

28. Now, can you tell me what statements had been made in the House of Representatives that the Board took exception to, and by what members of the House?—I cannot recollect the particular members or the particular statements. There was an article or two in the newspapers reporting what the members said and what the statements were.

29. That letter was sent next day, was it not?—It was authorized to be sent on the day on which the article appeared in the newspapers.

30. Do you not think it would have been better to have made yourself acquainted with the exact statements that you objected to before the letter was sent?—It occurred to me that what was reported in the newspapers in the morning—the charges reported—had gone forth to the public, and that if any representation was to be made the sooner it was made the better.

31. You have asked in this letter that “A tribunal be set up as soon as possible to investigate the charges of political influence made against the Board.” This tribunal has been set up. Can you tell me specifically what charges of political influence have been made against the Board?—I could not recollect specifically without referring to the newspapers. The reports in the newspapers were discussed at the meeting of the Board.

32. The whole of the transactions of this Department with reference to loans to local bodies, practically the whole of them have come under your notice?—They come under my notice. I was Chairman of the Board in the absence of the Minister, and I attended every meeting of the Board.

33. Are you satisfied with the general management of this Department up to date?—Yes, I am satisfied. I do not think there is a Department better managed than this.

34. The Board had certain funds for lending out?—Yes.

35. Who decided as to what amount the Board should have for lending out: was it on the application by the Board, or was the money simply supplied by the Government as the amount you had to lend out?—The Act authorized the lending of so-much money, and the Board would inquire whether there was money available.

36. Before they made the loans?—Yes.

37. How was it, then, that a large sum of money was in the hands of the Board for lending before the Board had applications for any of the loans at all?—That would happen in the raising of a loan. A large amount of money would come in before the Board considered the application. When I was Superintendent of the Advances to Settlers Department there was a very large amount of money received in advance for investment.

38. And to-day there is very little money for investment?—Very little indeed, so far as I know at this present moment.

39. Do you think that you should be able to advance now as you were advancing in the early stages?—I think not. I do not think there is a sufficient supply of money.

40. But if you had the supply, do you think the Board should be advancing at that rate?—I think the Board should deal with applications according to the Act, and the Act makes no discrimination.

41. You simply have to lend out the money that is supplied to you?—To applicants of whose applications we approve.

42. *Mr. Craigie.*] Mr. Warburton, did the Minister of Finance sometimes preside at the meetings of the Board?—On a few occasions.

43. Did ever he use any influence with the Board in favour of one local body over another?—No.

44. Were you ever approached by any Minister or member of Parliament, or any one else, in favour of any local body getting money?—No.

45. As far as you know, in the Act or the regulations there is nothing to guide you to discriminate between one local body or between a borough and a county in lending money?—No.

46. And there is nothing in the regulations or the Act to limit the money you can lend to any local body if you have the money?—Not that I recollect.

47. These advances to local bodies under the State-guaranteed Advances Act are on a sound financial basis so long as the amount of interest charged is the same as that paid by the Government. If the Government can borrow money at $3\frac{1}{2}$ per cent. and lend it at $3\frac{1}{2}$ per cent. with a sinking fund, the State loses no money over the transaction?—Yes, they lose the administration charges; there is the departmental expenditure.

48. On the whole it is on a sound financial basis compared with the old loans-to-local-bodies system?—They are both on a sound basis; but it is more favourable to the Government as a whole that the local bodies should be liable for the capital instead of the General Government.

49. The General Government had to find the capital under the old Act?—Yes.

50. And under the State-guaranteed Advances Act with the sinking fund it repays back the loan?—Yes, if it remains solvent and can pay its way.

51. *Mr. Myers.*] The Act prescribes that the Minister on behalf of the Superintendent shall raise the necessary moneys, does it not?—Yes.

52. Therefore, so long as an application was in order, you would always rather consider applications according to priority of receipt on their merits?—Yes, I presume we would. I do not know whether they come before the Board in the order of the dates in which they are received, but all the applications, I understand, that are ready for consideration by the Board during the week come before the Board at the next meeting following that condition.

53. And the reason presumably that you passed that resolution limiting the applications to an advance of £5,000 was owing to the large amount which had been applied for?—It was owing to the approval of the lending to local authorities of the large amounts that had been raised and were in hand. The Board at each meeting was informed by the Superintendent of the state of the funds, and when the funds became low the Board had to consider in what way the lending should be restricted.