

Do you consider that the rate of interest obtained for investments of that kind is the first consideration?—No; safety, I should say, would naturally be the first, and a good rate of interest the second; *and I think I secured both.* I look upon that as simply deposit account.

For two years?—Yes.

I call that investment.—The Controller-General does not hold the same opinion.

If it had been for three years, would it have been an investment?—You are asking again *for an opinion on a question that I think is hypothetical.*

You assert that you look upon it not as an investment, and I want to know what period would constitute an investment?—I do not know.

Do you regard it as a deposit and not an investment on account of the shortness of the term?—No.

Why, then?—Because it is put in the bank on deposit account.

Are you not reasonably warranted in assuming that the bank uses the money?—I should think so.

It does not hold the money there simply for safe custody?—~~I do not know.~~ It is part of its business to use it, I presume.

Notwithstanding that, you consider it simply as a deposit, and not a loan to the bank?—Yes.

Have you had experience in the management of insurance companies before you were put in this position?—No; I had a good deal to do with insurance matters at various times.

Are you aware of any insurance company which to your knowledge has invested so large a proportion of its available means in a manner similar to this?—I could not say. I know that some of the larger companies ~~even here in these colonies~~ have very large sums on fixed deposit and large sums at call.

Are you aware of any insurance company in these colonies having lent anything like £225,000 to one bank for a period of two years?—No; I am not aware of it.

Have you had any experience in financial matters prior to your being placed in your present position?—Not much; I have had a very general experience; I was in a lawyer's office as a young man, *and had to do with conveyancing and mortgages.*

I presume, in a large matter of this kind, you would feel it your duty to be guided by the Treasurer to a very great extent?—I would be guided by him as to whether or not he could afford me Treasury bills. Of course I should not have invested such a large sum without letting him know what I proposed doing.

Then, he knew and approved of it before you did it?—Yes; he consented to it.

Then, the receipts you hold from the bank for this £225,000 you do not regard as securities of such a nature as are required under the subsection of the Act of 1878 which I read?—In point of fact I *do not* and did not. Before my time these deposit receipts were in the habit of being held by the Controller-General under the three keys, but towards the close of 1879 the Controller-General said to me, "These are not securities. You must keep them yourself. It is simply another account which the Commissioner has opened in the bank. They are not securities. Take them away and keep them yourself;" and that I have done ever since.

Is that why you did not think it necessary that Parliament should be informed what the transactions were?—Parliament is informed of it *in due course* in the regular annual accounts of the department, which show all the securities held.

Is this deposit of £225,000 shown in any published record?—No; because, by the Public Revenues Act of last year, the financial year of the department was changed so as to end on the 31st December instead of the 30th June *as formerly*; and, therefore, the published accounts ~~only came~~ *were only* up to the 31st December last. Before the Public Accounts Committee I have submitted a draft account for the half-year ending the 30th June, in which ~~this is~~ *these deposits* are shown.

That is not before Parliament yet?—No; *the statutory period had not arrived.*

You supplied that information *to the Committee* in reply to a question asking for it?—Yes.

How came this money to be dealt with in that way? Can you, of your own motion, without even the verbal approval of the Treasurer, do it?—If you turn to section 10 of "The Public Revenues Act, 1878," you will find that the account of the department can be operated on only by the cheque of the Commissioner, countersigned by the Controller-General.

It was in that way these moneys were transferred?—It was.

Transferred from ordinary account to this form of investment or loan to the bank?—Those are not my terms.

Section 12 of the Act of 1878 says all moneys in the bank are lent to the bank, so you are familiar with the terms?—Yes.

But you do not hold that you would be at liberty to undertake an enormous transaction like ~~this~~ without the knowledge and consent of the Treasurer?—I do not think I should be right without ~~telling~~ *consulting him.* But it is simply a transfer of account. I believe the law gives me power to do it, acting with the Controller-General.

Do you believe the law gives you power to invest an unlimited amount for an indefinite period in the same fashion? Has the law, according to your interpretation of it, placed no limit to it in that way?—I do not know; that is a legal question.

You told us you believe ~~you~~ were acting under your legal power. Now, I ask if what I have stated would be within your power?—You speak of an unlimited amount and an unlimited period, and you expect me to give a sensible answer.

Yes?—Well, I cannot do it.

You do not think a quarter of a million for two years is an unreasonable period or amount?—No.

And the Treasurer agreed with you?—Yes.