

conceal such connection, but they would not be free of prejudice. By large staffs of valuers from which to choose, we, to some extent, reduce risks.

Answer to question 1072: Mr. Fisher, I believe, omits, in the prices he gives, to state that the property was subject to a long lease at a low rental, whilst we bought free of any such incumbrance.

As to answers to questions 1070, 1090, 1091, 1095: The delay in building at Auckland, I am told, is principally attributable to the differences of opinion created by Mr. Fisher himself. It is not the case that the Board was bound to make the Christchurch purchase: it was entirely free to refuse it. Mr. Fisher is incorrect in his statement as to the return derived from the lease to Maling. He includes, I believe, in his calculation the cost of the adjoining property, which has not been let. Seeing that we can build on this, and over Maling's property, the lease we have made will give us a good return, besides the certainty of rise in the capital-value of the property.

As to answer to question 1089: The "fixed opinion that all our investments should yield a return of 6 per cent. net" is inconsistent with safety. The danger would be serious of placing the institution in the hands of those who would act on the principle of investing only for such an average return. Any financial authority will bear me out in saying that to give effect to such a principle would lead to wild investments.

I have seen Mr. Shannon's evidence since writing the above, and I wish to observe that I feel sure he is mistaken in stating that I said at Auckland we might safely give £22,000 for the property. I distinctly remember saying something to the effect that I could not give an opinion as to the price asked. I think Mr. Graham, who was present, will bear me out in this.

SATURDAY, 17TH JULY, 1886.

The following note was sent to the members of the Government Insurance Board:—

SIR,—

Parliament Buildings.

By direction of the Chairman of the Government Insurance Association Committee, I enclose, for your information, portion of evidence given by Mr. G. V. Shannon before the Committee on Thursday last.

I am also directed to ask you to make any remarks you may think proper thereon, and forward them to me on or before Monday next.

I have, &c.,

W. MITCHELL.

[ENCLOSURE.]

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 large questions of policy. Previous to my interview with Mr. Ballance, Mr. Tole, who was acting as Chairman of the Board while Sir Julius Vogel was in Auckland, intimated to me that Sir Julius thought we should vote with the Colonial Treasurer as if in a Ministry; but the immediate cause of my resignation was the fact that the Board had carried, by a large majority, a resolution asking the Government to take back the conduct of the association. No one was likely to oppose Mr. Graham, and I considered it my duty as a policy-holder to place myself in nomination, so that I might bring the matter fully before the policy-holders in the colony.

1208. Was it a general intimation that Sir Julius Vogel made to the nominated members that he expected them generally to vote with the Government on large questions of policy?—He stated that at the Board; but he said he had never interfered. Mr. Fisher took it down in shorthand at the time; I took a note of it myself.

1267. *Mr. Levestam.*] You stated that any intimation given by Sir Julius Vogel from the chair were carried excepting one?—What I meant to convey was this: that I do not remember Sir Julius Vogel ever speaking in favour of a resolution but it was carried, excepting one.

1268. Then, do you give this piece of evidence to show that members of the Board can, and do, vote without restraint; or is it to show that his proposals are so good that they generally meet with the approval of the Board?—I give the evidence as a matter of fact, not as a matter of opinion. You have heard my evidence and can no doubt read between the lines.