513. Do you think there is any real danger if there is a margin of 50 per cent.?—That depends on the valuer.

514. If you limit the maximum loan?—That is a thing you cannot always do if you are to do any business.

515. When speaking of the Board of Advice being a non-political Board, you said the Colonial Treasurer was on the old Board?—He was the Manager of it, and was responsible for it to Parliament. That was under the old system.

516. Then, in the Board you suggest, would you propose to eliminate him from it?—I am giving suggestions on the assumption that the Parliament is to carry on the Government Insurance business. I have assumed that it is desired by the people of the colony and the Parliament of New Zealand that the Government is to carry on the business. I see enormous advantages and disadvantages in it. I have not touched the point whether it is wise for the Government to deal with insurance at all or not. I assume that it is. That opens a very wide question, which I would have to take time to consider and discuss.

517. At the time you gave the opinion that Pym was entitled to the $1\frac{1}{4}$ per cent. from the department, were you not aware that Mr. Reid had been employed by the department?—I knew he had something to do with it, but I could not tell you exactly his position. I thought he was acting for Mr. Kilgour. I could not see how you could get rid of paying Mr. Pym. I assumed that what Mr. Luckie told me was correct.

518. *Mr. Macandrew.*] I understand you as a policy-holder would be content that the accumulated funds should be invested solely in public security, even if by so investing the amount of bonus might be less than it would be if they were invested in real property—that, in your opinion, would get over the difficulty as to Investing Boards?—Yes; I should be quite content to do that. At the same time I have no doubt that with a Board you might get more profit by investing part of your funds in mortgage of real property.

519. You would be content, in order to get over the difficulty, that it should be confined to public securities?—Yes.

520. You stated that the policy-holders might not be content, or will not be content?—Yes.

521. Do you think that the State, which is running all the risk, should be influenced by policy-holders in this matter?—Of course, there, again, is a very difficult question. The way the State ought to look at the thing is this: the State ought not to do anything that would frighten the policy-holders, or prevent them insuring, and it must consider even their prejudices, as well as their rights; but, at the same time, if you start fair by saying to a policy-holder, "Well, you can insure with us. We guarantee a certain thing. We intend to invest our funds on such-and-such security"—then, if a man takes a policy after he knows what you intend to do, he cannot make a complaint. He has no right to do so, and you could invest the funds in the way you think best.

522. I presume if we were to poll the intelligent policy-holders they would say that the security was of more value than any prospect of bonus?—I reply, security is the first thing. This insurance is to make a provision for those we have to leave behind us, and I do not think anything could be more calamitous than to imagine that they would not ultimately get the money insured.

523. In the event of this institution coming back to the Government, would you approve of a local honorary Board of Advice being appointed by the Governor in Council, composed of men of standing who are themselves policy-holders, with power to accept or reject lives within their respective districts, and who might be advised with and consulted by the Public Trust Board?—I should not object to that, but there are objections to it. I will give you an example of what we do in our insurance company: We have local Boards. I often sit at the local Board in Wellington; and we deal with lives that seem to us plain. If there is any question at all in the matter we refer it to the head Board. All questions of investment we refer to the head Board. If asked our opinion as to property we may give it. I would point out this difficulty to you: it is very difficult to find men to take these honorary positions and really pay attention to the business.

The Chairman submitted the following telegrams:—

J. M. Shera, Esq., Auckland, 22nd June, 1886.—Please state, for information Committee inquiring into Government Insurance Association, did you pay or allow any commission, bonus, or payment of any sort in respect to the property sold by you in Queen Street to Government Insurance Association. If so, state to whom such payment made, and particulars of same. Reply franked.—J. D. ORMOND, Chairman, Government Insurance Committee.

Auckland, 23rd June, 1886. J. D. Ormond, Esq., M.H.R., Chairman, Government Insurance Committee, Wellington.—I paid rather less than $2\frac{1}{2}$ per cent. on purchase-money, which I divided between Vaile and Douglas, valuators, and W. Aitken and James B. Graham, commission agents, who had interested themselves in the sale. I paid no other sum to any person or persons.—J. D. SHERA.

Wellington, 22nd June, 1886. Messrs. McLandress, Hepburn, and Co., Dunedin.—From evidence taken by Government Insurance Committee it appears Mr. Pym brought purchase Wise's corner before Colonial Treasurer about 12th December, 1884. Did he apply to your firm for particulars as to terms of purchase? If so, what terms did you name? and was the property placed under offer to Mr. Pym? Reply by telegram franked.—J. D. ORMOND, Chairman, Insurance Committee.

Dunedin, 23rd June, 1886. J. D. Ormond, Esq., Chairman, Government Insurance Committee, Wellington.—Mr. Pym never got any definite particulars other than those advertised, nor was the property ever in his hands on any terms other than offered to the general public.—McLANDRESS, HEPBURN, AND CO.

Wellington, 22nd June. McLandress, Hepburn, and Co., Dunedin.—Mr. Sievwright telegraphs purchase-money Wise's corner was paid by request of vendors in separate cheques to four vendors, and commission of £500 to Reid. Please state whether, as agent vendors, you authorized, or can you state if vendors authorized, the payment of £500 to Mr. Reid.—J. D. ORMOND.

Dunedin, 23rd June, 1886. J. D. Ormond, Esq., Chairman, Insurance Committee, Wellington.—As vendors' agents we claimed one cheque for £35,500; but purchasers' agent (Mr. Charles Reid) stated that each proprietor would be paid his or her proportion of purchase-money in separate cheques, which was done by Sievwright, Stout, and Co.'s cheques, as stated in letter of 18th instant. We never handled the £500, nor authorized Mr. Reid nor anybody to receive it.—McLANDRESS, HEPBURN, AND CO.