

68. Can you give me separately the writings-off for the Colony of New Zealand, and the writings-off for the Australian branches, and the writings-off for losses in Fiji?—We can easily give that if you ask it.

69. We can get that?—Yes.

70. *The Chairman.*] I should like to make clear the writings-off. You said that for 1895–96 they were £1,531,951?—Yes.

71. Subsequently you said that for 1896 they were £52,000 odd?—That is since then; that is for this balance-sheet.

72. What I want to know is whether the amount written off for 1896 is included in the £1,531,951?—Yes, it is included.

73. *Hon. Mr. Seddon.*] Have you seen the report of the special committee of 1888, what is called the shareholders' committee?—No; I have never seen any report of 1888.

74. You have the report, have you not?—I understand the report is in the possession of the bank. I have not seen it.

75. Bearing on that question again, I wish you to make yourself clear to the Committee in respect of going back beyond 1888. We cannot by our order of reference go back, and I want to remove all doubt. This is an extract from the report I refer to, on 11th October, 1888: "Our examination discloses a mass of securities taken in support of weak accounts, the value of which had fallen greatly, and many accounts in liquidation, or which ought to be so, the cover for which has become obviously inadequate, although involving losses which the directors had not faced, but which, upon a rigorous examination, we feel convinced, will absorb not only the whole of the reserve fund, but also nearly one-third of the paid-up capital of the bank—say, £800,000 in all. You will naturally and properly expect from us something in elucidation of a state of things so startling, and which we had so little right to expect. It is obvious to us that for years past the bank has been paying a rate of dividend which ought not to have been paid. Securities have been held and accounts kept going in the vain hope of a recovery of the values placed upon them in what was, in fact, a period of inflation; and supervening on this, within the last two or three years; heavy losses in Australia brought matters to the climax which we are now under the unpleasant necessity of facing. North Island, New Zealand: In Auckland we regret to find that, though the head office of the bank is there, and its affairs under the immediate eye of the directors, the general character of much of the business carried on has been most objectionable, and the policy pursued open to censure. Inflated schemes or proposals coming from, or influenced by, certain persons appear to have met with ready support by lavish advances to companies and individuals without adequate security, or warrantable prospect of advantage, or even safety to the bank. Such advances not only account for more than half the whole loss now disclosed, but the securities held, being more or less unproductive, curtail the earning-power of the bank pending their realisation. South Island, New Zealand: In the south of New Zealand heavy losses in the past, incurred to a large extent through rash or dishonest management, have been so far previously written off and provided for; but securities, in themselves of a sound enough character, have been held without adequate allowance for fall in values, and the deficiency has now to be recognised. And finally, we find that advances have been made to some of the directors upon insufficient security, and from these advances heavy loss has arisen, estimated by us as over £160,000, while certain transactions have come under our notice calling for the gravest censure, if not for more specific action." Do you know of these things?—No; I have no knowledge of them.

76. Could you produce, then, to-morrow or the next day the report of the meeting of the 11th October, 1888, when the "chairman said a report dealing with details would be too long, and therefore only totals were given. The loss made in Auckland was £500,000, very little loss having been made in any other part of the Island. In the South Island the loss had been about £250,000, and the other £250,000 was about equally divided between Adelaide and Sydney." That is an extract from the balance-sheet of the 29th September, 1888. Will you produce that balance-sheet?—It is the second balance-sheet on the printed list.

77. Does that show £1,000,000 written off, according to the report of the chairman—£500,000 in the North Island, £250,000 in the South Island, and £250,000 in Adelaide and Sydney?

78. *The Chairman.*] How are these writings-off shown or accounted for in the balance-sheet?—There is £800,000 which has disappeared from the 31st March to the 29th December, 1888; there is £500,000 reserve fund disappeared, and £300,000 of capital written off.

79. *Hon. Mr. Seddon.*] But yesterday you told us this £500,000 was in this £1,850,000. I am just bringing you back to show you that it was not there at all?—It will be in that amount given for 1890 of £1,890,000.

80. Here is the amount in the balance-sheet: Reserve fund, amount transferred to bad and doubtful debt account, £500,000. There were £800,000 bad debts written off, according to your own balance of 1888. It was not put in the Estates Company; it was a bad and doubtful debt for 1888. That left £200,000 still carried over, and, according to the report, is represented by the North Island, the South Island, and Adelaide and Sydney. They wrote off these debts. That is where the £500,000 disappeared, according to your own balance-sheet. So it does not go forward in the Estates Company. I want to know whether it went to write off bad and doubtful debts of 1888, or whether it was carried forward in the amounts against the Assets Company, and was written off later on?—The appropriation, no doubt, of that £500,000 and £300,000 took place in 1890. There is a bad and doubtful debt account, to which these amounts were credited, and then at a certain time these writings-off take place. Later on, you have in this £1,800,000 the £500,000 and the £300,000. I did not know it was understood yesterday that this went to the Assets Company. These amounts given to-day are simply the bank's writings-off, except what is in this £1,590,000.

81. Have you Mr. Buckley's statement and report showing the deficits on the 16th November, 1888?—I have not got them. I have never seen them.