

I attach hereto—(1) List of loans provisionally approved, those finally approved, and amounts paid over from 1st November, 1911, to 15th December, 1911; (2) credits and debits of loans to local authorities' accounts on 31st March, 1912; (3) similar statement with fuller particulars on 16th September, 1912; (4) forms and regulations and pamphlet of instructions; (5) dates and amounts of future payments as far as can be ascertained.

9th October, 1912.

J. W. POYNTON, Superintendent.

I also desire to put in some returns prepared in connection with the transactions of the Department. [Returns put in—Exhibit A.]

4. *Right Hon. Sir J. G. Ward.*] Mr. Poynton, you are Superintendent of the State-guaranteed Advances Board of both the Local Authorities Branch and the Advances to Settlers and Workers Branch?—Yes.

5. Have you been Superintendent of the Board from the date of the operation of the State-guaranteed Advances Act, 1909?—Yes.

6. During your administration has any Minister of the Crown at any time urged you to make a loan to any local public body in this country?—No.

7. If a Minister of the Crown had urged you to do so, in your position as head of such a State Department, would you or would you not have felt it your duty to put on record in writing your opinion in regard to any such action?—Certainly, I would. I would have called his attention by memo. to the danger of such a course, and warned him of the consequences.

8. Has any political influence been attempted to be exercised as far as your duties as head of the State-guaranteed Advances Board to local authorities are concerned by any member of Parliament?—No. Members of Parliament have often come to see me in regard to a loan. For instance, Mr. Craigie came to see me. I think he was Mayor at the time, and he came in several times to know how a particular loan was getting on. He had had telegrams asking when the loan would be put through, and was there anything to be done. Sometimes members come in twice a day to see me. They never come to influence me, but simply to make inquiries. It is quite a common thing for members to do so. They are always being pressed by people in the district to see about these matters, and a member of Parliament is a sort of general agent for local authorities; but there has never been any attempt to influence me. I can say most emphatically that no Minister or member of Parliament has ever attempted to influence me in the course of my duties.

9. If a Minister or member of Parliament had attempted to exercise political influence, would it have had any effect?—No, it would have had the opposite effect. I would have taken more care in dealing with that particular loan than in an ordinary case.

10. What was the procedure of the Board in the matter of granting loans where the loans were settled by a majority vote?—We have never had any such cases of opposition. If the Board were not unanimous we would not have gone on with the loan. If any member had said "I object to that" we would not have gone on with it. Every loan has been granted unanimously.

11. The procedure of the Board was that if there was one dissentient the loan was not proceeded with?—Yes. Sometimes we discussed a loan and sometimes we would decline it, and afterwards perhaps a letter would come to the Board and we would discuss it again, and probably alter our minds after having further evidence.

12. I understand, then, that all loans granted by the State Authorities Branch were upon the unanimous decision of the Board?—Yes. If there had been any opposition I should have recorded it in the minute-book.

13. There is no record of opposition to the authorization of a loan in any of the proceedings recorded in the minute-book connected with any meetings of the State-guaranteed Advances Department?—No—that is, not at any meeting I have been at. The Deputy Superintendent was at thirteen meetings, and he would have told me if anything of that sort had occurred.

14. Has any loan been advanced to any local authority in New Zealand without proper security?—No. The Act requires that in addition to the security there shall be a special rate. We look to the special rate as the security, and if there is any revenue-producing security we are supposed to take security over that. We have only done that in one or two cases. I have done it in regard to Queenstown. I drafted the mortgage for the Queenstown Gasworks. It was the first we had, and the solicitors have followed that since.

15. Then, there has been proper security?—Yes, a special rate has been given in every case. The Act requires that in addition to the special rate sufficient to pay instalments there shall be a 10-per-cent. margin.

16. Has there at any time been anything in the nature of squandering by the Board in making loans to local bodies throughout New Zealand?—No, squandering never entered into our ideas. It was simply to see that the loan was secured and to be for a necessary purpose. Those are the only things, and whether we could get the money.

17. Has there been anything in the shape of waste in connection with the administration of the Board, or connected with any advances to any local authority throughout New Zealand?—Not in connection with the Board; but so far as the local authority is concerned, that is a matter for the Audit Department to see that they do not waste the money, and that the money is not diverted; but so far as the Board is concerned, the money has been properly dealt with.

18. There has been nothing in the shape of waste in connection with the State-guaranteed Advances Board?—No; it has been very economical. I do not suppose any other Board has lent so much money with so little expense.

19. Could you give to the Committee before the proceedings are finished what the cost of administration of the State-guaranteed Advances Board to Local Authorities Branch is?—Yes; that is shown in the balance-sheets for the different years.