

126. Your bank is a carefully conducted and prosperous one; I understand that?—Yes.

127. Presumably, then, it conducts its business on proper lines?—Yes.

128. If you were not restricting your advances, Mr. Brittan, how can you explain the fact that your deposits so enormously exceeded your advances in New Zealand that year: the deposits exceeded the advances in New Zealand in the year 1891–92 by £852,238 11s. 11d.?—They did not exceed the advances and the coin by that amount.

129. Against your coin are your notes. I am speaking about the actual deposits and advances?—Then, I do not dispute the figures.

130. Then, in 1892–93 your deposits in New Zealand exceeded the advances by £996,187, and in 1893–94 by £1,088,378?—I do not doubt it if you exclude coin, of which we have over three-quarters of a million.

131. Do you mean to tell this Committee that as a successful banking corporation you would keep a million in this country, pay 3 or 4 per cent. for it, and get no return on it?—We did not use it in this country.

132. Where did you send that money?—We did not send it anywhere.

133. For the last three years there was an average of one million which you got from New-Zealanders which was not used by New-Zealanders, and you have been paying £40,000 a year for it, and doing nothing with it?—Yes; we pay more interest than we receive.

134. Why?—Because we could not do otherwise without driving away business.

135. You pay more interest than you receive?—Yes.

136. You pay no income-tax?—No.

137. Your banking business in New Zealand is conducted at a loss?—We pay more interest than we receive, but we hope there will be better times presently for the banks.

138. You do not utilise the money in Australia?—No, because I can quote a letter from the General Manager saying if they could employ the money in Australia it would not matter so much.

139. You were asked as to the difficulty of Mr. Douglas getting this advance from any one else but Messrs. Wright, Stephenson, and Co.: as a banker I presume you know that where there is a second mortgage it is difficult to get an advance?—If that was their only security it is difficult to get advances on a second mortgage.

140. Where there is a second mortgage it is hard?—It is difficult. The bank's security would be a first mortgage. If there was a mortgage with Messrs. Wright, Stephenson, and Co. it was a second mortgage.

141. Would the existence of that second mortgage be in itself sufficient reason to make it difficult to get the money outside of Messrs. Wright, Stephenson, and Co. at that time?—That would be a reason.

142. That would be a sufficient reason?—Yes. It all depends upon what mortgage there was.

143. *Mr. Mills.*] In reference to the value of the margin, what would the bank consider a security for an advance?—There is no fixed margin. We look at the business and say if we like it or not.

144. I understood you to say there was £12,000 against the property?—There was £12,000; but there was £3,000 of that on the sub-mortgages.

145. Did you not hold the security over all that property previous to the portion being sold?—We had that with the other securities. There was no specific advance on Pomahaka then.

146. Was the £12,000 advanced to Mr. Douglas previous to any portion of the land being sold?—There was no specific advance previous to 1889.

147. Did the bank then reduce the advance after he had sold the part?—As a matter of fact, it was reduced after he sold it. It was reduced in 1892.

148. What caused the bank to consider the property a worse security at that time as against the time when they made the first advance?—We had no specific advance until 1892. We had the security, but there was no specific advance on that security. It was mixed up with other business.

149. *Mr. Hall.*] You had a report on the value of this property before you gave the amount?—I do not think we had a specific report. That is back some seven or eight years ago.

150. Why did you arrive at the conclusion that it was not productive land?—Because we were advised that the income was only £228, and that it was unimproved land.

151. How was it unimproved?—Our manager said it was unimproved.

152. Do you always lend money on the annual rental?—Not always on the annual rental, but that is the main guide to any property.

153. What was the actual value?—The actual value according to the Property-tax Department was £15,000.

154. Does the bank consider that a second mortgage would suit as well as an ordinary mortgage?—In a matter of margin it would, but not as a matter of liquid security. We do not lend on dead business. That might suit other mortgagees.

155. Did you take into consideration the condition of the land market at the time, and also Mr. Douglas's circumstances?—I suppose we took them into consideration in a way; but we did not call up that advance because we thought Mr. Douglas's position was bad.

156. Had you any reason to doubt whether the property-tax valuation was a fair one?—We generally doubt the property-tax valuations as being realisable. We had no valuation of our own.

157. Do you mean to tell me that you lend money without an expert valuation?—Yes; I would sooner take our manager's evidence than any expert's, who is paid for a valuation.

158. How does he arrive at the valuation?—I do not know. If our manager commits himself to a wrong valuation, we are not behind in telling him of it. Before he commits himself to an opinion as to the value of the property he would make himself very sure.