

21. When you agreed to these loans on behalf of the Board extending over a number of years, some up to four years, did you think it prudent to fix the price of money at such a low rate as $3\frac{1}{2}$ per cent.?—I was guided by the Act and regulations thereunder. I might state this: that the Board considered that after money got dearer it was not a proper business proceeding to limit the rate to $3\frac{1}{2}$ per cent., and we notified the local bodies that we would charge $3\frac{3}{4}$ per cent. for the loans.

22. Was that after you had previously agreed to lend money at $3\frac{1}{2}$ per cent.?—Yes. As far as my recollection goes in nearly all cases these local bodies were notified that they would have to pay $3\frac{3}{4}$ per cent. for it.

23. Would it not have been a prudent thing to arrange that the rate should be the current rate?—There were regulations issued under the New Zealand State-guaranteed Advances Act settling that question.

24. But in some cases you did so—in some cases you notified the local bodies that they had to pay the increased rate?—That was after the £5,000 limitation came into operation and when we could not raise the money at that price.

25. Did you realize that there must be a loss on these transactions?—It is inevitable that there be a loss under the Act until the Act is amended.

26. What loss did you anticipate?—I really could not tell you the loss.

27. But you anticipated there would be a loss?—Yes. If the money was borrowed and not invested the Board would lose interest on it, or if the rate of interest on State loans increased before the instalments of a State Advances loan were paid over there would be a loss.

28. Did it occur to you that there may be any illegality about it?—No, certainly not, because the regulations had been approved by the Solicitor-General. I did not question at all the legality of the regulations issued under the State-guaranteed Advances Act.

29. Did the Board make any distinction at all as between the backblock applications and the city applications?—I have stated at the Board that country districts should have preference where the land was undeveloped, seeing that these districts had not the advantages that the cities had.

30. Was there any minute about that?—No, that is my own opinion. Since I have been a member of the Board every loan has been very minutely discussed.

31. Was the Minister present at those meetings?—No Minister has been present at a meeting of the Board since I have been a member.

32. *Hon. Mr. Allen.*] Did you look upon it that a loan that had been provisionally approved before you went on to the Board had to be finally approved by the Board?—Yes.

33. Without any alteration in the rate of interest?—Yes; I regarded it in that way.

34. So that if a loan had been provisionally approved for months before the resolution was passed to raise the rate to $3\frac{3}{4}$ per cent. you felt yourself bound to let that go at $3\frac{1}{2}$ per cent.?—I regarded the Board as morally bound to find the money at the same rate as it was provisionally approved.

35. And so the Board agreed to recommend for final approval a loan to Remuera of £37,045 on the 4th December, 1911?—Yes.

36. And another loan to Remuera on the 7th November, 1911, for £42,040?—Yes.

37. What information was given to you about those Remuera loans?—No information at all. I could not tell you anything in connection with them. I saw no correspondence. The loan had been provisionally approved before I was a member of the Board.

38. You saw no telegram from Sir John Findlay?—No, the matter came up in the ordinary way. It might have been any other part of New Zealand so far as I was concerned.

39. Did the matter come up in the ordinary way?—So far as I am concerned it did. I never regarded it as a peculiar circumstance. The Superintendent brought down an already approved loan, told us everything was correct, and that all the statutory requirements had been complied with, and asked for our approval. I never inquired into anything antecedent to that.

40. You took his word?—Yes, I took everything to be in order.

41. How often did you meet?—Once a week—every Monday.

42. Do you remember the round-robin being sent round to ask you to approve of the Remuera loan?—No, I never signed a round-robin.

43. Are the decisions of the Board unanimous?—They are. But no resolution is passed: there is a general consensus of opinion.

44. Is there any resolution carried?—No resolution is carried: the Board generally agrees.

45. Did you ever see this [letter *re* Remuera loan not brought up at Board meeting produced to witness]?—I had forgotten that.

46. Is that a round-robin? Did you sign it?—Yes, but it had escaped my memory for the time being.

47. Do you think it a wise proceeding when you meet every week to send out round-robins?—It would be under certain circumstances. I think it is done in every Department.

48. Did you ever know it to be done in that Department before?—No, not in my experience on the Board, but I would not attach any significance to that.

49. It committed you to the approval of the loan?—Yes, it did; but, as I have stated already, I regarded anything antecedent to this approval as having been properly carried out. I never doubted that at all.

50. You never knew anything about a telegram being sent by Sir John Findlay to Sir Joseph Ward?—No, I never saw it.

51. You never knew it was marked "urgent"?—No. As a matter of fact any correspondence that took place between the Superintendent and the applicant in regard to this matter did not come before the Board at all. The Superintendent reported to the Board that the statutory requirements had been complied with, and we took his word that everything was in order.