

100. Yes?—I had an impression of hearing of a case some time ago where they had paid overdue interest, but I could not turn it up. It is only an impression running through my mind. I have never heard of the opposite—that they have ever had any difficulty.

101. Is it not likely that the same position as that before us may occur again, as the law stands now?—Yes, quite likely.

102. That means that the matter has to go before the Solicitor-General, that an Order in Council has to be obtained, and the question be brought before the Public Accounts Committee?—Yes.

103. Well, now, what suggestion do you make to relieve that situation, or have you any suggestion to make to relieve such a situation?—The suggestion I would make would be that the Controller and Auditor-General should alter his opinion.

104. What objection would there be to stating in the Act that where bank holidays intervene and debentures fall due, and owing to the banks being closed the moneys cannot be paid—you limit it to that specific case—interest can be demanded by the debenture-holders and be paid by the Colonial Treasurer?

105. *Mr. Warburton*: How would it do to provide that if the due date for the payment of interest and debentures falls on a holiday, the money be paid on the day before?

*Mr. Heywood*: The law now provides that if a payment falls due on a Sunday it shall be made on the Saturday.

*The Chairman*: I had just finished writing this when *Mr. Warburton* spoke, "Following the forms of the Bills of Exchange Act, when the date of payment is a bank holiday under 'The Banks and Bankers Act, 1880,' payment of debentures may be made on the succeeding business day, and interest to such day shall be deemed to be interest payable in respect to such debentures."

106. *Right Hon. R. J. Seddon* (to *Mr. Warburton*).] Would you think it would meet the case if we made provision for it where, owing to bank holidays, the payment could not be made?—I think that would meet the case.

*Mr. Heywood*: I see no objection to that, because the purpose for which the alteration is proposed to be made is specific. I might say that it seems to me most extraordinary for this sort of thing to occur. We never hear of these things happening in other parts of the world, except in New Zealand. Curious views are held on these subjects by some people.

107. *Mr. J. Allen*.] Perhaps they pay on the previous day?—Not if bank holidays occur.

*Mr. Warburton*: I think it would be more in accordance with business arrangements to pay on the previous day.

108. *Hon. Sir J. G. Ward* (to *Mr. Warburton*).] This might arise: a person might live in the far north or in the far south, and he might forward his debentures to get here on the due date. Under the banking law interest is payable on an overdue mortgage just the same, is it not?—Yes, that might happen; but debenture-holders look after their money so well!

109. *Mr. J. Allen* (to *Mr. Heywood*).] I understand that you maintain it is legal to pay interest under the Loan Act, even after the debentures become due?—Yes.

110. How long would you consider that legality would remain under the Loan Act?—Clearly, until the principal is paid off.

111. It might remain for twenty years?—I think so, or fifty or a hundred years.

112. *Mr. W. Fraser*.] When a debenture falls due, how do you pay the man that holds it—by cheque or by cash?—We pay everything, as a matter of fact, by cheque. If it is paid through the Treasury Cashier it is paid by cheque.

113. You pay by cheque?—Yes.

114. Supposing that debentures fell due on the 1st April, a bank holiday, could you not have a marked cheque for each person who held debentures, and arrange that he should receive his cheque? It is nothing to you that the man cannot get it cashed for four days. Could that not be done?—It could be done in a good many cases, possibly, but the initial difficulty would be that we could not get the bank order down to the bank to protect my cheques.

115. You could not arrange beforehand?—Not until the 5th.

116. Not on the 30th March?—Then, you see, we should be charging it in the wrong year, supposing it had been on the 1st April—

117. Say, the 31st March?—Very well. If we had got that down to the bank on the 31st March it would have been made a charge in the wrong year.

118. Suppose we make it, for sake of argument, a holiday, on the 1st June?—There would not have been the same difficulty then.

119. That is only a difficulty arising out of the fact of the 31st March being balance-day?—Yes. That is one of the gravest difficulties.

120. There was nothing to prevent the Treasury paying the holders of these debentures cheques on the 1st April, except the inconvenience of charging to the previous year's account a payment due in the next year. Is that not so?—I think it could have been done if it had been at another period of the year.

121. It could have been done but for the inconvenience of its being the balance-day?—Yes. I duly considered that position at the time, but the law was in my favour—that the money was not payable till the 5th.

122. You thought the law was in your favour?—The banking law is that payment is to be made on the first day succeeding the banking holiday. Therefore, it was not payable until the 5th.

123. The banking law in regard to what—debentures?—The banking law in connection with payments of bills of exchange at the bank.

124. Do you call a debenture a "bill of exchange" or a "mortgage debenture"?—I think we always call them "bills of exchange." I do not consider them mortgages.

125. You know that an overdue mortgage carries interest until it is paid off?—Yes.