

## MINUTES OF EVIDENCE.

TUESDAY, 5TH AUGUST, 1902.

PETER EDWARD CHEAL in attendance and examined. (No. 1.)

1. *The Chairman.*] Now, Mr. Cheal, will you please give us your full name, and state by what authority you appear here?—My name is Peter Edward Cheal. I am a mining engineer, living at Auckland. As I was in Wellington, I was asked to act as a delegate on behalf of the Auckland Trades and Labour Council to give evidence in connection with the State Fire Insurance Bill. I may say that I am in touch with the Trades and Labour Council at Auckland; they know that my sympathies are with the workers, and I know what their views are in connection with this matter. Had I been in Auckland they would have expected me to address a meeting on the matter last Saturday. I may say that it is the idea of the Trades and Labour Council at Auckland that all public utilities—*i.e.*, everything that is of benefit to the community at large—should be in the hands of the State. The Council are of opinion that fire insurance is a corollary to life assurance, and as State life assurance has been a success they do not see any reason why State fire insurance should not be added to that, with the same buildings and the same managers, and be made a success also. The Council are quite aware that when the State Life Assurance Bill was first brought before the House many pessimistic views were held at that time by members of the House regarding it, who said that it would entail a serious loss to the colony; and the Council have noticed that some of these very members who were pessimistic in their views with regard to State life assurance are enunciating the same views with regard to the present proposal of State fire insurance. One of the great objections to the present condition of things—in connection with the Auckland District, at any rate—is the fact that the fire underwriters are continually altering the rate of premium. The idea seems to me to be, “Heads I win; tails you lose”—*i.e.*, if there are any serious losses during the year, in order that the insurance companies may pay dividends they increase the rate of premium next year in order to recoup themselves. The idea that State fire insurance should be run on the same lines as State life insurance—*i.e.*, that bonuses should be given—is one that meets with the approval, I think, of a great number of people in Auckland. Some time since we were talking of starting a fire-insurance company on those lines—*i.e.*, that a certain return should be made out of the profits to those who paid premiums into the company. We cannot understand the attitude of the Auckland Chamber of Commerce—we all know, of course, that they are against any measure which is brought forward by this Government—but I wish to point out that the Council of the Chamber of Commerce stated the other day that if a State Fire Insurance Office were opened it would entail serious loss to the colony, and then they turned round and said it would be an interference with private enterprise. We considered that these views did not meet one another. The Council were concerned as to the loss to the colony, and they were also concerned with the loss to themselves.

2. We want your evidence, Mr. Cheal, on the Bill and its provisions?—There is a provision in the Bill about the surplus profits being used for a Reserve Fund and to pay bonuses. We take that to mean that bonuses will be paid to those who insure. I would also point out that the statement has been made that under the Advances to Settlers Act—it being a *sine qua non* that those having loans should keep the property mortgaged insured—in that Department alone something like £24,000 has been paid in premiums for insurance, while the losses have been only £16,000; so that it seems to us that something like 33 per cent. has actually been profit.

3. *Mr. G. W. Russell.*] Those are the figures for properties mortgaged to the Advances to Settlers Department?—Yes; those are the gross figures.

4. *Mr. Napier.*] Are you speaking on behalf of the Trades and Labour Council now, or are these your own views?—I am in a peculiar position; as a delegate I am trying to state what the Council think about the matter.

5. *The Chairman.*] You were asked to give their views?—Yes. With regard to fire brigades, we think it is an essential part of the Bill to provide that brigades should be equipped and maintained, virtually, I take the provision to mean, at the hands of the State. In Auckland—and I may say that I am speaking of Auckland only—in the past there have been large conflagrations, and serious loss sustained, through the fire brigades not being fully equipped. There have been meetings to decide whether the insurance companies and the local bodies should not bear a proportion of the expense in equipping them, and we think that if the provisions of the Bill were adopted and the fire brigades were placed under the control of the State they would be well equipped and under the same supervision right throughout—similar to the Police Force—instead of one local body having, say, a fire-engine that was useless and another having a well-equipped one. There would be equality right through the different towns as to life- and fire-saving apparatus. Those are the ideas expressed, so far as my knowledge goes, at a meeting held by the Trades and Labour Council. I do not wish to say anything more, but am willing to answer any questions as far as I can.

6. *Sir W. R. Russell.*] Can you give us any idea what the profits of the fire-insurance companies have been, speaking generally?—They have not been very large, I believe, but you must remember that the companies put by very large reserve funds.

7. I was not asking about the dividends paid, but the profits generally?—I think they have been very small as far as the profits are concerned—I mean, the paid profits. Do you mean the amounts placed to Reserve Fund?