

never at any time in my experience with the Superintendent or members of the Board discussed with them any matter from a political standpoint concerning anybody, and there is evidence in the minute-book here that, even in cases of persons who did not see eye to eye with the Government, loans were made without any discrimination by that Board. I ought to say that I did not ask the Superintendent of the Board to send round a letter to expedite a matter of any kind whatever, and I did not even know it had been done. There could, therefore, not be any suggestion or idea of political influence on the part of those members of the Board, and I think it is only fair to those men who are not here to protect themselves—one of whom was in a responsible position at the time—that I should make such a statement. Now, Mr. Chairman, I want to say a word or two in regard to the form of approval signed by the Minister, and I am satisfied the present Minister does not want an improper construction put upon these matters. I want to say that it must be remembered that at the meeting of this Board the whole of the files dealing with individual loans are before the Board, and any member of the Board can go through them from beginning to end. When authority is given by the Board for a provisionally granted loan, it is distinctly a preliminary to a loan being entertained for final approval, and if you look at the records in the minute-book you will find instances of loans being declined straight out without provisional approval being given. I want to say here that every member of the Board has an opportunity of going through the whole file in connection with every application, and as some allocation has to take place that information has to be prepared in the State-guaranteed Advances Office and is not prepared by the members of the Board, nor could they be expected to do so. If they had to do so they would have to meet every day in the week, which would be impossible. I do not know, throughout the time I attended the Board—and this is beyond question—I do not know of a single instance where there was a doubt about the security of any member of the Board suggesting that in such a case a loan should be advanced. If the value of the security has not been questioned and everything is in accordance with the law, I do not know where the suggestion can come in of waste; I do not know where the suggestion can come in of squandering of any sort or kind. The House authorized a law to advance to all classes of local bodies. Those advances have been made by the Board without exception. By removing the limit that existed before the members of the Board, with the Act before them and with authority to lend up to £1,000,000 after the first year, which was £500,000, they could not be expected to discriminate as between one class of local bodies and another. Now, one of the reasons that the Board advanced to boroughs was due to the Public Health Act, and I think it is only fair I should make this statement that under the Public Health Act there was a drastic amendment made in regard to sanitary arrangements and waterworks, and it was necessary that they should be able to raise the necessary moneys to carry out sanitation and water-supply. There is a return to be furnished as to what the proportion of those loans was for water or for drainage, and it will be found that the great bulk of those loans to boroughs were for one of those purposes. It is a question whether it is not of very vital importance to this country that those boroughs which required to have moneys for those purposes should not have the opportunity of being assisted as a matter of general principle. I am strongly in favour of the weaker bodies having precedence if necessary, but I am not in favour of stopping other local bodies from having the opportunity of obtaining money at a lower rate of interest. Under this State-guaranteed Advances Board, Mr. Chairman, it may not be known, but it is a fact, that loans down as low as £50 have been granted to a local body. I think it is only right to mention that, and it is on record in the minute-book. As far as I am concerned, I want to say while upon my oath here that I have not at any time been cognisant of any Board lending money in this country, the State-guaranteed Advances Board or any of the other State Boards, being used for political purposes, and I am confident in saying that no Minister had attended these Boards for the purpose of having the Boards used for political purposes. I have never attended a meeting of the Board to help forward any loan of any kind for a local body or individual throughout the whole time I have had experience as a member of the Government, and moreover it will be found that no such thing as the question of colour has ever arisen in connection with an individual or concern, or that loans have been advanced to people of any colour in politics without any discrimination. It was only natural that idea was from want of knowledge or experience likely to arise, but experience has shown it has not occurred. I do not say that a lending Board may not make mistakes, but if all the members of these Boards were put upon their oaths before this Committee they would be bound to admit that no Minister of the Crown has ever used his position in that way for political purposes. I am not certain whether I have covered the whole of the points that have come up in the discussion, but I have no objection to reply to any questions by any member of the Committee. In regard to commitments, if a local body is told it must take the whole of the money as soon as it is passed by the Board, then it is going to be a heavy loss upon the local body. I intimated in the Budget in 1911 that there was a loss made from the non-investment of money, and that I proposed to ask the House to legislate upon it. I told the Board at the second meeting that I was prepared to do so, but I asked it should stand over for a couple of years because no one could tell what the amount would be. I also mentioned to the Board that I had no objection to the consolidated revenue giving a contribution to the working-expenses of the Department and towards losses. I think I said I was prepared to give up to £10,000 a year. I mentioned the matter in the Budget, saying that a loss was being made of the 10s. per cent., the only charge made to the local body by the State-guaranteed Advances Board which covered the whole period of the loan. I mentioned in my Budget to Parliament that I contemplated asking for authority to charge one-tenth per cent. to local bodies, which I said I believed would cover the loss of interest on the non-investment of funds and also working-expenses. I think it fair I should make that statement, as I do want to emphasize this particularly, that under the old loans-to-local-bodies system we lost the whole amount of the capital we lent local bodies, and under the new system we did not lose the capital at all. Under the new system the local body and not the country had to provide the sinking fund. Timaru is