

52. *Dr. Newman.*] Did it not occur to you as extraordinary, when the Board met in a week, that you should be asked to sign a round-robin?—No, it has happened in other Departments if urgent business has to be dealt with. It would be nothing extraordinary to have it completed like that.

53. Did you sign it without asking any reasons why it was urgent?—Yes. I did not know it was urgent. I take the Superintendent to be the executive officer of the Board, and I trust him to see that statutory requirements are complied with.

54. What is your function at the Board if not to inquire into those things—why are you there?—My function on the Board is not to doubt the Superintendent.

55. That is not the question: why are you on the Board if it is not your duty to look into everything yourself?—I look into everything this far: that after a loan is approved by the Board the documents are brought down, the members of the Board inquire if everything is in order, and if all the statutory requirements have been met. The papers are placed before me with the date of the application, amount of the loan, and everything else required. If the Superintendent assures me that all is right I take it to be so.

56. *Mr. E. Newman.*] With regard to your accepting and signing anything that had been approved by the Superintendent without inquiry yourself, if all the members of the Board did that what would be the result?—When I say that I consent after assurance from the Superintendent, it is not to be assumed that I refer to other than formalities. The Superintendent is the executive officer of the Board. This Remuera loan was provisionally approved before I was a member of the Board. When the time arrives for the final approval of the instalment the Superintendent states that all statutory requirements have been complied with, and that everything is in order. Why should I ask the Superintendent if he has received any intimation from a member of Parliament or anybody else that the loan is to be hurried on? I have nothing to do with that class of correspondence.

57. I suggest it is the duty of every member of the Board to inquire into those things himself, the same as it is the duty of a director of a company to inquire into the business laid before the Board, and not trust to the secretary alone?—The Board does not trust the Superintendent alone. He is trusted on questions as to whether everything is in proper order and formalities observed.

58. *Right Hon. Sir J. G. Ward.*] Mr. Flanagan, while at a meeting of the Board on the 22nd May the loan referred to, which you have just been replying to, was provisionally approved with the exception of £1,000 for fire plant. According to the evidence that is on record, it was to have come up at the meeting on the 6th November, but owing to inadvertence on the part of the clerk it failed to come before the Board. Now, at the meeting on the 13th November at which you were present a loan of £42,090 was submitted for confirmation of the Board's recommendation for final approval. That came up at the meeting on the 13th November at which you were present. Would you satisfy yourself that the law had been complied with in connection with that loan irrespective of what the chief executive officer or Superintendent placed before the Board?—Yes. We ask questions, of course, as to these loans, and all the documents are there.

59. If you had any doubt in regard to a loan being approved by the Board, would you or would you not object to it?—If I thought there was any doubt about it or anything wrong I would object.

60. If you had any doubt about any loan to a local body, would you object to it?—I certainly would.

61. And has the Board since you have been a member passed any loans which did not meet with the approval of the whole of the members of the Board?—No.

62. What date did you join the Board?—I think I attended the first meeting on the 6th November. I was appointed on the 1st November.

63. The resolution limiting the amount of a loan to £5,000 was passed by the Board on the 13th January?—Yes.

64. It states, "Resolved that in granting loans to local bodies preference be given to those to which loans have not already been granted. Limit to remain £5,000, and rate to be 3½ per cent." Was it authorized to reduce the limit to £5,000 previous to that?—On the 13th November, as far as I recollect, an arrangement to that effect was made by the Board, but it was not put into a formal resolution till the 13th January.

65. So that on the 13th November the limit was reduced to £5,000?—Yes.

66. And any local body applying would be so informed?—Yes.

67. *The Chairman.*] In imposing the £5,000 limitation, did it not strike you that it would create great hardship on the local bodies?—It did do so, but money was scarce at the time, and we saw no way out of it. We had taken up the position previously that, so long as there was money available, and the local bodies, County Council or borough, applied for it and had the required security, the loan should be approved.

68. It was in consequence, therefore, of the lavish expenditure during the previous months that caused the limit to be introduced?—Yes, it was in consequence of expenditure, but I would not say "lavish expenditure."

69. In regard to approving of grants for succeeding years, do you think the Board is entitled to grant a loan outside the year in which they are operating?—I would not be inclined to grant any more loans until Parliament takes action in regard to amending the existing Act by regulating the amount of an advance and the rate of interest.

70. But irrespective of the interest at all, or irrespective of the money available, do you think the Board is justified in lending money outside the year in which it is operating?—Personally I do not.