more money to find than the £500,000; therefore if we paid him the £5,657 10s. 6d. in addition he would have that amount in addition to hand over. That being the case, I consider it is not right he should have more than the original sum which the Act provides for. Therefore, if we handed a cheque to him for this amount he would at once hand it back to us. Of course all he is concerned with is the £500,000.

24. *The Chairman.*] How long have you been in the Treasury, Mr. Heywood?—Going on for thirty years.

25. How long have you been Secretary to the Treasury?—About nine or ten years.

26. How is it that you and the Auditor-General never agree on questions affecting the Treasury?—Well, I think that is making an assertion without due consideration. Mr. Warburton and myself are on perfectly good terms, and if we disagree at all, it is only officially that we disagree. I may say that, if the Committee hears that we are constantly disagreeing, such is not the case, as we constantly agree.

27. You do not answer the question. Why do you always disagree?—With all due respect, I say we do not always disagree.

28. *Mr. Fraser.*] Coming back to the matter which we have before us now, I would ask you whether you disagree with the Auditor-General's reading of section 8 of "The Bank of New Zealand Act, 1895"? What is the strict meaning of that law?—I should like to reply that the question, having been referred to the Solicitor-General by the Treasury, we are always guided by his opinion, and I should not like to give an opinion of my own on a question of law which he has given an opinion on. He gave his interpretation of the section, and the Treasury accepted that interpretation.

29. Do you think, where the law says that the money shall be paid to the Public Trustee, the law is complied with by the money being paid to the Treasury, instead of the money being paid to the Public Trustee direct?—Of course, I can only say that my interpretation of the law would be what I thought was the intention of the Act; but my opinion as a layman might be utterly wrong as regards the reading of the law by a lawyer. It appears to me that the intention of the law was that the sum of £500,000—the liability incurred for the bank—should be paid over to the Public Trustee. That has been done, and, in my opinion, that is clearly the intention of the law.

30. Did it comply with the strict letter of the law?—You have the interpretation of the law by the Solicitor-General, and as against that I cannot advance an opinion of my own, which would not be of the slightest value.

Rt. Hon. R. J. Seddon: He has expressed an opinion in the correspondence, and the question now is whether he will alter that opinion.

Mr. Fraser: He has expressed an opinion in the correspondence.

Mr. Heywood: I said I would not express an opinion on the law after the Solicitor-General had given his opinion. The matter on which I expressed an opinion in the correspondence is a totally different one from the present one, as you will see if you look at No. 3, page 9, of the correspondence.

Mr. Fraser: What I wanted to show was, that the Auditor-General was perfectly right in his objection on the strict letter of the law.

31. *Rt. Hon. R. J. Seddon.*] No. 5 is the one on which Mr. Heywood relies. Is it not so?—That is so. It has nothing to do with the Public Trustee. The opinion expressed there is my opinion at that time, and I have not altered it since.

32. *Mr. Fraser.*] The Treasury has to find the interest on the £500,000 of the public creditor: has it not?—Yes.

33. The Treasury has to pay in the future 3½ per cent. on £500,000 inscribed stock in half-yearly payments?—Yes.

34. How is the Treasury to pay it?—Out of the Consolidated Fund.

35. Do you think that is right?—It cannot help itself if it is not recouped.

36. As the Public Trustee will keep in his account the accumulation of interest?—That would be entirely wrong.

37. What power has the Public Trustee to pay that interest?—I cannot give you information as to how the Public Trustee pays over money, except that he does it in his own way, presumably in accordance with law.

38. *Mr. J. Allen.*] Do you think there is an amendment in the law required to provide that if the Public Trustee receives the interest on the £500,000 he should pay it into the Consolidated Fund to meet the interest on the inscribed stock?

Rt. Hon. R. J. Seddon: What has that to do with the question?

39. *Mr. J. Allen.*] It has everything to do with it. I ask whether he thinks an amendment of the law is required to enable that to be done?—I reply to that, that if there is a real difficulty in the payment or in the receipt of the money the law should be amended.

40. Will there be any difficulty?—I cannot, of course, say that until the occasion arises.

41. Take the question of the £5,657 10s. 6d. If that is paid into the Treasury, and the Auditor-General maintains that it should be paid to the Public Trustee, and it is so paid, under what authority can the Public Trustee pay it back into the Consolidated Fund?—I cannot answer that question, for it is a matter of administration by the Public Trustee. I do not know what authority there is, but I do not think there would be any difficulty. The Public Trust Office has its own system of administration.

42. But you are Secretary of the Treasury of the colony, and surely you are acquainted with all these things?—Not with the administration of the Public Trust Office.

43. Surely you are acquainted with the law as far as it affects the finance of the colony?—Not with the law connected with the administration of the Public Trust Office.

Rt. Hon. R. J. Seddon: Has there been any question raised yet before the Committee as to what is to be done in regard to the payment of the interest?