

36. *Mr. Bell.*] £165,000 for Wellington was raised at $4\frac{1}{2}$ per cent., and a maximum of 99 realised. Since then that loan is at a considerable premium; these $4\frac{1}{2}$ per cents. are now quoted at 105.

37. *The Chairman.*] You have told us that the total amount of the debt was £603,300; what is the rate of interest you are now paying on the balance of that amount which it is not proposed should be converted?—5 per cent. and 1 per cent. sinking fund on £312,000, and 6 per cent. and no sinking fund on £109,100.

38. Then, the interest at the rate of 5 per cent. and 1 per cent. sinking fund?—£312,000 is the amount not proposed to be dealt with: that £312,000 will be wiped out by accretions of sinking fund.

39. *Mr. Massey.*] When did you say that £25,300 matures?—1898.

40. *The Chairman.*] And the balance of the loans?—They are 6 per cent. loans without sinking fund.

41. Why do you not propose to convert them?—For this reason: they do not mature until 1925, so that the cost of conversion would be so great as to make it not worth while. We do not think that £109,100 is too much; we say to the future citizens of Dunedin, "We leave you so much more than the value of the payable security."

42. Under clause 10 of the Bill, you propose to use sinking fund to set free so much of the £40,000, or £43,000—or, to speak more correctly, to liquidate your overdraft?—Yes.

43. What is the overdraft now, £43,000?—That is the maximum amount; it varies in amount.

44. But that is the amount you have to provide for; what is it at the present time?—I think it is up nearly to the maximum: it is £42,000 or £43,000.

45. Would you have any objection to have clause 10 amended, so as to enact that so much of the loan conversion should be applied to the payment of overdraft?—Yes, we would object.

46. On what ground—for what reason?—The reason we would object to it is this: that if you make it compulsory, as it appears to me, you would stop us in the future from getting an overdraft, although we might always have our account at credit; but, moreover, it would be nugatory. You might put in the words, if you like, so long as you do not make it compulsory.

47. *Mr. Bell.*] It could be paid to the Borough Fund?—If we paid this £43,000 to the borough there would be no need of an overdraft at all, and that is what we propose to do with it.

48. *The Chairman.*] I want to show, on the face of this Bill, how much of this money will go for one purpose and how much for another purpose?—If you choose you may use the words.

49. If we said, for instance, so much into the Borough Fund?—I have no objection.

Hon. Mr. Reeves: This is the clause that I object to.

50. *The Chairman.*] Does not this come to an indirect means of borrowing that £65,000 of accrued sinking fund?—I do not think it can be so regarded, seeing that we apply the money to paying off overdraft. By this means we clear off a heavy debt. If we do not employ this or some other means for clearing it off we are not likely to reduce it in the near future. It will sit as a fixed thing upon the Corporation and the City, fluctuating only in amount between £42,000 and £43,000. If we could use it for fresh works, and so used it, it might be termed a loan. It is, however, our own money; it is money paid by the present generation. You may call anything borrowing if you look at it from an extreme point of view.

51. *Mr. Allen.*] You say that your overdraft is now £43,000?—I think so.

52. Has any amount been transferred from the gas or water account to that?—Nearly the whole of the profits of the gas and water accounts have been transferred. There is about £2,000 to the credit of the gas account.

53. I want to get at the actual overdraft, deducting the sum from what you have transferred?—We have as yet transferred nothing from the water account.

54. What will be the overdraft when you have transferred?—The same; it gives us the spending of £7,000 out of the £18,000 to credit of that account. If we expended any money beyond that we would be beyond the statutory limit to which we can overdraw.

55. Would the reduction of this overdraft set free any money from the gas and water account?—It would, under certain circumstances. Supposing the finances of the Corporation to become more elastic, it would realise so much more of the accrued profit. We have not provided from the gas and water account anything for contingencies. We intend to place to "contingency" so much for water and so much for gas, if this scheme is carried through.

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