

for such a position. I will say such men as the Controller-General, the Public Trustee, and the Secretary to the Treasury?—I should say that they are not gentlemen possessed of the class of experience to which I have just referred. They themselves would have to get their information from other persons, at whose mercy they would be, so to speak, and they, therefore, in my opinion, should not be appointed to such positions. It is not for me to comment upon the composition of the Public Trust Board, but I am aware that in many parts of the colony that Board has given very great dissatisfaction. I should be totally opposed to a Board so composed.

1060. Now, with regard to the question of canvassing, are you of opinion that canvassing is essential for the successful working of the institution?—I should say that the person who recommends that canvassing should be discontinued entirely misconceives or misunderstands the principles of life insurance. You must do the amount of new business required to make good the natural losses by death, maturity, and surrender. The new business is the vital element which counteracts the forces of decay or decline; because if a company is reduced to the position of paying death-claims, surrenders, and the amounts payable upon matured policies, while at the same time the volume of new business is diminishing, it must be apparent that that society must slowly and surely sink. I brought with me, for the purpose of elucidating that point, a number of the *Insurance Times*, of New York, containing an article upon what they term "The Injurious Effects of Contraction in Life Insurance." The object of the article is to point out the injurious effects of "contracting" or reducing the canvassing staff. Of the eight most powerful American companies the Connecticut Mutual stood at the top of the list in 1865. The *Insurance Times* took three carefully-marked periods to show the effect of this "contraction" upon the business of the Connecticut Mutual: In 1865 it stood at the top of the list; in 1872 it receded to the position of fifth on the list; in 1881 it was lowest of the eight companies. And this is all the result of what the editor of the journal calls the "mistaken policy of contraction."

1061. Then you would say that the continuance of canvassing is essential to the success of the institution?—Quite essential. Without it you might as well close your doors.

1062. Will you state to the Committee whether, in your opinion, it is necessary, in order to secure business, that the association should have imposing and costly buildings for its offices in the chief centres?—With the State guarantee, I am decidedly of opinion that it does not require imposing buildings. The canvassing-staff brings all the business which it is supposed the imposing buildings would bring.

1063. You are aware of the investments which the association has made in the four principal centres for building-sites?—Yes.

1064. Have those investments been made for business-sites mainly, or as business-sites coupled with the object of investment?—I cannot to this day tell for what object they were bought. As business investments, they are exceedingly bad investments. They cannot have been purchased, either, for the purpose of providing office-accommodation for the association, because, except in the case of the Wellington building, we do not occupy them.

1065. Are you especially acquainted with the circumstances of the purchases of any of these investments? Had you anything to do yourself personally with any of them?—I am specially acquainted with the circumstances connected with the purchase of all.

1066. For instance, with respect to the purchase at Auckland, will you state to the Committee, from your own personal knowledge, the substance of the negotiations for the purchase of that property?—At a meeting of the Board, the date of which I cannot remember, at the end of the ordinary business the chairman, Mr. Tole, produced a communication from Sir Julius Vogel which stated, in effect, that Shera's building in Auckland had been offered to him for £22,000. Mr. Tole further stated that Sir Julius Vogel had suggested that two members of the Board, Messrs. Graham and Shannon, should proceed to Auckland to inspect this site. As the whole subject was quite new to the Board, I suggested that, before deciding to purchase Shera's or any other site, we should at least pass a general resolution affirming the desirability of purchasing premises in Auckland; and the Board, as a matter of form, passed that resolution in a moment. Then we proceeded to discuss the proposal which Sir Julius Vogel, through the chairman, had made in regard to Shera's property; but, instead of the Board confining itself to one site, we decided by resolution that Messrs. Graham and Shannon, when they went to Auckland, should inspect any sites that were available. On the next day, for reasons still unknown to me, Mr. Shannon declined to go to Auckland unless Mr. Fisher went with him; and next day the Board held an extraordinary meeting and passed a resolution to the effect that I should go to Auckland with Messrs. Graham and Shannon. Immediately upon arrival there we called upon Sir Julius Vogel and spoke shortly upon the question of the Shera purchase. Sir Julius said it was better that we should look at the building for ourselves, and any others that might be available. I looked at Shera's building, and decided at once—as I think any man of ordinary business capacity would do—that not only was the price altogether too high, but that the building was totally unsuited to the purposes of the association. We received many other offers, amongst them one from Mr. T. Morrin, which, to my mind, would have been an exceedingly advantageous purchase. In our report to the Board we placed that property first upon the list, upon the ground of price and eligibility. Shera's property was placed second on the list. Embodied in our report to the Board was the opinion of the solicitors to the Board, which I had obtained upon my own authority as chairman of the Building Committee, to the effect that we were restricted by section 76 of the Act from effecting such purchases at all.

1067. Did that opinion not relate to the purchase of properties for investment, and not for offices?—The burden of the opinion was that we were entitled only to purchase such buildings as were necessary for the purpose of transacting the business of the association.

1068. What did your committee do? Did they make any further recommendation to the Board with respect to the Auckland site?—At the meeting of the Board at which we presented our report it was suggested that Shera's site should be bought, and not Morrin's. I then requested