

67. What irregularity delayed that loan—is there anything on the file to show ?—I do not know ; but it was in connection with the debentures not being properly filled in—they had to be returned.

68. Is there any correspondence to show that there was any irregularity there ?—This letter will explain it, dated the 18th November, 1911, to the Clerk of the Board. “Loans to Local Authorities, 18th November, 1912—C. S. Wilson, Esq., Clerk, Remuera Road Board, Remuera, Auckland.—Sir,—I was duly in receipt of the ten debentures and declaration relating to the waterworks and road-construction loan contained under cover of your letter of the 15th instant, and hasten to render an explanation as to the insufficiency of the security. First I would refer you to subsection (c) of section 69 of the New Zealand State-guaranteed Advances Act, 1909, wherein it is laid down that, irrespective of any other security, there is the *security of a special rate sufficient to meet 10 per centum more than the periodical payments in respect of the loan as they fall due*. The amount of security required for a loan of £44,000 at $4\frac{1}{2}$ per cent. per annum, plus the above 10 per cent. margin, is £2,359 10s., whilst the special rate of $\frac{3}{4}$ d. in the pound sterling on the valuation of £1,444,593 is £2,257 3s. 6d., so that the said rate is only sufficient for a loan of £42,090. These remarks also apply to the proposed loan of £40,000 for drainage, as the rate of $\frac{7}{8}$ d. in the pound sterling on the valuation of £1,089,766 yields only £1,986 11s., whilst the amount required, plus 10 per cent., is £2,145, so that only £37,045 can be advanced on the latter rate. I am again returning the debentures for completion by your Board, as it appears from the first paragraph of the declaration verifying due execution of debentures that the required resolution authorizing the common seal to be affixed to them has not yet been passed. Kindly complete the debentures for the reduced amount, and forward the corrected declaration when returning them to the Department. The money will be paid over immediately upon their receipt if all in order.—Yours obediently, J. W. POYNTON, Superintendent.”

69. Is there anything on the file to show when you got those debentures ?—There is a letter dated the 12th December, as follows: “Remuera Road Board Office, Remuera, 12th December, 1912.—The Superintendent, New Zealand State-guaranteed Advances Office, Wellington.—DEAR SIR,—I have now the honour to hand you ten debentures duly signed, &c., also declaration verifying due execution of same, and would request you to kindly insert, as you did on previous debentures, the date when interest shall be paid. Please expedite remittance for same, and oblige.—I have, &c., CHAS. S. WILSON, Clerk.”

70. Did you have any information about the debentures before that ?—As soon as they came they would be examined by the officers and the defects would be noticed.

71. When did you get the debentures ?—On the 15th November. There is a letter on the file to that effect.

72. Up to the 15th November you would not know the debentures were wrong ?—No, not until we got them. They were examined as soon as they were received, and the defect noticed, and on the 18th November a letter went forward pointing out the defect and returning the debentures.

73. Then if it is stated in evidence that you knew there was something wrong with the debentures prior to 15th November, would that be correct ?—No, not with the debentures. We were waiting for the proceedings to be completed. The debentures would be examined only after the 15th November.

74. Did you know on the 2nd November that the debentures were not right ?—No ; the first complaint seems to have been on the 1st November.

75. Which loan is that ?—The Clerk's complaint included the two loans—the £80,000. It is a telegram from the Clerk.

76. But you had not received the debentures at that time, had you ?—No.

77. You did not know whether they were right or wrong at that time, did you ?—No.

78. If anybody told Sir John Findlay that the debentures were not correct at that time, did you know anything about it ?—No, we did not know anything about them.

79. *The Chairman.*] Mr. Poynton, I think you told us before that provisional approval always carried an understanding in the minds of the Board that that is tantamount to being considered by them ?—Yes.

80. And you carried out the business of the Board under that understanding really ?—Yes.

81. Do you remember the Spreydon Board receiving £20,000 for channeling and asphaltting foot-paths ?—I do not.

82. Would the Board advance anything more ?—They have already had £20,000.

83. What does this minute mean—“£2,000 for Spreydon Road Board, provisionally approved” ?—That is a 10-per-cent. loan.

84. Do you think the Board is justified in doing that in face of the £5,000 limit on the 9th December, 1912 ?—10-per-cent. loans are considered partly old loans. We have refused loans of over £5,000, but we do not regard 10-per-cent. loans as anything but old loans.

85. And Timaru could get £1,100 if they wished ?—No, we would not lend more than £5,000 on an extension.

86. Has Timaru had the 10 per cent. ?—I do not think so.

87. Supposing an application comes in for a 10-per-cent. loan ?—We would decline it.

88. What attitude did the Board take up in regard to this £2,000 loan to Spreydon ?—We refused Hastings a 10 per cent. additional loan of £6,000. I do not know the attitude of the Board.

89. Whangamomona wanted £5,000 for drainage and you postponed it. What attitude would the Board take up in connection with a matter like that ? Do you think that is fair ?—After what has cropped up here on account of illegality all applications have been postponed.

90. The Department has become a dead-letter ?—Not a dead-letter, but we do not want to enter into a matter which may be illegal.

91. Do you think the Board has acted fairly in postponing applications that have not advanced to over £2,000 ?—It is a matter for the Board to consider. If the Whangamomona application had been in a month before it would not have been refused.