

to reduce the amount of loans below £350. I think the smaller loans pay best. They give more trouble; but, as we have a staff whose duty it is to attend to such matters, the trouble should not be taken into account.

1165. *Mr. Holmes.*] Is it not most injudicious to have any considerable proportion of the funds of the association invested on mortgage upon land or any sort of real or personal property?—No; I should not like to go so far as to say that. There was great danger a short time ago in investing large sums in either Otago or Canterbury, but I hope that danger will not long exist; and the safeguard of the association, in the interests of the policy-holders, is that you shall have as a Board of Directors men who can analyze the existing condition of things, whatever the existing condition of things may be. While upon the question of mortgages, perhaps the Committee would permit me to read a brief extract from the “Australasian Insurance and Banking Record”—the highest authority in this hemisphere upon insurance and banking matters—commenting upon the last annual report and balance-sheet of the association. It is as follows: “With regard to mortgages, little has really been done in placing out the funds in this way, while the wish of the Government has been abundantly complied with, Government securities being larger on the year by £201,000, the sum thus invested being about three-fifths of the total funds. The withdrawal of £225,000 from fixed deposit to invest for the most part in New Zealand Government $4\frac{1}{2}$ per cents. has distinctly depreciated the rate of interest obtained. Two interests of the first magnitude clash: that of the Government, which desires to use the funds of the association at $4\frac{1}{2}$ per cent.; and that of the policy-holders, who are justly entitled to obtain as high a rate—say $6\frac{1}{2}$ per cent.—on their funds as that obtained by other offices. . . . It seems to us that the association’s complete emancipation, if the funds can be withdrawn from investment in Government $4\frac{1}{2}$ per cents., is much to be desired. But, while any Colonial Treasurer can manipulate the funds, no change is likely to be productive of good.”

1166. Is it advisable, no matter what the security is, to lend money on real or personal property, or, in other words, should not the largest part of the funds be invested in debentures?—I should like to see the funds invested, as far as possible, in debentures, but the Colonial Treasurer will not advance beyond 5 per cent.

1167. What prevents your investing in debentures of local bodies?—We take with avidity all the debentures of local bodies we can get.

Mr. D. M. LUCKIE in attendance, and further examined.

Witness: In connection with the evidence given before the Committee by Mr. J. H. Richardson, Secretary to the association, I hand in a schedule, furnished by the Town Clerk, of properties, with the borough valuations, relating to the investment of £25,000 by the association. The annual value is £2,093; that, according to the rule of deduction in assessments in boroughs, is equal to four-fifths of the actual annual value or rental of the property. The property-tax valuation for 1885–86 is £33,282; but there are properties to the value of £1,200 which are not included in that valuation. There have also been, since then, improvements made in the property, as per architect’s certificate, amounting to £4,565, making altogether the value £39,047.

1168. *Mr. Stewart.*] Do you know in what office this property is insured?—Yes; it is insured in the Phoenix Office.

1169. *Mr. G. F. Richardson.*] Do you consider that a number of small town building allotments form an equally good security to a large freehold property?—I think sometimes they are better. The course of recent events has shown that country property is decreasing in value in very many cases, while on properties in towns and in the neighbourhood of towns an increase in value is absolutely taking place, and may be expected still to go on. With regard to the property just referred to, the annual rental specified in the mortgagor’s schedule amounts to £2,614.

1170. *Mr. Stewart.*] What is the amount of interest payable yearly?—The interest is £1,500.

1171. That shows a surplus of £1,100?—Yes.

1172. *Mr. Montgomery.*] Do you consider hotel-property safe property for investment?—No, I do not as a rule.

1173. But part of this large security was hotel-property?—It was.

1174. And valued at £500 a year?—No. It was rented at £650 at the time of the transaction, and has since been increased.

Witness handed in the following return, showing the valuation of the different properties belonging to the association:—

	1883–84.	1884–85.	1885–86.
<i>Auckland Property—</i>			
Property-tax valuation	£ 7,000	£ 7,000	£ 12,500
Borough annual value	425	350	400
<i>Wellington Property—</i>			
Property-tax valuation	28,000	28,000	21,000
Borough capital value*	28,000	28,000	...
Borough annual value	...	...	1,400†
<i>Christchurch Property—</i>			
Property-tax valuation	6,750	9,250	10,500
Borough annual value	515	515	570
<i>Dunedin Property—</i>			
Property-tax valuation	33,000	33,000	35,500
Borough annual value	...	1,618	1,808

* Rated by arrangement with the Government at $1\frac{1}{4}$ d. per pound on capital value up to 1885.
= estimated annual rental, £1,750, less 20-per-cent. deduction allowed by borough authorities.

† £1,400