

1088. Then, would not the expenditure of that sum be an expenditure which must be regarded as an investment of the funds of the association?—Yes.

1089. Would you further say, so far as you have been able to examine into the matter, that such expenditure would be profitable—that is to say, would it yield interest justifying, from a business point of view, the expenditure?—I think it would not yield enough by $\frac{1}{2}$ per cent. The suites of apartments are to be let upon the basis of a 6-per-cent. return; but I have a fixed opinion that all our investments should yield a return of 6 per cent. net; and a rental which yields 6 per cent. gross makes no allowance for outgoings upon alterations and repairs. I think there should be an additional $\frac{1}{2}$ per cent. to cover alterations and repairs.

1090. Was not the Christchurch purchase made since the Board has been in existence?—The final act in the purchase was performed by the Board; but all arrangements relating to the purchase had already been completed before the Board came into existence.

1091. Do you know by whom?—There has become detached from the Christchurch papers this sheet (produced), which I found on the Board's table. It exactly explains the position of the matter. And I want to call the attention of the Committee to this fact: that, while the Board by Act was supposed to have come into existence on the 1st January, 1885, it really was not brought into existence until the 23rd January, when it held its first meeting—a meeting held more for the purpose of introducing the members of the Board to each other than for anything else. It held its first business meeting on the 27th January; and here is the recommendation of Mr. Luckie in regard to the Christchurch purchase. It is dated the 26th January, one day before the Board itself held its first business meeting as a Board. In this document Mr. Luckie says, "In regard to purchase of site for offices of association at Christchurch, it is respectfully recommended that the Board purchase both the properties offered, in terms of the recommendation of Hon. Sir Julius Vogel. I have carefully examined the property, and consider the purchase a desirable one for the Board, and experts in Christchurch so advise.—D. M. LUCKIE, 26th January, 1885." Then, as I have said, on the 27th—the day following, when we had been three days in existence as a Board—the Board appointed myself and Mr. Graham a committee to go to Christchurch. Upon examination of the papers I found that the whole transaction was virtually completed. It is perfectly true that it was within our power to have stopped the purchase if we had chosen to do so; but, although I did not look upon the purchase as an advantageous one, I thought it might appear that we were beginning very early to cut up rough—if one may so express it—if we had stopped the purchase. The thing being completed, I put my signature to the purchase, and, having put my signature to it, I am prepared to take the full responsibility of that act.

1092. Is the paper you have produced, in your opinion, a report which was before the Board in reference to this purchase so assented to?—Most certainly.

1093. Was not the purchase made in two divisions—one a property belonging to Mr. Maling, and another to Mr. Phillips?—Yes.

1094. In your opinion, would the site purchased from Phillips have been sufficient to allow of the erection of all necessary buildings for the purposes of the association: was it suitable, and was it sufficient?—The question is a somewhat curious one to answer. No; it was not suitable, and it was not sufficient, because to build upon 22ft., the size of Phillips's section, would give us an altogether insignificant building, and yet 22ft. would cover all the absolute office requirements of the association.

1095. The association has let Maling's property for a term of twenty-five years, has it not, reserving the right to the use of two rooms on the lower floor?—It has let the property back to Maling for five years at a rental which yields 4·3 per cent., and for a further term of twenty years at a rental which yields 5·1 per cent. I should explain that this lease was entered into in the month of November, when I was absent in Melbourne. I think, had I been present at the Board, the present lessee would not have got the property at such a rent.

1096. Then, you are not of opinion that the arrangement has been a desirable one for the association, so far as the disposal of the property under this lease?—I think it is a very bad one.

1097. In this case, then, must we accept the position that the purchase was largely, or is largely, one of investment of funds?—I think we must accept the position that they are all investments and very bad ones, and we must make the best we can of them. There was a further proposal to purchase the Grain Agency building in Christchurch, but upon investigation of the circumstances that proposed purchase was abandoned. Then came a further proposal to purchase properties to the extent of £7,500, adjoining Maling's; and it was suggested by a Committee of the Board that went to Christchurch that the fronts of the buildings—Maling's and Morton's—should be pulled down; that two storeys more should be built upon the top of the whole, and a tower erected. I was again asked, in conjunction with Mr. Graham, to go to Christchurch, not to negotiate in regard to the matter, for again the negotiations were finished, but to complete the purchase. The negotiations, as in other cases, being carried to the point of completion, we were to complete merely; and, as I had been placed in this position once before, I determined not to complete in this case without proper investigation. I found that, in addition to the £7,500 for the purchase of the buildings, it would have required an expenditure of £10,000 to remodel them—to take down the fronts, put up the two additional storeys and the tower—making together an expenditure of £17,500. I declined to complete, and, upon my representation to the Board on my return, the Board decided to abandon that purchase.