

30. That suggestion in the communication you have just read from Sir John Findlay to myself, which was minuted on by me to you for report, to advance £10,000, was refused?—It was not refused, but the debentures were not in order. We could not do it, but we did it as soon as we could.

31. They did not get that £10,000 on account?—On the 16th December they got it.

32. But they could not get it at that date because the procedure was not complete?—The debentures were not in order.

33. So that the £10,000 that the deputation asked Sir John Findlay to have advanced to them was not done upon his application at that time at all?—No. Unfortunately, the matter was overlooked at the following meeting on the Monday when the matter was to be completed. The clerk did not bring it before the Advances Board. He came to me afterwards and apologized, and I said, "Those people want their money and you had better write out an urgent memo. for me to sign to the other members of the Board." That is what we do sometimes. This is the memo. which was written: "At yesterday's meeting of the Board the attached file was inadvertently omitted to be included with five other files for the Board's recommendation to the Minister to finally approve, and as the money is urgently needed, or a portion of it, will you be kind enough to each express your approval of this file being submitted for the purpose mentioned, so that when the debentures are received the desired payment of £10,000 can be made without any delay. I personally agree to this being done, which can be confirmed at the next meeting." We did it as soon as possible when everything was in order. The debentures came down, but they were not in order till the 16th December.

34. Mr. Poynton, at this stage would you kindly inform the Committee what the procedure is in regard to the debentures, because it may not be understood. I understand that the debentures that the local public body has to sign are forwarded to them to fill up, for signatures and for attesting by seal, and then they are to be returned to the State-guaranteed Advances Board?—Yes, when they are examined and found to be in order, then the money is remitted.

35. It is not a Government debenture?—No, it is the debenture by the local body. You will find it set out in the regulations. It has to be executed and sealed. When the debentures are received back from the local body then the money is forwarded, or as much of it as they care to take.

36. So that what the Remuera Road Board was asking in that communication from the Clerk to you as Superintendent of the Board, and the deputation that waited on Sir John Findlay, who in turn wired to me, was that £10,000 should be advanced to them before the issue of the debentures?—Yes, they did not understand it. They wanted the £10,000 sent at once, but we could not do that until the debentures were in proper order.

37. That amount was refused?—It was not refused, but they did not get it at the time, partly through the clerk not bringing the file up, and afterwards because they had not the debentures back in time. It took from the 7th November to the 16th December to complete the debentures and get them back here so that we could pay the money over.

38. The Audit Department requires a full explanation of the public work for which the money is advanced by the Advances Department?—Yes. If a local body borrowed money in order to complete drainage-works or street-works they could not divert the money to building a town hall. The Audit Department would not pass it if the ratepayers sanctioned the loan for a special purpose.

39. And they could not use it for the construction of an electric-lighting plant if the loan was granted for waterworks or street purposes?—No. We have no control over it. They can do what they like with it so far as we are concerned, but the Audit Department sees that they spend it as authorized.

40. In regard to the application for loans for the Remuera Road Board made in May, what was the date of their provisional approval?—The 22nd May. On the 4th March, 1911, the sum of £60,000 was applied for. It was received on the 8th March. We declined some portion of the loan. There was an application in February, which was received on the 13th February, 1910. A telegram was received from the Clerk as follows: "Is a printed form necessary for an application for loan under State Advances Act. If so, kindly post me one, and oblige."

41. That was the first application?—Yes, it was an application for £8,500. That was the first small loan that was applied for in February, 1910. The application was lodged in March. The larger loans were applied for on the 4th March, 1911, and finally approved of on the 22nd May.

42. That, I understand, was not the £8,500?—No, that was the small loan applied for in February, 1910. The other two large loans were applied for on the 4th March, 1911.

43. And do I understand that the large loans were those of which no portion was paid till the 16th December?—Yes. One of them was not in order at all. In connection with the £40,000 loan, they did not send the plan of the district down, so that we could not deal with it at the date of Sir John Findlay's telegram; but the other loan of £44,000, of which the total could not be granted, we could have dealt with that if the debentures had come down, but they did not.

44. You have already made is perfectly clear generally, but I want to have is specifically answered in connection with the particular loans of the Remuera Road Board. Was there at any time prior to the application for the £8,500 loan, or the applications for the two larger sums, any political representation made to you by any Ministers of the Crown to expedite or authorize the granting of these loans for the Remuera Road Board?—No.

45. Now, at an early meeting of the Board, Mr. Poynton, the question of losses from the non-investment of the funds held by the Board for local bodies came up for general discussion?—Yes, at the two meetings. One was an informal meeting in Awarua House when you were laid up, and the other was in the Cabinet-room. At the first meeting we discussed the matter in con-