680. If that is the law, do you not consider that 50 per cent. margin gives ample security?—Clearly so.

681. Who appoints the local agents for lending money on mortgage?—There is no local agent appointed for lending.

682. Was not Mr. Pearson the local agent in Invercargill?—No, he is not a local agent; he has no authority from us.

683. Are you aware that he advertised and stated terms of interest?—He has denied that.

684. He has denied the advertising?—Yes.

685. How came it about that he denied it?—Because I wrote to him about it.

686. What led you to write to him about it?—I heard of the advertisement. If I remember rightly, some one wrote me complaining that we asked higher interest than Mr. Pearson advertised. I then obtained a copy of the advertisement, in which it was not stated that he was authorized to lend money on behalf of the Government.

687. Did not the advertisement purport that he would lend the funds of this company at 6 per cent. up to 50 per cent. property-tax valuation?—No; it was couched in general terms. He has been an agent of ours for canvassing; but we have a local resident agent there through whom all applications ought to come. Mr. Pearson has sent us various applications, a great many of which have been rejected.

688. Who appoints the local valuers for properties?—The Board, or, rather, the Finance Committee—which includes the whole Board.

689. On whose recommendation are these appointments mostly made?—At the outset a considerable list of persons was made up on the recommendation of our bankers. Afterwards names were added on the recommendation of various members of the Board, who knew something of the suitableness of the persons they proposed as valuers.

690. Who is now valuer for you in Southland?—Mr. Wilson, of the firm of Wilson, Taine, and Co., is the person to whom the valuations are principally now given.

691. *Mr. Levestam.*] I see in your list one mortgage for £25,000 where 6 per cent. is paid, whereas the mortgage of £2,000 does not pay any more. Now, in the large property of £25,000, if the man has to insure and pay 6 per cent., do you not call that first-class security?—I should say it was.

692. A man borrows £2,000 and pays 6 per cent., and the man who borrows £25,000 also pays 6 per cent.: can you give any reason why no reduction is made in such a large amount?—That is the lowest rate we have charged on mortgage. I cannot give you any other explanation; it is the decision of the Board. We have no fixed scale.

693. Is it simply a matter of caprice on the part of the Board as to the amount of interest they charge in relation to the amount borrowed?—I should certainly not call it caprice; I should call it the exercise of business judgment on the part of responsible men.

694. You say you wrote to the person in Invercargill when you heard of the advertisement appearing in the newspaper?—Yes.

695. Is it not the duty of the Inspector to see that everything was done as it should be done?—Yes, if there were anything actually wrong.

696. Did he know anything whatever about this man advertising?—I cannot remember his reporting to me about it.

697. Are you aware whether this advertising had been going on for any length of time?—It was going on for some time; but the advertisement does not mention the association.

698. *Mr. Stewart.*] Was the percentage of lapses greater before the association began to canvass and advertise so largely?—No, the percentage of lapses was not greater in proportion to the new business.

699. Have they been greater since?—The lapses have decreased a little in 1885, while the surrenders have somewhat increased in the present year; but I should like to interject that the office has always advertised, and we have always canvassed, as is stated in my memorandum.

700. Can you say whether the association has made any profit by this canvassing, taking into consideration the large amount of lapses?—Yes; the business has increased, the funds have increased, the annual income has regularly and steadily increased.

701. Has the annual expenditure increased correspondingly?—The annual expenditure has increased, necessarily, with the increase of new business.

702. Was it more profitable to the association to have the offices in the post-office or to rent independent buildings—or, rather, does the business compensate for the increased expenditure?—It does, most decidedly.

703. *Mr. Gore.*] Have you any recommendation from the persons who act as valuers as to their ability, and guarantee that they are qualified men?—First of all we appealed to our bankers, and subsequently names were added on the recommendation of members of the Board who had personal knowledge of the individual characters.

704. Do the applications for appointment come in writing or verbally?—Sometimes they come in writing, and occasionally, I should say, by recommendation of the members of the Board themselves direct.

705. *Mr. Levestam.*] Is the appointment of a valuator always ratified by the Board?—No; the Board gave authority to the Finance Committee—which is a committee of the whole—to select valuators.

706. *Mr. Mackenzie.*] I suppose as much care is taken in the selection of valuators as would be taken by a private company?—Yes; all reasonable care is taken to secure persons of capacity and good repute.

707. You have compiled no statistics, I understand, that would enable you to judge with any approach to accuracy whether the more active canvassing and touting has had a decided effect in