

Mr. Driver.] Not without the concurrence of the bank?—I should think not; I should think that money deposited for a fixed term would be of the nature of a contract, and that you would want the concurrence of the bank to withdraw it.

You take it that for the first year it cannot be withdrawn without the concurrence of the bank?—I should say not until the period had expired.

Then, I understand you to say, it could not be withdrawn?—Not without the concurrence of the bank.

Mr. J. E. Brown.] According to the Public Revenues Act, is not all Government money in the bank, whether on deposit or not, public money, subject to be withdrawn at any time, whether the bank may consent, or not?—I should think the money could not be withdrawn until the expiration of the six months' notice to terminate the agreement with the bank.

Are you aware that the Public Revenues Act makes all Government money public money, which can be operated upon at any time?—I should think not. All Government moneys could not be withdrawn except by ending the agreement, which requires six months' notice.

Please look at these deposit receipts, and tell us whether they are not receipts of transfers from one account to another—from an account bearing interest at 3 per cent. to one bearing 6 per cent.?—That is so. The money is taken from one account and placed in another at the bank; but it still remains at credit of the department, and can be operated upon by the Insurance Commissioner and the Controller-General at the expiration of term just the same as any ordinary account.

And drawn out by cheque to-morrow?—Yes; the bank consenting.

You observe that this receipt is for a voucher, not to an individual?—It is not customary to name in deposit receipts the persons in whose favour they are drawn.

This is simply a transfer from an arrangement bearing 3 per cent. to an arrangement bearing 6 per cent.—Yes.

Mr. Dargaville.] Do you say that the money might be withdrawn at any time by cheque?—With the consent of the bank.

Mr. Macandrew.] I understand you to say that fixed deposits with the bank can be withdrawn on six months' notice from the Government?—The Government account can be withdrawn at six months' notice. Deposits would be subject to special arrangements made with the bank.

If the bank chose to insist that the deposit should remain the fixed time, could it be withdrawn in that case?—That would be a legal question. I am not competent to answer it.

Mr. Montgomery.] In your opinion, could that money mentioned in that agreement be withdrawn within twenty-four months of the date mentioned there if the bank would not consent?—I believe there has been a legal opinion given that it could be withdrawn.

Do you believe this is a contract?—I believe these fixed deposit receipts are of the nature of a contract.

Do you believe, or do you not, that the bank can refuse to pay any of that money until the end of the term?—That is a legal question.

But, upon the face of it, this is a contract, you think?—Yes; it is a contract.

Statement, put in by Mr. Gavin, showing the Moneys standing in fixed Deposits with the Bank of New Zealand on the 25th March and 30th September, 1879, respectively, on behalf of the under-mentioned Departments:—

	25th March, 1879.			30th September, 1879.		
	£	s.	d.	£	s.	d.
Post Office	120,000	0	0	80,000	0	0
Government Insurance Department ...	89,000	0	0	70,000	0	0
Commissioners of Public Debts Sinking Funds	44,953	11	6	...		
Public Trust Office	9,000	0	0	...		
Totals	£262,953	11	6	£150,000	0	0

JAMES C. GAVIN,

Treasury, Wellington, 28th August, 1883.

Secretary to the Treasury.

Hon. Major Atkinson.] Sir, I would like now to point out to the Committee that the charge is that the Government "lent the sum of £225,000 of trust funds, over which the Treasurer had control, to the Bank of New Zealand, without security, for a term of years, in a manner not contemplated by the law." Sir, I have shown by the statement of Mr. Luckie that the Government had no control whatever over this money; the Treasurer had no control over this money; the Government did not lend the money; but the Commissioner deposited not lent it any more than moneys on deposit in the Bank are lent. But, to make it still clearer, as this is only the opinion of the Commissioner—who has, however, had the control of these funds for years, and has operated on them by cheques countersigned by the Controller and Auditor-General—I put in the opinion of the Solicitor-General to show how far the Treasurer has control over the funds of the Insurance Department. I will read it (see Appendix B., No. 2). I would state that since I have been at the Treasury that is the principle upon which I have acted. I have had no doubt about the law all through, and in any communication with the Commissioner I have always told him that the responsibility in these matters rests upon him with regard to fixed deposits, because they are nothing but a change in the accounts—they are simply really a sub-account under the general account. And in further proof of that I will put in the opinion of the Solicitor-General, also ascertained since this case arose, with a view of making it quite clear, but upon which the office has acted for years, ever since Sir George Grey was in office. I will read an opinion given by Mr. Stout, the Attorney-General, and Mr. Reid, the Solicitor-General, in April 1878 or 1879, that these moneys fixed deposits are not securities under the Public Revenues Act, but, being public moneys in the Government Bank, they are liable to be dealt with as public moneys. There seems to be no doubt about that by law that is so. Here is that opinion (see Appendix B.,