

216. And you would reckon that the Post Office would have to find the money at  $3\frac{1}{2}$  per cent. for those provisionally approved loans?—Not the provisionally approved ones—for commitments.

217. Then, would it be a fair thing to recommend the Minister to grant these provisionally approved loans at  $3\frac{1}{2}$  per cent. if the Post Office is not going to find the money at  $3\frac{1}{2}$  per cent.?—If the money could be got it would be a fair thing to the local bodies to grant them at  $3\frac{1}{2}$  per cent.

218. The provisionally approved loans?—Yes.

219. Then, do I understand that in your opinion the Minister is also committed to the provisionally approved loans at  $3\frac{1}{2}$  per cent. as far as the Board is concerned?—Not committed; but there is a moral obligation upon him.

220. I want to know whether you would recommend the Minister to grant these provisionally approved loans at  $3\frac{3}{4}$  per cent.?—No; I should say it would be a hardship on the local bodies if after taking a poll and having got the authority to raise a loan, and having struck a special rate, it was refused, because they might have to go through another election and would be put to expense, and probably had entered into engagements.

221. If that is your opinion as Superintendent, and if the Minister agrees with you in granting these loans at  $3\frac{1}{2}$  per cent., is he not committed to more loans at  $3\frac{1}{2}$  per cent. than are shown in the final approvals?—No. I cannot say which of those are at  $3\frac{1}{2}$  per cent. until I get the return made out.

222. The question is perfectly plain. You say there are certain loans provisionally approved at  $3\frac{1}{2}$  per cent.: you say that morally the local body is entitled to get them at  $3\frac{1}{2}$  per cent., and if you recommend the Minister to grant them at  $3\frac{1}{2}$  per cent. and he accepts your advice, is he not also committed to all those loans at  $3\frac{1}{2}$  per cent.—Yes.

223. And will that not mean further commitments to loans in 1913 and 1914?—Yes.

224. How much will that be?—I do not know.

225. I shall be committed to a further amount than that shown in the final approvals at  $3\frac{1}{2}$  per cent.?—I could not say what the amounts are until I got the return. Until November last the provisional approvals were at  $3\frac{1}{2}$  per cent., but after that it was  $3\frac{3}{4}$  per cent. The amount would not be great now of the provisional  $3\frac{1}{2}$ -per-cent. loans.

226. Have you any returns showing the reductions of the provisional  $3\frac{1}{2}$ -per-cent. loans?—There is a return prepared.

227. What I want the Committee to understand is what further commitments the Minister has to submit to?—I will give that in the return.

228. Now I want you to state specifically whether the Post Office has agreed to give you money at  $3\frac{1}{2}$  per cent. for the provisionally approved loans?—Yes, those that had been approved up to November.

229. You said those that had been provisionally approved at  $3\frac{1}{2}$  per cent.?—Yes.

230. Have you the Post Office file here?—No. I would point out that there is a written document, and the file will be produced. The rule of evidence is that you do not examine a man on a written document. The Post Office file will be produced, and the arrangement entered into will be seen there.

231. Was it not the arrangement with the Post Office that  $3\frac{1}{2}$  per cent. was to be given for loans granted?—I cannot say without reference to the file.

232. Now, when was this limit of £5,000 first imposed?—In November last—some time about the 14th, I think.

233. Is there any record of it?—No. I simply told the Board the decision of the Post Office, that they could not allow us to have any more money for new loans at  $3\frac{1}{2}$  per cent., and that the amounts they could let us have would be very much smaller.

234. Was there any suggestion from you that the amount was to be reduced to £5,000 on the 31st October, 1911?—It was. I think that was the date—the file will show.

235. What file is that?—On a file relating to our Post Office loans.

236. Now, when you started your work with this State-guaranteed Advances Office, did you lay down some rules discriminating between bodies that you would lend to and others you would not?—No, none at all. We could not discriminate between local bodies.

237. Or did you discriminate between the works that they were to get the loans for?—Yes; we thought we had a right to do that.

238. What sort of works did you think were suitable?—Useful and necessary works. We cut out luxuries.

239. Did you cut out gas?—At first we thought gas was not one that would come in, but after consideration we granted some gas loans.

240. Did you refuse certain gas loans?—Yes.

241. Did you grant some gas loans?—We refused them, and after consideration, seeing that we had plenty of money, we thought gas was necessary in some cases. We refused loans to local bodies to purchase gasworks because those people already had gas; but where they wanted gas, or wanted to erect gasworks, we at first refused but afterwards agreed that gas was a necessity.

242. Did you refuse electricity?—Yes.

243. Did you grant acetylene?—Yes, acetylene and coal gas.

244. Did you grant Harbour Boards?—Yes.

245. Did you think those were necessary works that ought to be loaned on?—Yes, very necessary in some cases. At first we refused, but after discussing and considering the matter we thought in some cases harbour-works were very necessary.

246. Did you grant a loan to the Motueka Harbour Board?—Yes, £20,000, I think.

247. I will deal with gas loans first: you refused some and granted others?—We refused them at first and afterwards we granted them.