policies on lives?—I think it might be useful as a safeguard for reference on special occasions, such as I have mentioned, of differences of opinion between the principal officers who examine the proposal-papers.

1190. Do you know how fire and marine insurance offices are conducted?—No; I have never had very much acquaintance with fire and marine insurance.

1191. Do you know that the manager of a fire and marine insurance office accepts risks without consulting the directors?—Yes; I know that.

1192. Do you know how banks are conducted?—Generally the manager has certain powers.

1193. Do you know that the managers of banks whose headquarters are in London exercise very large powers and responsibilities?—Yes.

1194. Make large advances, and discount bills?—Yes.

1195. Then, do I understand that the necessity for a Board is almost entirely confined to accepting securities upon which they advance money by way of loan?—I think that is the main object of a Board, and would, with few exceptions, embrace its principal duties. I should like to add that, when a new line of action is projected, such as the construction of large buildings, the arrangements and responsibilities for such a course ought properly to be placed on the shoulders of a Board. Regarding the issue of policies and the acceptance of lives, I think I have already explained how carefully that is looked after.

1196. *Mr. G. F. Richardson.*] In lending its funds, do you think there would be any objection to the association adopting a fixed rate of interest of 6 per cent., with a 50-per-cent. margin, and lending in sums as low as £100?—Yes; I do. We are charging 7 per cent. on loans made on the surrender-value of the policies.

1197. Would you explain why this fixed rate would be objectionable?—The collection of interest on such small sums would be so expensive, and the work so very largely increased, that 6 per cent. would not pay on such small amounts. The Board has already fixed £350 as the minimum amount to be lent on mortgage; and I may say that, as a general rule, without fixing any particular scale, the interest runs from 7 per cent. for sums under £1,500, to 6½ per cent. for sums up to £5,000, and occasionally 6 per cent. for larger sums. As a matter of fact, the rates are now hardening, and the banks are now giving 6 per cent. on deposits for a year.

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THURSDAY, 15TH JULY, 1886. (Mr. ORMOND, Chairman.)

Mr. G. V. SHANNON in attendance, and examined.

1198. *The Chairman.*] You are, I believe, an elected member of the association?—Yes.

1199. Are there any special points with regard to the conduct of the business of the association on which you desire to give information to the Committee?—No; but I am prepared to answer any questions put to me by the Committee.

1200. You have no desire to make any special statement?—No.

1201. When did you first join the Board?—I became a nominated member at its inauguration.

1202. In what condition did you find the conduct of the business of the department?—As we proceeded in our work, a great many improvements were, in my opinion, made by the Board in the conduct of the business.

1203. Can you particularize any points in which reforms or alterations in the management were effected?—I think a more close scrutiny of the canvassing was adopted; that medical officers and their duties were perhaps better looked after; and that investments of the funds by the association at larger rates of interest—a matter which, in my opinion, is of great moment to the policy-holders—were made with great care, and to the advantage of the association generally. To enumerate all the improvements would, of course, require a little consideration, and I have not come prepared to do so. I may, however, state that the Board was a great improvement on the Government management, as it was a notorious fact that the business had not been conducted satisfactorily under Thorne and others; and, until Mr. Richardson was appointed to the position which he now occupies, the books were in a very disorderly state. This applies also to the actuarial department. I think you will find that this fact is set forth by Mr. Frankland, the Actuary, and Mr. Richardson, the Secretary, in a letter which they addressed to the Board a short time ago, making application for an increase of salary. The Inspector, Mr. Irvine, joined in that letter.

1204. In your opinion, was the Board, as constituted, in a position, since its inauguration, to take action independently of Government control?—I can hardly understand what is meant by Government control.

1205. Were the Colonial Treasurer and Government officials, in your opinion, a controlling power on the Board?—I have never yet known Sir Julius Vogel to intimate from the chair his desire to carry any particular resolution which he did not carry, with the exception of one that has not been carried. That one was a proposition made by him after meeting the policy-holders in Auckland. He promised them that he would bring forward a proposition at the Board to the effect that the Board should meet a Committee from the policy-holders to arrange for the reconstitution of the Board. This proposition was brought forward by him, and was not carried.

1206. When you resigned your position as a nominated member of the Board, and stood for election, you did so on the ground that you desired to take a more independent position?—That is so. I may say that I was not many months on the Board when I waited on Mr. Ballance, who had requested me to take a seat on the Board, and told him that I did not feel in a free and independent position, considering that I was a nominated member, and that I would resign. He asked me not to do so, but to use my own judgment in a free and independent manner.

1207. Then, it was more from a general feeling or desire to become an elective member than from any interference with your action or position, that induced you to desire a change?—Sir Julius Vogel had intimated at the Board that he expected nominated members to vote with him on all