

1175. *Mr. G. F. Richardson.*] Was the increased property-tax valuation of the Auckland property not caused by the price paid for the site by the association?—I should suppose it was.

1176. The same will apply to the property-tax valuation of the Christchurch and Dunedin purchases?—Yes; I should say so.

1177. *The Chairman.*] Before closing your evidence, there are one or two questions I should like to ask. You have not given any evidence on the proposed alterations in the constitution of the Board?—No, I have not.

1178. Will you inform the Committee of your opinion as to which is the most advantageous to the business of the association of the three proposals upon which the policy-holders are to express an opinion?—I have considered the question very closely, and I think it would be very advisable to have a Board of some kind continued. I do not think the existing Board has yet got what may be termed a fair trial. There have been some unfortunate misunderstandings on the part of members, which, no doubt, in consequence of the publicity they obtained, have caused some dissatisfaction in the minds of certain policy-holders, and have done us temporarily some injury in the business. From that I am satisfied we are now recovering. I think if a smaller Board were appointed, with similar powers to those which exist, we could get on very well.

1179. Do you think that the Board should be an elective Board or partly elective?—There is always this difficulty about an elective Board: that it necessitates a kind of appeal to the public; and more or less of what may be termed the political element intervenes. I think, however, having once given to the constituents of the association—that is, the policy-holders—a certain corporate power, it might be damaging to withdraw it.

1180. Judging, then, by your opinion just given, you do not think it would be desirable to adopt the system of one officer directing the affairs of the association?—No; I do not think it would be. It is a very large responsibility to put upon the shoulders of one man.

1181. I am asking the question, supposing such an officer to have the direction of, and be responsible for the direction of, the ordinary business of the association, outside the investments?—Yes; I think he could do all that.

1182. If such an officer were appointed, would it, in your opinion, be to the advantage of the institution that he should be made an officer responsible to Parliament, instead of being under the Government as formerly?—Yes, I think it would. My reason for saying so is, that the fact of a Minister, who is a year or two in power, being succeeded by another, there is always an opening for accusations of favouritism on the part of a Minister, and of applying pressure to an officer who has charge in such matters as investments. That was one of the great reasons why a proposal I made to the Ministers some five or six years ago was not considered satisfactory, inasmuch as they thought it was necessary to have an independent Board, who would not be influenced by Ministers, in order to prevent the appearance of favouritism and the accusation of such. I suggested some years ago the appointment of a Board, mainly for investment purposes, constituted something like that of the Public Trust Board.

1183. With reference to the Government guarantee, do you consider that the association is now in a sufficiently sound and firm position to be able to stand on independent ground outside that guarantee?—I believe it could; but, at the same time, I think it would be a great mistake for an establishment which has the Government name, and which was started under Government auspices, to lose the Government guarantee. I think the guarantee of the Government does not cost the Government anything—that there is really no actual risk, provided anything like reasonably prudent management is exercised. The object of the starting of the department originally would be very much injured if that guarantee were withdrawn.

1184. Do you think it would affect the business of the association—that is, the procuring of new lives?—It would, unquestionably. Withdrawal of the guarantee is an object which the rival offices are as anxious as possible to bring about. They would like to see the removal of the Government guarantee and the stoppage of canvassing on the part of the association.

1185. You have already, I think, stated your opinion that canvassing is indispensable?—I have.

1186. Are you strongly and firmly of that opinion?—I am—after seven and a half years of experience in the department.

1187. Speaking now of the investments, and looking to the interest of the policy-holders, are you of opinion that that regulation which prescribes that a certain proportion of the investments shall be in Government securities—not realizing more than $4\frac{1}{2}$ and 5 per cent.—should be continued?—I think a portion should be invested in Government securities—not at $4\frac{1}{2}$ per cent.; I think we should not get less than 5 per cent.: $4\frac{1}{2}$ per cent. is not sufficient to give a fair return for our investments. I would like to say that there is a fund provided by the Act of 1884 by which 10 per cent. of the net surplus of profits available for distribution at each quinquennial investigation with respect to policies issued after December, 1884, shall be set apart as a reserve, by way of guarantee, and that reserve is to be paid into the Public Account to a separate account to be called the "Investment Guarantee Account," and to be invested as the Governor in Council shall direct. Such contributions shall cease when the amount so set apart shall reach a million. As yet there has been nothing set apart, and for the quinquennium recently closed there can be but very little, because we have only been a year and a half in existence under the new arrangement; but in the course of years a very large amount would be so set apart, and I think it would be a pity to be obliged to invest such sums at such a low rate of interest as we should be likely to receive under such method of investment.

1188. There is a telegram [produced] which Mr. Fisher has handed in, and which did not appear in the former evidence: can you state whether that is an official telegram, which came through the department?—It is.

1189. *Mr. Montgomery.*] Is a Board required or necessary for the consideration of granting