

551. Do you not think it would be a wise plan to have a limit at the bank? Why allow it to run as far as £18,000?—It happens that sometimes we have applications for large sums on mortgage. These negotiations sometimes take time. Valuers have to be appointed, and we are generally very careful about these valuations. I allow the balance in hand to run up larger when there is an application pending than at other times. For instance, at the present moment there is an application for a loan of £35,000. The balance in the bank is somewhere about £10,000 or £11,000 (I am now speaking without book). The negotiations may take three weeks or six weeks. In the meantime I shall let the balance accumulate as much as it can without attempting to invest in deficiency bills, in order that, if the application comes to anything, I shall have to sell so much less of the deficiency bills.

552. Is there no expense attending the investing or selling deficiency bills?—None; absolutely without charge of any kind.

560. Every thousand left in the bank uninvested means a loss to the department of 2 per cent.?—Yes.

561. Why not, the moment you have a thousand lying there, invest in deficiency bills?—I do not know what the calls on the balance may be.

562. Can you always rely on getting deficiency bills or other Government bonds when you want them?—There was never any difficulty except on one occasion, when the Treasury simply said they did not want the money, and that was the time when this balance of £18,000 ran up. At the end of December I know I shall have large payments to make. There is our quarterly or half-yearly payment to the Post Office for our free postage. We pay them £150 a year. It may happen, and does happen, that within a given time I shall have a large payment to make on account of intestate estates. Thus it does not do to invest too closely, or I shall have to melt again.

563. When you are melting without expense it is not of much moment to you?—Our procedure is this with regard to deficiency bills: I say to the Accountant, "Write to the Treasury and ask if they are prepared to take £8,000 or £10,000." The Treasurer writes back to say they will or they will not. I then have to take it before the Board, without whom I can invest nothing, and get their sanction to investing it. That sanction being obtained, the cheque is made out to the Treasury, and they make arrangements to deposit in the Audit safe deficiency bills.

564. What do you mean by "depositing in the Audit safe"?—There is a law that securities of that nature shall be deposited in the Audit safe, which can only be opened by three keys, or the holders of them—the Colonial Treasurer, the Colonial Secretary, and the Audit Department. Those are the holders of the three keys, and without a member from each of these departments being present nothing can be obtained from or put into the Audit safe. It is for extra caution.

565. Was that practice always observed?—Yes, and it leads to a very great delay sometimes.

566. Supposing you wanted twenty thousand pounds' worth of deficiency bills out, and one of these officers happened to be away from Wellington?—The Colonial Treasurer and the Colonial Secretary never attend the safe, but one of their respective officers. There is a representative from each department.

567. And I suppose the representative keeps the key?—Most likely; I do not know.

568. You have no key of it yourself?—No. I was one of the holders. It was very inconvenient when the office was removed from the Public Buildings, and I asked that it should be altered, and it was altered by the Public Revenues Act.

569. It is a cumbrous process to have anything to do with deficiency bills?—Yes, in the sense of three being present before anything can be changed or done.

570. How often, as a matter of fact, do you operate in deficiency bills?—We have not one operation a month.

571. What is the amount invested in deficiency bills now?—Somewhere about £150,000, but I cannot say offhand the exact amount.

572. Why could not that be invested in mortgage, and bring in a larger revenue to the people interested?—The deficiency bills are for the most part held on general account—that is to say, on accounts otherwise than under will or trust—intestacy moneys; the Land Assurance Fund receipts under sections of Acts of Parliament, miscellaneous generally, but unconnected with wills or trusts. We have moneys in deficiency bills under will and trust, but it is where the beneficiaries have asked that the money may be invested in Government securities, preferring the smaller rate, with the State guarantee, to the larger rate without the guarantee.

573. *The Chairman.*] Then, so far as you can judge, you only invest those moneys in deficiency bills that are not likely to be applied for for the purpose of lending out on mortgage?—Yes; and where a large amount is applied for on mortgage we melt the deficiency bill, if we have not a cash balance, in order to invest on mortgage.

574. Can you get the cash for the deficiency bill whenever you wish to convert it?—We have never found any difficulty. At the present moment I am negotiating the sale of part of a deficiency bill to the Government Insurance Department.

575. Can you not get it from the Treasury?—We never have had any difficulty. I do not know that we have asked the Treasury, or been in a position to want it.

576. What is the shortest term of a deficiency bill you have?—I think they are supposed to be paid off on the 31st March, the last day of the financial year: they are annual bills.

577. Have you a good strong-room in connection with the Public Trust Office?—It is a good one, but far too small.

578. Well, supposing you had a good sound strong-room, sufficient for your accommodation, is there any reason that the Trust Office should not be the custodian of its own securities, where the different keys are separately kept, say, by the Public Trustee and three of the chief officers of the Trust Office?—I see no reason why that should not be.