

and it might not deem it prudent at the time that he should know of it, for reasons which the Committee will understand. Probably the knowledge might precipitate his bankruptcy, whereas, if he were permitted time, the bankruptcy might be escaped.

22. At the same time, is not the bank in permitting a person—say it is a trading concern—is it not permitting that trading concern to go on and be upon the world in a false position?—Not necessarily so. It is often a very difficult and dangerous conclusion to come to, as to whether a firm is inevitably and irretrievably insolvent. While there is life in it there is hope.

23. You will, perhaps, understand the question better when I say you are permitting that firm to compete against a similar trading firm whose business is conducted by honest traders?—Possibly the traders dealing with other banks would be found to be in precisely the same condition. It does not follow that they are all solvent when they are in competition with those who are insolvent.

24. Then, you support what has been said by Mr. Watson when before the House, in answer to a question—namely, that banks had to carry on insolvent concerns?—They are sometimes obliged to do so.

25. That applies to other banks as well as the Bank of New Zealand?—Undoubtedly.

26. Now, the balance-sheet prepared by a bank under such circumstances, with the account in suspense and not written off, would you consider and call that balance-sheet a statement of the true position of the bank?—If an adequate provision has been made for what the directors honestly believe to be dangerous accounts, it is undoubtedly, I think, quite legitimate. I think that, in view of the character of colonial banking, which is largely colonial business enterprise, a very much larger provision ought to be made by colonial banks for bad and doubtful debts than has been common hitherto.

27. Has the Bank of New Zealand any record filed showing the names of persons and corporations in whose favour writings-off have taken place, and the dates of such writings-off?—I have not seen any such record.

28. Would it be a very difficult matter to obtain this information?—I am not able to say. I have not made any inquiry about that. I have not seen any of the past records of the bank at all.

29. Would a writing-off appear in the minute-book of the board of directors? The process you describe is this: that the directors meet, they receive the reports of the inspectors, and report on certain accounts which are bad and doubtful, or state that they are bad to a certain amount. The directors decide, as I understand by motion, that they should be written off. Is no record of that kept?—Yes; but all these cases, unless some unusual circumstances attach to particular cases, are allowed to accumulate to the end of the year, when the balance-sheet is made up, when the whole of these matters are brought up before the directors—all the bad and doubtful debts supposed to have accumulated during the year—and they deal with them then. I can only speak of this matter from the experience of the one year, 1896, for which provision we recently made, and we satisfied ourselves that for anything that had arisen during the year while we had had charge of the bank we had made ample provision, and we also took about £49,000 out of the profits of the bank to make provision for bad and doubtful debts which had accumulated before we took office, and which were intended to be provided for by the amount held in reserve. But, as the profits of the bank were available, we preferred to leave the contingency fund undisturbed, and use the actual profits for the current year for the writing-off which had become necessary.

30. You do not mean to say that you could not give them in tabulated form—immediately before the balance-sheet—the printed list; those printed lists can be procured?—Yes; they can be. The Committee will not understand when I say they can be produced that I mean they are lists which would be produced.

31. You say they can be produced, but do not commit yourself to their being produced?—That is so.

32. Did you prepare the statement for submission to the Government when you asked for assistance in the beginning of the session of 1895?—It was prepared in the bank with our approval.

33. You were a party to that statement—to its submission to the Government, and in asking the assistance of Parliament?—Yes.

34. Had the Government communicated with you in any way, or did you first approach the Government?—We approached the Government as soon as we were in a position to say, without difficulty or doubt, what the position of the bank was. We became satisfied that the assistance of the Government was absolutely necessary, and we laid the position before the Government; and, as far as I know, that was the first knowledge the Government had of the position of the bank.

35. That would be in June last, the beginning of last session?—That is so.

36. By ascertaining the position I understand you to mean that you found there was £771,000 that required writing off in the bank itself?—Yes.

37. £800,000 shortage in the Estates Company?—Yes.

38. That is taking the properties of the Estates Company at the values submitted to the Committee last year, and exclusive of that there was another estimated shortage of £800,000?—That is so. The exact amount of the Estates Company was £764,306; that was the provision we made. The aggregate amount of the bank included writings-off to the 31st March, 1896, £776,645.

39. *The Chairman.*] Is that answer a slight correction of the figures you gave the other day?—Yes; that is up to the 31st March this year. That is the final completion of the work going on for twelve months.

40. That is the amount you gave to us, the £1,531,000 the other day?—Yes; that is so.

41. When you say that that is the total amount written off up to the 31st March this year, you mean only since the banking legislation?—Yes.

42. *Hon. Mr. Seddon.*] There was a proposal for legislation, and a manner suggested for the assistance to be rendered. Do you remember a proposal coming from the bank to the Government