

51. I suppose that the records of the bank would show the values put upon them by the officers whose duty it was to look after them?—I should think the values rested to a considerable extent on the reports coming to the bank from year to year from its officers. But we felt called upon to look at and examine the properties for ourselves.

52. And, as a matter of fact, you did discount those valuations by reducing them?—Yes; we found that they were, as we thought, largely in excess of their real and marketable values.

53. Have you got the same officers in the bank yet?—I am not able to say to what extent we have the same officers. There have no doubt been very large changes, and I am not in a position to identify any part of the valuations of the Waikato properties with any officers of the bank. I expect that they have been changed in different parts of the country. In some cases the men have died, and others have been retired. It would require a special investigation to find out what you indicate.

54. In the ordinary business of the bank outside the estates, have there not been losses made to the bank?—I believe that practically all those losses were outside the ordinary business of the bank, and that at a certain period—somewhere about 1890 or 1891—the accumulations became so great, and the burdens so heavy, that they found it necessary, at a very great cost, to put all those properties together and form a company to take them over.

55. Were there not losses outside what was going into the globo account in the ordinary business of the bank. For instance, there were some writings-off from time to time, you said in your evidence, and you separated the writings-off as made in connection with the Estates Company and those made in connection with other accounts in the bank?—I think it was very likely there were large losses on accounts that were determined after the formation of the Estates Company, and that necessitated a good deal of the writings-off. I think that is very likely.

56. For instance, you have told us in your evidence that £200,000 was set aside as a suspense account for the purpose of meeting bad and doubtful debts outside the Estates Company altogether?—When the directors came to Parliament last year, after absorbing the provision made by the bank for bad and irrecoverable debts, the bank wanted £376,000 more, and asked for a further provision of £200,000, because the provision was likely to be required in connection with a number of accounts which it was imprudent, as it would involve inevitable loss, to have suddenly determined.

57. But were these accounts ordinary accounts outside the Estates Company or not?—I believe they were almost, if not quite entirely so.

58. Then, the officers of the bank were responsible for those accounts, were they not?—The officers and the management were no doubt responsible; but I think it is only fair to say, so far as I am able to judge, that the management of the bank at head-quarters has, as a rule, been responsible for the dangerous and disastrous condition of many of the accounts.

59. You mean by that that the advice given by the responsible officers was on occasions set aside?—That must have been so in a number of cases; but the character of the management and oversight from head-quarters must, I think, be held responsible for the condition of the bank.

60. And not the officers?—And not altogether the officers. And that is why I made the statement the other day that a more adequate provision must be made, in view of the special character—indigenous to the colony, no doubt—of colonial banking, with a view to secure the safety of the bank, and with a view to provide to a much larger extent than is commonly done for probable, and in many cases inevitable, loss.

61. You, then, as a director of the bank, feeling satisfied that the losses of the bank in the past were not due to the officers but past directors, felt disposed to continue the present officers?—I do not think I would like to put it quite so strongly—not in so definite a way—without a special inquiry that would cover a great deal of ground and involve a good deal of difficulty. I would not like to say to what extent the officers were responsible further than to say that a large part of the responsibility has always rested with the management at head-quarters; and I would not like to say to what extent the management at head-quarters is blameworthy, because to get warrant to say that I should want to know the special circumstances.

62. Is it not necessary that you and your co-directors should have full faith and confidence in the officers who report to you from time to time?—I think it is absolutely necessary.

63. You are satisfied that those two gentlemen who were in the bank at the time the losses were made are still worthy of the confidence of the directors?—So far as I know, the officers who are in charge of the accounts, and who are charged with the inspection of the banks, I am quite willing to give them all the confidence which ought to be given to any officers in their position at any time. I do not feel free—and, I believe, all the directors think with me—to leave them to say and to do what they like. We feel called upon ourselves to deal with their reports, and to carefully examine for ourselves the grounds on which their opinion with regard to particular accounts and advances are formed.

64. But is it not impossible for the directors to know in some cases what security there is as against advances unless you are prepared to take the reports of your officers?—To a considerable extent we are obliged to trust them; but I feel strongly that what I stated the other day should be provided. The audit we now have, and which is of great assistance to the directors—which is carried on by an officer in whom we have complete confidence as to his integrity and good faith—to cover the ground fully, ought to be strengthened, and there ought to be another one to assist him, as it is more than one man can be expected to cover in view of the present position of the bank.

65. Supposing you have a manager in a certain place in the colony, and a proposition is made to him to get an advance from your bank which would pay you good interest on certain securities, and that it is desirable in the interests of the transaction that an immediate reply should be given to the proposed customer. What chance—unless you are prepared to accept the advice given to you by your local manager or inspector—have you of knowing for yourselves anything as to the security offered in that case?—We, of course, examine for ourselves the request with the condi-