

40. You heard that evidence given to-day regarding the holiday at Remuera?—Yes. I never heard anything about it before.

41. Was this the first time any allegation has been made in regard to the Department?—I never heard anything in the shape of political influence in regard to the Department until reference was made to it in the House, which is the cause of this inquiry.

42. *Hon. Mr. Allen.*] With regard to losses, first of all you say the losses so far have only been on account of uninvested moneys that have been borrowed. Will you tell us whether you think there is any possibility of there being other losses in respect of commitments at $3\frac{1}{2}$ per cent. of the money to be provided which we may not be able to borrow at $3\frac{1}{2}$ per cent.?—That is upon the total amount of commitments that exist at present?

43. Yes?—It is something under £500,000 for the two years.

44. On the 16th September it was £651,310, according to the return furnished?—Yes; according to the return the commitments are £651,310; but I understood Mr. Poynton to say some of those had lapsed.

45. Well, are the bulk of those at $3\frac{1}{2}$ per cent.?—Well, some are at $3\frac{3}{4}$ per cent. I do not know the exact amount, but I should think the bulk are at $3\frac{1}{2}$ per cent.

46. If we cannot borrow at $3\frac{1}{2}$ per cent., then we make a loss?—You lose the difference between $3\frac{1}{2}$ per cent. and whatever you borrow at. I should look upon it as a small contribution to the local bodies even if you had to do that. Personally I would undertake to get the money at $3\frac{1}{2}$ per cent. if I was Minister of Finance.

47. Would you tell me where you would get it at $3\frac{1}{2}$ per cent.?—Well, I know exactly what I would do; probably you would not do it.

48. I would be very glad if you would advise—will you give the advice?—I should not charge any more than $3\frac{1}{2}$ per cent. for it so far as the local bodies are concerned if I had to do it.

49. Would you raise a loan at a discount?—I do not know whether it is quite my province to say what I should do, but as far as the local bodies are concerned I would lend it for commitments at $3\frac{1}{2}$ per cent.

50. Can you get any money now except from the Post Office at $3\frac{1}{2}$ per cent. par?—Not by going to the open market.

51. And if we have to go to the open market we shall make further losses?—Well, I should say when you go to the London market it would depend upon what you do when you get there.

52. If we have to go to the London market, say, within six months?—If I was Minister of Finance I would not go to the London market.

53. Will you tell me where you could get money at $3\frac{1}{2}$ per cent.?—If I had a surplus such as you are going to have before the end of the year, which at present looks like one and a quarter millions, I should take a portion of it at $3\frac{1}{2}$ per cent.

54. Get it out of the Consolidated Fund?—I should, judging by the money you have now: I should not hesitate. The Consolidated Fund is in a very strong position, and has been all through.

55. Then, your only answer is that you could get it out of the Consolidated Fund?—I do not know whether it is quite my business to say where I should get it, but I should not charge more than $3\frac{1}{2}$ per cent. for it as far as the local bodies are concerned.

56. The borrower has not the only say. Has the borrower the only say as to the price at which he is going to get his money?—I should conform to the Act so far as the local bodies are concerned. I should look upon it as my duty to see that a reasonable contribution, even indirectly, was given to these local bodies as far as interest was concerned for commitments.

57. A reasonable contribution from the State. You knew there was going to be a loss when you started this scheme, did you not?—I quoted it from my speech in Parliament.

58. Did you make any provision for the loss?—I informed the House exactly what I was doing. It is on record.

59. Did you make any provision for the loss?—I think that is simply putting a question to me when I am out of office, Mr. Chairman, that I should call distinctly not of any importance from my standpoint.

60. I ask you again, did you make any provision for that loss?—I did what the honourable gentleman in the House was deadily opposed to: I saved a loss to the country of about £250,000 per annum direct to the local bodies, and you took an opposite view. That is on record.

61. That is not an answer to my question?—If I carried out what the present Minister of Finance wanted, we should be losing a quarter of a million of money additional instead of £22,000 or £23,000, which is the loss from the non-investment of money under the existing system which covers two or three years.

62. Have you no answer to give to my question—did you make any provision for the loss on the new system?—I stated exactly what I proposed to do to the House, and it is all on record.

63. You refuse to answer?—I have already answered.

64. No, I think not. Now, with regard to the £5,000 limit, will you tell us when that was imposed?—I think it was the 13th November. If the Superintendent says it was the 13th November I do not question it.

65. Who was in office on the 13th November?—I was in office.

66. Whilst you were in office the amount the local bodies could borrow under this scheme was reduced to a maximum of £5,000?—That is so.

67. Has the present Government reduced it?—Not so far as I know.

68. Then if anybody says this Government has reduced it they will be saying what is incorrect?—So far as I know, that is the case.