

nevertheless, on the points which I have indicated, it is supremely ridiculous to suppose that the Government, on behalf of the taxpayers, can abandon control of funds which represent liabilities of many millions of money. The particular questions to which public attention has been directed, such as the erection of buildings and the appointment at Dunedin, are, of course, questions which come within what I have generally referred to as the details which the policy-holders may fairly take charge of. As to difference of opinion existing upon questions of this kind, in the case of an ordinary Board the directors in the minority might mention their objections at the annual meeting, and there leave the matter. It will be observed, however, that the mixed character of the Board affords excuse for persistent and publicly urged objections of a character injurious to the business. I have noticed some of the evidence given with regard to the course which should be adopted if the Government resume control. The idea of placing the management in the hands of an officer holding office during good behaviour seems to me essentially a mistake. There is no form of control or government more autocratic, imperious, and personal than that carried on by officers placed in such a position. In some cases it is necessary—as, for example, in no other way could the Auditor and Controller-General exercise his high functions; but to place any one individual in such a position as regards the immense institution under discussion would be to give him a power which, as far as I am aware, no man in any country possesses. To all intents and purposes he would be irresponsible. His removal would depend upon the votes of two Houses, and it would be impossible to make it through incompetence or any other cause than defective character. On the other hand, it is perfectly true that the Colonial Treasurer cannot do justice to the duty of managing the institution. It is clear to my mind the remedy is either a special Minister to attend to the Insurance Department, or—which I think would work equally well—the charge of the institution being placed under an Under-Secretary, through whom all communications between the Minister and the Manager would come. This plan could, I think, be adopted with economy; but it would be useless for me to enter into details about it until it is decided whether or not the Government would resume control. If this be decided it would be the duty of the Government, before the end of the session, to place the House in possession of its views as to the future management of the institution, and to take the opinion of the House upon the subject—as, indeed, must necessarily be the case, because the vote would have to be passed. When the Government brought down the measure of transfer to the association originally there was a clause contained in it giving a power to extend the business beyond the colony. That clause was struck out with the sanction of the Government; but it was stated that the time would probably arrive when the Board would find it desirable to extend the business. It is right I should observe the object of extending the business would be to place the risks upon a larger basis of average, so that a calamity in this colony might less affect the well-being of the institution. If it is considered that at some future time it would be desirable to extend the operations of the institution, then I do not think it should be returned to the charge of the Government, as obviously it would be better that such extension should be made by the Board. This is one point the Committee should take into consideration in coming to a decision upon the question. If the institution was returned to the Government I should have no hesitation in recommending that the 10-per-cent. guarantee-fund be abandoned. The policy-holders must not run away with the idea that because large interest is not secured by mortgage investments therefore they are likely to fare worse than other institutions in divisions of profits. The first division, which was made some years ago, was based upon the assumption that the securities would continue to yield $4\frac{1}{2}$ per cent.; whilst other institutions base their division on the assumption of only a 4-per-cent. accumulation. If the institution were in Government hands I should see no objection, with the actuaries' consent, to continuing, at any rate for a long time, a division upon the $4\frac{1}{2}$ -per-cent. basis; and, as the tables are calculated upon a less amount, it would follow the policy-holders would do very well so long as the expenses are kept down. There are two other matters which I would like to bring before the Committee, and as to which I earnestly ask them to be good enough to make a recommendation. The first is, that since the Board has been established the official members have constantly attended the evening sittings of the Finance Committee; and I think I may say that all the members of the Board wished to see them paid, and resolutions to that effect were passed. It transpired, however, that under the terms of the Act the funds of the institution could not be expended in that manner. An application was made to the Government. The Government declined to advance money, as was asked by the Board, for the purpose, but undertook, if a Bill was introduced to authorize payment, to support it. The sum proposed to be paid to the official directors on the Finance Committee amounted to £50 a year each; and I strongly think, whatever course may be taken as to the institution, that authority should be taken to allow this payment to be made for past services. It does not, I may mention, apply to me, as I have never attended the Finance Committee, and am unable to do so. I come to the next point: It is impossible that the examination which the actuaries are making of the results up to the end of last year can come before us in time to procure the assent of the Assembly to the division of profits, as required by law. The Board are of opinion that the House might by legislation authorize the Governor in Council to make the division of profits upon the basis of the actuaries' report, without putting the policy-holders to the delay of waiting until after next session of Parliament. I strongly recommend this to the approval of the Committee. I trust the opportunity will be afforded to me of seeing Messrs. Fisher and Shannon's evidence, and of replying to it if I think it necessary.

Since the above was written I have seen Mr. Fisher's evidence. It occurs to me to remark on it that I observe Mr. Fisher does not consider, any more than I do, that lending money on mortgage is a safe operation as at present carried on. The way he proposes to remedy it, in answer to question 1051, would involve an expenditure which would deprive these short loans of any advantage whatever over loans on purchase of local body or Government debentures, whilst I doubt if his plan would be safer than the present one. Either we should have to give the valuers and agents large salaries to confine them to attending to our business only, or we should run the risk of their being more or less connected occasionally with business sent to us. I do not say they would