

that the position is regarded as one of great honour, and the candidates themselves spend considerable sums of money in travelling to the different centres for the purpose of interviewing and addressing the policy-holders; and I mentioned that Mr. Bell and myself, who were not candidates, had travelled as far as Dunedin, at our own cost, to interview in public meeting the policy-holders there. All this goes to show that the policy-holders are beginning to take great interest in the affairs of the association.

1127. Do you think that the policy-holders could form any idea as to your business-capacity from hearing you make a speech to them?—Surely you have not asked me to come here to blow my own trumpet.

1128. You say the interest of the Government is well protected because they have power to regulate the investments?—I say that the Governor in Council and the Government—of course, they are one and the same—are invested with very stringent restrictive powers under the existing Act.

1129. Will you say what those powers are—those regulations of the Governor in Council?—Do you wish me to go through them again in detail? I have already detailed them to the Committee.

1130. Are they to the effect that you are only allowed to lend a certain percentage of the value of the property?—We have a 50-per-cent. margin.

1131. Is that by order of the Governor in Council?—That is the provision in the Act.

1132. Then, are you aware that the Board has gone deliberately outside of this regulation?—I am not aware that the Board has deliberately done so; but I am aware of one or two cases in which it has injudiciously lent money, and, in one or two of those cases, I have been instrumental in getting the valuator removed from the list of valuers. I succeeded with some little difficulty in convincing the Board that one of the valuers in Invercargill was not by any means a safe man.

1133. Will you say that, on a property valued at £700, the association lent £900?—Yes.

1134. *Mr. Holmes.*] Do you think it is for the benefit of the association that the Board should have constant changes of members: would it not be better that the Board should consist of permanent members?—That is a very pertinent and a very important question. I should say that, if it were possible to get the exact stamp of man required, it certainly would not be advisable to change him; but there is the difficulty of getting the exact man. Some who were elected and some who were nominated to the present Board were not such men as I would have selected. There is a difficulty in getting that class of man who, upon perhaps a short but close and accurate study of the subject, would acquire an intelligent grasp of the business of life insurance—a man who, outside the requirements of his own ordinary business-pursuits, would be able to discriminate in the selection of securities; who would be able to discern the characters of the men to be appointed as valuers and the characters of the persons to be employed as loan agents; and who should be familiar with the current rates of interest and the state of the money-market generally. To my mind, he ought to have a deeper insight into business-matters of this nature than is usually possessed by ordinary business-men.

1135. In order to get that insight, does it not require experience?—It does.

1136. Can you get that experience without having members appointed, at all events, for some term of years?—I think you could. If the primary object is to secure the success of the association, I think the persons intrusted with the power of appointment should have some little time during which to gauge the capabilities of the men who are likely to seek positions at the Board. Take the case of the recent appointment to the Board. Here is a man who is a strong political opponent of my own—a man who misses no opportunity of injuring me politically. Still, that does not prevent me saying that he is one of the first men I would have picked for that position. I refer to Mr. Duthie. As near as it is possible to get them he possesses the exact qualities required. He is a man who can seize the point of a thing while others would be diving about it for days.

1137. Can you ever get a really effective Board, that would take a thorough interest in the working of the institution, until you have members on the Board who have a large pecuniary interest in the welfare of the institution, either as being paid a considerable annual salary, or having other pecuniary interest in connection with the association?—I would much prefer to see them have a large pecuniary interest as investors or insurers in the association. The receipt of a salary, as we all know, lays a man open to the suspicion that he goes there for the salary.

1138. I should like you to give a full answer to the question?—I should say that, if it were not for the unpleasant and undeserved suspicion which attaches to a man because he receives a salary, it would be well to pay him. Take the case of the late Professor Smith, who was chairman of the board of directors of the Australian Mutual Provident Society. Although Professor Smith was well paid for the services he rendered as chairman of the board of directors, everybody knew that he was the backbone of the society. The shareholders knew that the success of the society was his life-study; they knew that he had the interest of the shareholders and the interest of the society at heart; and nobody ever grudged that man one penny of the money he took in the form of honorarium.

1139. What was that?—I forget what the amount was.

1140. Over £2,000 a year?—Yes. I ought to say that Professor Smith was a man whose honesty, integrity, and business-capacity were beyond question.

1141. *Mr. Mackenzie.*] I understood you to say that, in your opinion, the moneys invested at 5 per cent. were neither a loss nor a gain to the association?—Five-per-cent. investments leave a small margin of profit.

1142. May I ask whether you have traced the history of this association backwards—whether you are aware of the history of the association before the constitution of the present Board?—I have not read it up very carefully.

1143. You are aware that actuarial reports have been received?—Yes.

1144. And that the last report was in 1880?—Yes.