

655. Looking at the great accumulation of the Land Assurance Fund over a few years upon a very small payment of $\frac{1}{4}$ d. in the pound according to value, do you think that $\frac{1}{4}$ or even $\frac{1}{8}$ per cent. guarantee would not soon provide a large guarantee fund sufficient for the colony to take that risk, looking at the volume of business you would then, under new circumstances, do?—I think it would provide sufficiently.

656. Supposing the colony undertook, on those conditions, to guarantee the securities manipulated by this office, would that not increase the volume of your business very much?—Unquestionably it would.

657. Then, according to the large volume of business done, so might the guarantee commission be made very small?—Yes.

658. After all, on your present arrangement, what steps do you take before lending money of that class, so far as the security is concerned, to test the value of the security offered?—We obtain the property-tax valuation and obtain the valuation of a valuer appointed by the office. In large sums—say, of £10,000—we require two separate valuations. If the valuations are deemed satisfactory by the Board, the amount is lent.

659. And, according to the valuations, how much money is lent?—One-half.

670. So that, in fact, you have a margin of one-half *plus* value to the money you lend?—Yes.

671. So that the risk ought not to be great?—The risk ought to be very small.

672. Have you ever had losses in estates under your system?—Yes. A return of them will be placed before the Commissioners. Speaking from memory, I should say we have had four or five.

673. *Mr. Macdonald.*] What does the total come to?—Very small—considerably under £1,500, which the estates will have to bear.

674. Do you not think that those losses, though few in number, and the amount not exceeding £1,500, will be damaging to the business of the Trust Office?—I do.

675. Unless the colony makes some arrangement towards guaranteeing that class of business?—I do think so.

676. Under what arrangement have you fixed this half margin?—I think we took it from the statutory provision in the Government Insurance Department. But my authority is the Order in Council—I mean the Order in Council fixing regulations and the scale of charges in 1889.

677. What was the practice before that?—The practice was the same; but when I was appointed in 1880 it was the case that the Board sometimes lent up to a little under two-thirds. We had then no regulation, but afterwards the regulation was promulgated that a half margin should obtain.

678. It was your practice even before the regulation to make it a half?—Yes.

679. There are a great many instances in which that appears to have been departed from in loans by the office. Are you aware of that?—I know there are instances.

680. We will just take a few of them. Here is a mortgage for £400 upon this return. The mortgagor's value is £635; the private valuer makes it the same; the property-tax valuation is £412. Now, the peculiar part of that is, that that mortgage seems to be still existing, although it expired in 1886. And yet the office has lent within £12 of the property-tax valuation?—I recollect the case very well indeed. It is a case in which you require to see the papers. The mortgagor's was a special case, in order that she might get a roof over her head. The children will take the property. I shall explain on another occasion.

681. Here is one, £62 10s. lent; the property-tax valuation is £50?—That is an asset, not an investment. It came into the office with the estate.

682. When you discover that a mortgage asset which has come into your office is of less value than the property-tax return, and the due date of the mortgage is expired, do you not take steps to call in the mortgage?—Yes; but if it is an asset, I may have to realise to pay debts.

683. This mortgage of £62 10s. became due on the 30th June, 1888. It is still in existence in the office, and yet the property is only worth, according to the property-tax valuation, £50. Why has not that mortgage been called in?—There, again, I will have to get the papers.

684. Here is another property: £334 11s. is lent; the property-tax valuation is £300. That is one of those that came into the office?—That was money lent by former trustees.

685. Here is another—£500 payable at six months' notice; the property-tax valuation is £476. Here is another—£350; the property-tax valuation is £420. You might give us some answer why these have not been called in. Have you taken any action on these?—I cannot go into the question without the papers.

686. I have gone through this return, and have marked in every case those that seem to require explanation, and therefore I shall be glad to have some explanation respecting them. There is that particularly large one to which your attention was called before—£10,000. That is a case in which it is quite clear the rule of the office has been departed from, because the money was lent on the 19th May, 1890, and the private valuation was £18,016, and the property-tax valuation £15,179. The mortgagor's valuation, which is stated as £23,836, is a little inaccurate, because the mortgagor's original valuation was nothing like that. It was raised in order to make it look better, according to the papers. His first valuation was considerably less than £23,000. Have you any explanation to offer except the one that appears on the papers, that this money was offered elsewhere?—It was reported to us as a very good thing, and that he had got an offer of £10,000.

687. I should like to know why, when you have an Order in Council which expressly prohibits you from lending more than half the value of property, it is possible to depart from that?—In strict accordance with law, I suppose it ought not to be done; but the Board exercised their own discretion.

688. Have the Board any right to vary the exact rules laid down for them by Order in Council? Have they the discretionary power which they have exercised in this case?—Answering from a legal point of view, I should say No, they have not the legal power.