

*The Chairman:* Yes; we have nothing to do with what individual members did.

*Witness:* I also wanted to point out the need of giving local bodies money under the Act. I will accept the ruling, but I will have to see the matter is made clear elsewhere. I do not think it is fair, although I accept it. Now I want to say a word or two regarding the moneys provided for the State-guaranteed Advances Department since its inception, and if members will take the trouble to look at one of the returns submitted by Mr. Poynton, they will find details of the money raised from the Post Office amounting to £1,772,000, and the great bulk was raised at 3½ per cent. Now, I want to say here that as Minister of Finance I had provided the necessary amount of money required for the State-guaranteed Advances Department, and the Board had to advance within those moneys for the current period of the year that the moneys were payable; and I want to say that I recognized from the start the difficulty in connection with a local body that required its loan extending over a period of more than one year—that was one, two, three, or four years, as the case may be—and, as a matter of fact, I discussed that with the whole of the members of the Board at the second or third meeting I was at. I have never shut my eyes to the fact that there is a certain amount of difficulty in providing for money ahead of the current financial year, but I have never in my experience found the least difficulty in arranging for sums of money ahead; and one of the things that has surprised me during this investigation is any doubt being expressed as to the possibility of providing for commitments for this year, which, according to the Superintendent, were under £300,000, and for the following year, 1913, were under £200,000. The Minister of Finance stated in connection with the matter that he was in difficulties about it, and he asked where he was to get the money from. Now, I want to say, Mr. Chairman, that after a long experience in connection with financial matters in this country, I have never found it possible with different matters to limit or have the expenditure within the year which it was provided for always to be carried out within that year, nor has any other man who has been Finance Minister in New Zealand. The Post Office had been able to find all the money required by this Board up to a point without any difficulty, and the only difficulty I had as Minister of Finance was to find sufficient investments for the amount that the Post Office had available for it; and the present Minister of Finance will find on record upon more than one occasion where the Post Office has complained to me of not being able to invest the large sums of money that they had available. That Department was not allowed to invest in mortgages. There was a limitation as to the way in which it could be invested, but at the present moment for this year the Minister of Finance has funds in hand that will enable him to provide, if he wishes to do it, for the whole of the commitments of this Department for this year.

6. *Hon. Mr. Allen:* Funds in hand?—Yes, according to the statement you placed before the House only the day before yesterday. And the assumption that the Post Office, and the Post Office only, is the place where you can get the money for commitments for this year is one with which I disagree.

7. At 3½ per cent.?—According to the statement of revenue placed by the Minister of Finance before Parliament this year, he has got a balance in the consolidated revenue of about £900,000, of which he has transferred £50,000 to the Public Works Fund. That is only for a portion of the year, and to talk of the absence of funds to make any provision for anything unusual, well, it is to my mind a little difficult to understand. In my time I have had plenty of difficulties to go through in connection with the financial operations of this country, and I have always recognized that you may have to go outside the Post Office for this Department or any other Department if for any cause there was a shortage in the source from which you had previously been drawing, so that as far as the financial operations are concerned I think they require to be looked at from a very broad, impartial standpoint, and I do not think myself that the difficulties are such that would not from time to time arise with work in connection with the great Department of Finance that the New Zealand Department undeniably is. Now I want to say a word about political influence. If any one will refer to that minute-book from the beginning to the end of the operations of the State-guaranteed Advances Board, he will find that there are loans applied for by districts all over the country represented by men on both sides in politics, and there never has been a single discrimination in connection with the dealings with those loans by the Board at any time, and certainly not within my knowledge. Now, I attended the meetings of that Board in its earlier periods, as I did the meetings of the Advances to Settlers Board until I saw the whole thing in working operation, and I did so because I introduced both schemes, and I wanted to see them going in thorough working-order; but I did not attempt to attend afterwards, because any man who is a busy Minister cannot, as a matter of procedure in this country, give up the necessary time to attend these important Board meetings and carry on the ordinary work of his office. Any Minister who has had any experience will find that is so; and, moreover, I have believed from the start that if you have men of integrity and men of experience upon a Board, that upon the whole it is not a bad thing to allow them to carry out the duties of a Board of that kind without interference from the political head. The only condition that I ever suggested at any meetings of this Board was that any decision they arrived at should be unanimous in advancing money, and that if any member of the Board took exception to a loan it should be refused or held over and inquired into by the Board in the ordinary way; but I have never at any time—and I take this opportunity while I am sworn here of saying so—I have never asked either the Superintendent of the Board or any member of the Board or any public lending Board to help to further a loan for any one or stop a loan applied for by an individual or local body in this country. That has been borne out by the members of that Board; and I want to say that while I recognize that an attempt has been made to draw Sir John Findlay into the political arena in connection with the Remuera loan, I want to say what the position is so far as I know, and from the evidence given here by Sir John Findlay, and I think it is right to say here that I propose to ask the Committee to recall Sir John Findlay here, and I want Mr. Cawkwell here too, in consequence of the evidence given this morning. I think also Mr. Poynton should be recalled in reference to the statement made by one of the witnesses, and on which I shall question him, as to whether