177. How much did you borrow up till the 31st March, 1912?—It is in the return I produced this morning.

178. That is the total amount borrowed up till the 19th August, 1912?—Yes.

179. That is to say, in the financial year ending 31st March, 1913, you have borrowed already £175,000?—More than that.

180. In the financial year ending 31st March, 1913, have you borrowed £175,000?—We have borrowed more than that.

181. Out of the million available for borrowing this year, how much have we borrowed?—£175,000.

182. What authority has the Department to borrow this year?—£1,000,000.

183. And only £1,000,000?—Yes.

184. And there remains £825,000 that we can borrow for the year?—Yes.

185. We cannot borrow the remaining balance of the year before?—No.

186. We have no power to do so under the Act?—No.

187. We have had the commitments given before. Have you got the amount finally approved up to the 31st August, 1912—the total amount?—£2,115,195.

188. And paid over up to that date?—£1,481,700.

189. What is the amount not paid but finally approved?—£670,495.

190. Was nearly the whole of that approved by a Minister prior to my taking up the position?—Yes, there have not been many approvals since you came in.

191. And what money have I to meet those commitments?—You have very little money. You will have to raise money to meet it. You have £7,000 in cash.

192. And I had the unraised balance of a loan of how much?—£825,000.

193. So I must raise, practically speaking, the whole of that loan during this year?—No. You will have to raise about £300,000 this year to pay the amounts coming due this year.

194. And what have I got left besides that for my own commitments during the year?—The commitments are matters for your own consideration—that is to say, if you disapprove of committing any more you would not be involved any more.

195. I have to find £300,000 out of £825,000 that I have authority to raise by way of loan, and I have got to raise the money to do it?—Yes.

196. And out of the remainder of £825,000 I have to find all the money for my own commitments during the year?—Yes.

197. And I have still got to raise a loan?—Yes.

198. And what have I to find next year (1913), if I remain in office, for commitments already which I did not enter into; is it approximately £200,000?—Say, £250,000.

199. And the year after?—Say, £100,000.

200. And none of that loan-money is raised?—No.

201. Now, where did you secure those moneys?—At the Post Office.

202. Was there any arrangement with the Post Office when you entered upon this scheme that you should get the money from them?—They told us they would let us have as much money as we wanted.

203. Is that on record?—No, only verbal.

204. At what rate of interest?—$3\frac{1}{2}$ per cent. at first.

205. Are we committed to all those loans at $3\frac{1}{2}$ per cent.?—No.

206. In regard to the actual payments and loans finally approved, are we committed to the whole of those at $3\frac{1}{2}$ per cent.?—No.

207. Which ones are we not?—Since November last we have not entered into loans at $3\frac{1}{2}$.

208. Are they granted at a specific rate of interest?—Yes.

209. At what rate?—Some at $3\frac{1}{2}$ and some at $3\frac{3}{4}$ per cent.

210. Will you prepare a return showing how many are at $3\frac{3}{4}$ per cent.?—I will.

211. Were there any up to October last granted at $3\frac{3}{4}$ per cent.?—Since November last there have been none entertained at $3\frac{1}{2}$ per cent. In October last the Post Office intimated to the Superintendent that they would lend no more money at $3\frac{1}{2}$ per cent.—that the amount of money lent at $3\frac{1}{2}$ and 3 per cent. was too great, and they should have more interest. The matter was brought before the Board and the Minister, and it was then decided to entertain no loans in future for provisional approval at $3\frac{1}{2}$ per cent., and the rate after that was put up to $3\frac{3}{4}$. Some loans have been completed. Some bodies are very quick in getting the papers in order, and any loans applied for in November last up to the present date that have been finally approved have been at the rate of $3\frac{3}{4}$ per cent.

212. Can you definitely tell me whether there are many of those loans that I have to meet this year in 1913 and in 1914, the commitments and final approvals, that are at $3\frac{1}{2}$ per cent.?—I could not tell you without getting a return prepared. (Return to be prepared.)

213. What do you understand by "provisionally approved": is the Board in any way committed to the local body?—No.

214. Not in any way?—Morally they are committed. We try to tell them it is not a commitment, but they go straight away and enter into contracts. The regulation is explicit on the point, but it does not seem to be effective. Regulation 6 says, "No such provisional approval by the Board shall be deemed to constitute any agreement between the Board or Superintendent and the local authority, or shall affect in any manner the right of the Board to refuse to grant the loan, or its right to impose any conditions on the grant thereof."

215. Since the 30th October, when the Post Office notified you that they could not lend at $3\frac{1}{2}$ per cent., would you recommend the Minister to finally approve any loan that had been provisionally approved at $3\frac{1}{2}$ per cent.?—Oh, yes, because these people had gone to the ratepayers and got the consent of the ratepayers to a loan at $3\frac{1}{2}$ per cent., and it would put them in a very awkward position if afterwards the rate was raised to $3\frac{3}{4}$ per cent.