

the bank for a fixed period before the time is up. The 34th clause of that agreement says, "Nothing in this agreement shall be deemed to prejudice any right or power which the Governor in Council or any Commissioners appointed by him may have under the fifty-third section of 'The Public Revenues Act, 1878.'" The 53rd section of "The Public Revenues Act, 1878," refers only to moneys in the United Kingdom. I have perused all the Acts carefully, and I assert, without fear of being contradicted, that there is no provision for the withdrawal of these moneys on demand, and that the terms of the contracts made with the bank respecting these loans very clearly prohibit such withdrawal. Therefore I assert that the opinion that Mr. Luckie has given—firstly, as to his inability legally to invest these moneys in any other bank but one; and, secondly, as to his ability to withdraw the moneys on demand at any time from the bank—these opinions were based on an entire misapprehension of the state of the law, and in ignorance of the terms of this agreement made with the bank. I wish to place this on record before proceeding any further. Further, I may say that I have asked a gentleman who has some experience in these matters (Mr. Larnach) to be present here this morning. He was at one time Colonial Treasurer, and was a bank manager for some years. I wish to place his evidence on record for the purpose of showing that this transaction could not in the ordinary sense of the term be regarded as a deposit in the bank, but as a loan and an investment of moneys for a term in every sense of those terms.

*Hon. Major Atkinson:* I do not propose to raise any objection to this, but merely wish to point out for what it may be worth that Mr. Dargaville's case closed yesterday, and now he wishes to produce what he thinks is evidence to discredit that given by his principal witness. I wish that to be placed on record.

*Mr. Dargaville:* Mr. Hardcastle, our local Resident Magistrate, tried a certain case recently, and refused to hear certain witnesses when the plaintiff's case was closed. Consequently a gross miscarriage of justice occurred. The Treasurer, apparently, is now desirous of acting like Mr. Hardcastle.

*Hon. Major Atkinson:* I said distinctly that I raised no objection whatever, but I merely wished to point out the way Mr. Dargaville is catching at straws.

*Mr. Macandrew.]* Did Mr. Luckie examine the records of the department prior to 1878 as to the respective dates of fixed deposits in the bank?—Yes. At least, I have instructed the clerk in charge to do it, and he made out the list produced.

That list contains the whole?—Yes.

*Mr. Macandrew.]* Do I understand that during the thirteen years this department has been in existence, collecting money, they have never had a fixed deposit in the bank until 1878?—That is the information I have from my officers. There is no record of any deposit receipt prior to that date.

*Mr. Driver.]* My recollection of it is that the department dragged on very slowly for a number of years, and until about that time moneys did not begin to accumulate?—In June, 1878, the accumulated fund was £292,000, and before that the funds were chiefly absorbed in Treasury and deficiency bills.

*Hon. Major Atkinson.]* Were you summoned as a witness, Mr. Luckie, before to-day?—Yes; I attended yesterday on summons.

Were you in attendance the day before?—I was.

At whose request did you come here?—Mr. Dargaville met me on the previous night and asked me if I could be present as he wished me to attend as a witness. I wrote to Mr. Mercer, the clerk of the Committee, telling him I would be in the Under-Secretary's room, where I waited for an hour and a half.

Ready to give evidence at the request of Mr. Dargaville?—Yes.

What is your position?—I am Government Insurance Commissioner.

When were you appointed?—On the 26th February, 1879.

Who was then Prime Minister?—Sir George Grey.

Were any insurance moneys at the Bank of New Zealand on fixed deposit when you took office?—Yes; I have given a list.

How much?—On the 28th February, 1879, there was £74,000. I was appointed on the 26th.

Did you continue to make fixed deposits from time to time?—Yes.

Did you consider it necessary under the law to consult the Minister of the day whenever you made a fixed deposit?—No; I did not.

What was the date of the first deposit made by the department?—19th February, 1878.

What was the amount you had on fixed deposit on the 25th March, 1879?—£89,000.

What was the amount on the 30th September, 1879?—£70,000.

With reference to the sum of £225,000 now on deposit at the Bank of New Zealand, did you consult me before you made it?—Yes; I came to see you.

Why?—Because I wanted to see whether I could get any advice from you with respect to other investments—Treasury bills and the like.

Were you compelled by law to get my approval before you made this deposit?—Not according to the law, as I read it, and as I have acted upon it.

If I had declined to give you my advice on the question, what would you have done?—If I had no other means of investing the moneys I should have put it in the bank on deposit, inasmuch as I should have lost 3 per cent., at any rate, if I had allowed it to remain on account current; and the interests of the office demanded that I should secure a better rate than that.

That is to say, if you have authority by law to deposit the money, it was done without my assent?—Provided I had the concurrence of the Controller and Auditor-General, who must counter-sign any cheque with me before it becomes a valid transaction.

You can make a deposit of this sort without previously consulting the Treasurer?—Yes.

Has the Treasurer anything to do with the custody of insurance moneys or with the accounts?—None whatever.