

offices, &c. In fact, Dunedin is not sufficiently supplied with Government buildings. I cannot remember that I was in Dunedin when the first negotiation for the purchase of the site for the association began. My impression is that I was not; but I heard that the price asked for the building was £37,000. I knew that several companies were after it. I believe that our own company—the Colonial Mutual—would have bought it. I had nothing to do with the negotiations. I was only asked if I thought it was a bargain; and I believed it was. I was not aware that Mr. Hepburn was the agent for the property; I understood Mr. Charles Reid was the agent. I knew he had been agent for Mr. Kilgour, one of the proprietors. This I knew because of a mortgage transaction between Mr. Kilgour and Captain Fraser. Mr. Reid negotiated it through me. I do not think I had anything to do with the purchase save this: that, when my opinion was asked if I thought it was a good purchase for £35,000, I said I believed it was; and I still believe it was. I believe even now, although property has fallen, that that money could be got for the land and buildings. As to the commission, I was asked by Mr. Luckie about it, and my impression is that everything I stated to Mr. Luckie I gave in writing, so that there might be no mistake about what I advised. I stated that Mr. Pym, who I understood had negotiated the purchase, was entitled to his commission. I told him that I believed Mr. Pym could legally claim a commission. As Mr. Stewart is here, he will know that there have been two or three cases tried in the Supreme Court which show this. I thought  $1\frac{1}{2}$  per cent. was the usual commission, and a fair commission. I believe that is the commission allowed by the Chamber of Commerce rules. I do not know that I have anything further to say about the Dunedin purchase. I know nothing about the other purchases, and was never consulted. I may further add that the Government, as a Government, so far as I know from individual members of it, has never interfered with the management of the Government Insurance Department since the present Board was constituted. In fact, I declined to attend any meetings. I was asked if I could act as chairman, and I said I could not attend any meetings, as I was a director of another company. If the Government had not given over the Insurance to a Board, I should have resigned my position as a director on the Colonial Mutual Life Insurance.

427. *Mr. Macandrew.*] Should not the matter of these purchases have been approved of by Parliament?—I do not know. I understood they were approved of by the Board.

428. But had the old Board power to go into such large transactions without the authority of Parliament?—They have been in the habit of doing so, apparently. I have never looked at it from that point of view. I was only asked to advise as to whether the Dunedin purchase was a good one or not. I might be allowed to add this: that, from what has happened since the Board was constituted, I believe that the constitution of the Board has not been a satisfactory arrangement. But, being, as I am, a director of a rival institution, I would ask the Committee to take my opinion—to adopt the usual phrase—“with some salt.” If I had my own way in the matter, and if I was asked what the Government Insurance should be, I would say that I believe it ought to be looked upon the same as the Post-Office Savings-Bank, and that it ought to be managed most cheaply. Of course it will have to rent or purchase offices to carry on its working, but it ought to be tried to be worked with the Post Office. Of course the policy-holders would have to pay something for the use of the offices and rooms and towards salaries of officers. It ought not to have those canvassing and touting agents that it now possesses. I believe, if that course were adopted its business might not be so great, because of the keen competition with other companies—Parliament would have to look to that—but I believe that, in the end, it would manage its business soundly, it would manage its business cheaply, and, on the whole, it would be a greater gain to the colony.

429. *The Chairman.*] Well, of the two systems you sketched at the first, your opinion would be in favour of Government management, and the utilizing of the Post Office and other departments?—Yes. The only difficulty that comes in the way is as to what Board or body is to look after the investment of the money; and, in my opinion, that ought not to be left to the Government of the day, whoever they are. That is the difficulty; and I would suggest, in order to meet that difficulty, that the investments should be intrusted to the Public Trust Board, that Board receiving a very small percentage—say one-eighth, or perhaps less—for the trouble of investment. The Insurance could collect the rents, but the Public Trust Board ought to approve of the investments. I see an enormous danger in allowing the Government itself to deal with investments in real property. The political element is very strong, and that needs to be particularly guarded against. I think leaving it to the Public Trust Board would be the best. Let it be separate altogether from the Insurance management, and let the Public Trust Board manage and approve of every investment made.

430. *Mr. Macandrew.*] Who are the Public Trust Board?—The Board consists of the permanent heads of departments, the Controller-General, Solicitor-General, Public Trustee, Colonial Treasurer—I forget who the others are. I may say that the Attorney-General is put down as a member, but I have never attended the meetings of the Public Trust Board except when the Solicitor-General was absent or could not attend.

431. *The Chairman.*] Would your opinion go towards the exclusion of all political officers whatever from the department?—The position is this: that if you leave the department in the Government, you must have some one responsible to Parliament for its management. You might have a permanent Commissioner, who would report to Parliament; and you might look upon him as you look upon the Auditor-General—as a high officer of Parliament. If that was done, of course the Ministry would be relieved of another responsibility. That is one way out of the difficulty. If that were done, however, you would need to have an officer of a very high standing and very high salary, and who had had large experience in dealing with such a concern as this is and is likely to become.

432. *Mr. Macandrew.*] Had the Commissioner not to report to Parliament under the original