

69. Did you know that they were lending moneys ahead to be paid in subsequent years?—Certainly, it is on record here, where loans were issued payable over four years.

70. Did you take any steps to find out whether it was legal or not?—The question as far as I was concerned never arose. I heard the opinion you read here. I do not know whether you sent it on to the Board, but I rather gather you did not, which I think you ought to have done.

71. Did you take any steps to find out whether it was legal or illegal? So far as I knew, the Board was conducting its business legally. That special point never came before me personally.

72. Do you in the light of what has occurred think it was the right course for the Board to have borrowed and lent so far ahead at $3\frac{1}{2}$ per cent. and so much?—I think the Board was justified in lending as it did to local bodies ahead, for this reason: that if it did not do that where they could not expend the money extending over a period of years, it would have required them to take the whole amount in one sum immediately after the decision of the Board, and they would have obtained the whole amount, anyhow, at $3\frac{1}{2}$ per cent.

73. Now, in your evidence you said that I said I had plenty of funds available in hand. Can you tell me what the statement was and where it occurs?—I stated that you informed the House a few days ago that you had a balance of some £900,000-odd over and above expenditure.

74. Where?—In the consolidated revenue.

75. Did I ever state that there were funds available in hand for loans to local authorities?—I said you could get authority to have any portion of that transferred to any Department if you wished.

76. You have a return there up to the 16th September: what is the bank balance there?—£7,000.

77. And there is another credit, "Amount temporarily invested"?—£20,000.

78. The total credits are £27,750?—Yes, that is right.

79. Then, on the debit side, "Temporarily transferred to another Department, £30,000"?—That is right.

80. Deducting my credits from my debits, on what side do I stand?—Debit £2,250.

81. Actual debit?—Yes, a debit.

82. Does that mean funds in hand?—I have never stated that the Local Authorities Branch had funds in hand. It has always been supplied with funds as it required them. You are confusing the two things.

83. Now, what do those amounts to the credit of the Consolidated Fund consist of—do they consist of cash in hand and advances in the hands of the Department?—The general statement you made in the House the other day, speaking from memory, was that you had a credit of £900,000-odd.

84. Did I not state at the same time that the Imprest advances amounted to something like £700,000?—You included this under expenditure, I understood.

85. No, I did not?—I asked the question in the House whether the expenditure was approximate, and you said it was, on the ground that you did not know what amount was in the hands of the imprestees.

86. What are the amounts put into the hands of imprestees for?—They are money for wages chiefly.

87. Which are just about due for payment?—Yes.

88. Did I not state that the cash balance was under £200,000?—I do not know that you did. I have not got it here at the moment. If you say you did I will not contradict you.

89. Have I not to transfer to the Public Works Fund during the year £750,000?—You said you had transferred £50,000.

90. I still have to transfer £700,000?—Yes.

91. Where am I going to get the money for the local authorities—out of the Consolidated Fund?—Are you going to suggest that you are not going to have a credit balance over the amounts transferred?

92. I do not know yet—do you suggest it?—Yes.

93. What power have I for authority to transfer to the Local Authorities Branch?—You could get it.

94. How could I?—Very easily.

95. Shall I have anything to transfer to the Public Works Fund next year if I do?—Certainly you will.

96. What grounds have you for saying that?—Upon the grounds that the ordinary revenue for the last several years has been increasing every year, leaving a balance at the end of the year after the transfer has been made which could be used for other purposes.

97. Then you suggest that I am to speculate upon the increased revenue and transfer money from the Consolidated Fund to the Local Authorities Branch?—I suggest that any Minister of Finance carrying on the affairs of the Finance Department of this country has got to estimate ahead—he cannot avoid it; and if he has possible obligations existing and he is afraid that he cannot raise them from the Post Office or upon the London money-market he ought to legislate and take the necessary authority to at least find them, and if he has not got them he has to exercise his best capacity as Finance Minister to meet it.

98. Can you ever recollect in your administration during October or November the Consolidated Fund being so strong that you could afford to do without Treasury bills in anticipation of revenue?—I think it is very likely that is so. I am not sure that it has been the case always, but I think, upon the whole, it is.

99. It is necessary during those months to raise money on Treasury bills to strengthen the Consolidated Fund?—Before you have got your revenue in.

100. Then, do you think it is possible for me to transfer anything from the Consolidated Fund to the Local Authorities Branch in October or November?—I think you ought to be able to do it.