to stop because the election was on?

61. What I did say, and I was quoting from this return I hold, was that the Minister had finally approved of £42,000 being granted to Remuera on the 17th November, 1911, and £37,000 had been finally approved for Remuera on the 4th December, three days before the election?—Yes, that is true; but you did not say so according to this report which I read. I did not read anything else. I knew that to be untrue, because I know Remuera did not have a cent before the election.

62. How long was it after Remuera got the money?—That is nothing to do with me.

63. Was it within a month?—Yes.

64. I ask you the question again: do you not think it would have been wise of you to have written to me as Chairman of the Board to ask what I did say?—No, because everybody was satisfied you had said it.

65. Now, I tell you I did not say it?—Well, I am sorry that you were reported to have said so. As I only read one paper on that Saturday I was very much disgusted with the whole thing.

66. Was it reported to you that Sir John Findlay had telegraphed to the Prime Minister about this?—No.

67. You know nothing about that?—No, nothing whatever. He did not telegraph to me.

68. *The Chairman.*] You stated just now that the Board would lose money if you did not invest money promptly?—Yes.

69. On the 30th November the limit of £5,000 was imposed?—Yes.

70. What effect would that have on the funds in hand?—We should be able to find £5,000 in a reasonable time, and as far as the limit was concerned, I have not the least doubt about it that it was the very best thing for the country. That is quite sufficient for backblocks—they cannot spend £5,000 in a day. Give them £5,000 when they apply for it, and when they have spent that let them apply for another £5,000. What is the trouble with the backblocks? Nothing. They have had everything they wanted, and they did not ask for more. Why should there be such a fuss about the backblocks?

71. As a member of the Board, do you mean to say that any backblocks can get £5,000 any time they apply for it?—Yes, I do.

72. Even if they have had £5,000 before?—Yes, most decidedly. What is to prevent them?

73. The limitation is not confined to £5,000?—Not in only one sum of £5,000.

74. Is not the Board carrying out the principle that if a local body has received £5,000 in any one sum they shall not receive any more?—No, that is not a limitation.

75. If a local authority asked for £5,000 they could apply for more and it will be granted at the present time, irrespective of any amount they have applied for before?—Yes, decidedly.

76. And if Remuera, which has already received £80,000, applied for £5,000 they could receive it?—Yes, if they have the security.

77. And Timaru too?—Yes. If they applied for more than a certain sum they could not get it, but if they applied for £5,000 and they had the security they would get it.

78. What would you say if the Superintendent takes it upon himself to refuse a loan on account of the local authority having received £5,000 before?—He would have to bring it before the Board; he cannot refuse anything at all. He has no authority to—it has to go to the Board.

79. And the Board would take up that attitude that any local authority could have it?—I would without doubt, but I am only one member of the Board.

80. That is the policy they are pursuing at the present time?—No, there has been no chance of pursuing that policy. I have said that I speak distinctly for myself as a member of the Board, and I can say whatever I please on the Board.

81. You were at the meeting when the £5,000 limit was imposed?—Yes.

82. And you understood that was to apply to individual amounts?—I do not see why you should ask me what I understood about the matter.

83. What is the fact?—At the present time there is a limit of £5,000 for anybody applying at all.

84. Irrespective of what they have borrowed before?—I do not see that borrowing before has anything whatever to do with it.

85. *Right Hon. Sir J. G. Ward.*] Mr. Kember, on that point put by the Chairman, if a further application was received from Timaru it would go before the Board, I assume, on its merits?—Yes.

86. And the Board in the ordinary course will either reject or approve of it?—Yes, provisionally approve.

87. And all approvals at that Board are unanimous?—Yes.

88. Now, has the procedure of the Board been that where prior applications were up for consideration by the Board, that they would take precedence as against a second application from Timaru?—You see this is all supposition, is it not?

89. No, I am asking the procedure in the sequence of the applications for loans. Would the second application from Timaru be put ahead of others applied for before?—No, that would