

180. But I am taking it on the lines on which it was purchased by the Bank of New Zealand. Those lines would indicate a position such as I have mentioned?—Yes, but we provided for quite an unusual safeguard we thought it prudent to take under the circumstances. I think that should be taken into consideration.

181. You mean the cover?—Yes.

182. I think I have dealt with all the figures in the Colonial Bank balance-sheet?—Your figures are according to the book, but sometimes figures are very misleading.

183. But here is the balance-sheet, which shows a profit, which even your writing-down of the landed property alone would cause to disappear. Is it not so?—Yes.

184. Alone, that would make a difference and throw the balance from one side to the other?—I think this series of questions are more suited to the directors of the Colonial Bank.

185. We, as representing the taxpayers of the colony, were the purchasers of the bank, and we are concerned to see that we have got value for our money?—We picked the best out of the business.

186. Can you explain how it is that the liquidators of the Colonial Bank brought before the Supreme Court the other day in Dunedin an item from the "A" list?—I have no knowledge of that.

187. Will you inquire as to that. It is the account of one Archibald Morton, debt £348 18s. 9d., shortage on advance on shipment of wool. The report says, "This was the case of a man who lost everything by last year's snow-storm; from being a runholder he had been reduced to the position of a shepherd. He was in the 'A' list." Was that a mistake?—I have no knowledge of it.

188. The report goes on: "A friend had offered to pay £150 in settlement"?—I should not be at liberty to go into any accounts in the list.

189. The liquidators appear to have got the assent of a Judge of the Supreme Court to their dealing with that account. I ask for an explanation?—I must decline to give an explanation about any account in the "A" list. We provided a generous margin to cover accidents.

190. But this is in the "A" list?—We are not entirely infallible.

191. I would like to know how it was that the liquidators of the Colonial Bank were purporting to deal with an account in the "A" list. Can you explain?—I do not know.

192. Can you inquire?—I can inquire, but I do not think there can be any result.

193. *The Chairman.*] But this is one of the accounts in the "A" list which the Bank of New Zealand took over absolutely?—It is apparently one of those accounts.

194. It is a dealing by the Colonial Bank liquidators of an account in the "A" list which the Bank of New Zealand has taken over with all risks?—I do not think I can give any information about it.

195. *Mr. Hutchison.*] Now, with reference to the item, Value of inscription business in London, which you estimated would increase the earning power of the Bank of New Zealand by £14,000 per annum. Do you remember that?—I remember the statement being made.

196. You put it before the Committee last year as a probable result of the country's assistance being extended again to the bank?—Yes.

197. You are aware now, I suppose, that there is an Imperial statute which prevents the inscription business being taken from the Bank of England?—I believe there is a difficulty of that kind.

198. The inscription, being under an Imperial statute, cannot be changed from the Bank of England without repeal or alteration of that statute, so that item of £14,000 must be considered as having disappeared until the Imperial Parliament passes some amending Act?—I think the Colonial Treasurer is the proper person to give a full explanation of that. He has been the medium of communication on the subject.

199. The bank is not earning that profit of £14,000 at present?—Not any part of it.

200. You also estimated an economy in the administration at £15,000 per annum, and you have handed in a document indicating the expenses of management for the last five or six years?—Yes.

201. Does not the last year show an increase instead of a decrease in the cost of administration?—Yes; but it would not necessarily have any significance as being contrary to that undertaking, because, in the first place, a considerable number of economies cannot be arranged to take immediate effect; and in the next place the bank, owing to circumstances with which the Committee is perfectly familiar, has been put to very large and unusual expenses. To what extent they have effected the comparison of the cost of working between this year and previous years I am not able to say in detail, but I should not be surprised to find that arrangements had been made, making a large saving, although we are still, for the time being, at a disadvantage owing to the unusual expense incurred by the bank during the last eight or nine months.

202. The estimate I refer to was given last year—about twelve months ago?—Yes.

203. And in view of the purchase of the other bank?—Yes.

204. Was it not intended that there should be some reduction this year as against the former year?—It is quite impossible to say to what extent the reduction has been interfered with by the unusual circumstances.

205. What are the unusual circumstances you refer to?—The great variety of expenses connected with the proceedings which have been taking place for some time. We also took over some surplus staff from the Colonial Bank. It was necessary to prevent undue hardship to a number of bank officers, and it required time for their absorption. I do not think a comparison can be made with reasonable approximation to accuracy for one or two years to come.

206. Just take the last three half-years, and I will put the total from this return to you. For the period ending March, 1895, the cost of administration was £78,190; for the next period, ending September, 1895, it was £73,804; and for the period ending March, 1896, it was £87,471?—We had a large addition to the business and a large increase in the staff.