

470. In accordance with the law, has this association only the right to hold property for its own purposes?—It is limited to that.

471. If you take into consideration the rise in value, you are really going outside what you are permitted to do?—Not necessarily.

472. If you build to let?—No doubt you are if you build to let.

473. *Mr. Montgomery.*] You spoke of investment of money: did you mean investment in real property?—Yes, I meant that, of course. I may here add that it may be a question whether the Insurance Association should be allowed to invest in real property; but I am afraid that the policy-holders will not be content if that is not done, because there is the chance of getting greater interest from the mortgage of real property than from other securities, such as Government bonds.

474. Then, do you think that the Insurance funds should be invested in real property, in order to get the greatest interest from these funds?—I do not think, myself, that the Government Insurance ought to invest all their money on real property. I think a part ought to be invested. I think that is the prudent thing to do.

475. With respect to lending money on mortgage, would it not require the greatest possible care on the part of the directors?—I quite agree with you: it needs especial care.

476. Then, with the utmost care that is taken, in case of depressed times may not some of these securities be found inadequate to return the money?—I have no doubt of that whatever.

477. In fact, there is very considerable danger?—There is; I quite agree with that. In fact, if the Government Insurance were to get 5 per cent. on its money outside of investments on mortgages altogether, it would be a safer thing to do. I mean 5 per cent. for Government securities, outside of mortgages.

478. Then, in order to make this national insurance a perfectly safe concern, you must either have a first-class Board of Management, or else the securities must be outside of mortgages?—Yes, I think so.

479. In speaking of the management generally you said, if the matter came back to the Government, the Manager should be a good officer, of high standing, high salary, and trained qualifications?—Yes.

480. From your knowledge of those companies—I mean information derived from reading—what salary do you think a first-class man should have as manager of our Insurance Association?—I am not able to fix the figure. I can only say what other companies pay. Some of their managers get up to £2,500 and £3,000 a year.

481. Would it require a much more able man, do you think, for this association, than would be required for a fire and marine insurance office?—Well, I think it requires an equally able man, if not a higher class of man. I think the National Fire Insurance Company, in Dunedin, pays its manager £1,500 or £2,000 a year.

482. If this Insurance came back to the Government, the present Board abolished, and a new Board appointed, do you think the Manager should be an officer appointed by Parliament, and be in the same position as the Controller, or should he not?—In my opinion, he should.

483. That his position should depend upon Parliament?—Yes.

484. The same as a Judge?—Yes.

485. He should be a statutory officer?—Yes. You must have it free from Ministerial responsibility, unless you assign a new Minister for the purpose. I do not think any one of the present Ministers could manage it along with his other functions. We find, from the nature of New Zealand, having different centres, that we have little time to attend to even the functions cast upon us now. If such a big business as this was cast upon any Minister I do not think he could perform his duties unless he did nothing else, and you would require a new Minister specially to deal with the subject.

486. Do you think it is an advisable thing to remove this Insurance Association entirely from the control of the Government of the day?—Well, my own opinion is that it is. I look upon it in this way: although I am in favour of having Ministerial responsibility in everything possible, yet this is a business of a peculiar nature, and so mixed up with finance that it would be better to have a high statutory officer than even Ministerial responsibility.

487. Then, do you think that the only way to remove it from political influence is to have a high statutory officer?—I think so.

488. Then, respecting the Board of Advice you spoke of, you mentioned Mr. Gavin, Mr. Reid, and others as intelligent, honest men?—Yes.

489. You also spoke of their working long hours, and that they should have remuneration?—Yes—working at night.

490. These men are officers of the Government?—Yes.

491. Their day-duties are arduous and important?—Yes, very. I should say that Mr. Gavin does more important work than any bank-manager in the colony, and he does not get half the salary.

492. If their energies are taxed largely and fully during the day, is it to the advantage of the public service to work them during the night?—I do not think it is. The difficulty is that if you are to have a Board you must have some men in an independent position. If you do not do that you will have to call in outside men; and I think there is a great danger of that. I understand what you mean. If they were only constituted a Board of Advice to deal with policies their duties would not be half so arduous as they have been during the past year.

493. Then, from your knowledge, acquired from reading and otherwise, you say there is great difficulty at times about accepting lives?—Yes.

494. Have all insurance companies medical advice?—Yes—medical referees. I may say, in addition to the ordinary doctor who examines, our company submits generally everything to