

Have you continued to make fixed deposits since then?—Yes; up to 1880.

Is the Colonial Treasurer's approval necessary before you make these deposits?—No.

How much had your department on fixed deposit on the 25th March, 1879?—£120,000, I think.

And how much on the 30th September, 1879?—£80,000.

Why did you place the money on fixed deposit?—There was no other outlet for investing the money.

Would it have been in the interest of the Bank of New Zealand to have left the money in current account instead of placing it on fixed deposit?—Yes, undoubtedly.

Why?—Because the Government only received at the rate of 3 per cent. on its current balances, and when the money was placed on fixed deposit $5\frac{1}{2}$ and 6 per cent was paid by the bank.

Then the deposits were made in the interest of the department?—Yes.

Mr. Dargaville.] What was the longest term for which money was lodged in that way?—Twelve months.

Are you one of the gentlemen who have the custody of these moneys and the control of them?—No; I am not one of the Trust Fund Commissioners.

You can give no opinion or evidence as to why they did this?—The fixed deposits on behalf of the Post Office were made on the authority of the Postmaster-General. These deposits were made entirely outside the authority of the Trust Fund Commissioners, and in the interest of the department by the Postmaster-General of the day.

You are not aware of any deposit having been made at any time for such a long period as two years?—No.

This £120,000, was that in one amount?—No; in several.

Extending over a considerable period?—About eighteen months.

This £120,000 was the highest aggregate amount at any one time?—Yes.

You had your answer ready to that question. I presume you had an intimation from the Treasurer that you would be examined on this particular subject?—I had an intimation from the Colonial Treasurer that I would be examined on the subject of fixed deposits, and therefore I came prepared with those figures.

Then you are virtually, so far as these moneys are concerned, a subordinate officer to the Trust Commissioner?—No; to the Postmaster-General.

And you can give no explanation of the reason which induced him to invest these moneys in that way?—Yes. The Treasury had no securities the Post Office could buy with its surplus cash, and there was no other outlet for the money. It was then decided it would be far better to place the surplus on fixed deposit than to leave it in current account, because of the difference in the rate of interest.

Were there no mortgages available?—The Post Office is not permitted to lend on mortgage.

Are you not permitted to lend money, with the approval of the Treasurer or under an Order in Council, on good security?—Since 1882 we are; but prior to that date there was no such approval required.

Not under "The Public Revenues Act, 1878"?—No. Under that Act the Postmaster-General could invest in such security as he thought fit without any reference to the Treasurer, but with the authority of the Governor in Council.

Mr. LUCKIE, further examined.

The Chairman.] You were required to produce certain documents to the Committee; will you produce them?—Yes (see Appendix). Then I was to ascertain at what date the Controller and Auditor-General handed me over the deposit receipts referred to. It was on the 5th April, 1879.

Mr. Dargaville.] This manuscript of Mr. Luckie's evidence has only just been put in my hand. I have not had time to read it, but it is very clearly in my mind that Mr. Luckie stated yesterday in part of his evidence that he acted on the presumption that those moneys, in terms of the bank's agreement, could not have been deposited with any other bank, or could not have been distributed amongst the other banks for safety. I ask him, was I right in that?—Yes.

I think Mr. Luckie also stated that he acted upon the conviction or impression that the moneys were withdrawable at any time from the bank. Is that so?—Yes; on forfeiture of interest.

I understood him to say that he believed that the Public Revenues Act, or one of the Acts, provided that these moneys might be withdrawn from the bank on demand?—I believe so.

At the time the money was so invested, were you under that impression?—Yes.

Now, Mr. Chairman, I undertake to show that Mr. Luckie was entirely wrong in both impressions. I have before me the agreement between the bank and the Government. It will be found in the Appendix to the Journals of the House of Representatives, 1880. The second clause of that agreement provides: "All moneys paid to the Government shall, subject to the terms of this agreement, be deposited with the bank: Provided (1) that whenever the balance at credit of the Public Account or the New Zealand Public Account, either alone or taken together, shall exceed three hundred thousand pounds, the Treasury shall at any time be at liberty to invest such excess in interest-bearing securities, or in fixed deposit with any bank; and (2), further, that the Treasury shall have the like powers of investment in respect of all or any part of the moneys at credit of the Receiver-General's Deposit Account, the Post Office Account, the Government Insurance Account, the Public Trustee's Account, or other special accounts of the Government." I submit that there can be no other interpretation put upon that but that the Insurance Account moneys may be deposited with any other bank or banks. I also venture to say that there is no provision in "The Public Revenues Act, 1878," authorizing the withdrawal, as stated, of any money lodged in