

136. Has there been a change made in the system by the present head of the Audit Office, as far as London is concerned, from that which existed under the former head of the Audit Office?—I, of course, cannot make any answer of any value in connection with that. I do not know what instructions the Auditor has given to his officer in London, except those shown in the correspondence disclosed in the evidence given by him.

137. What course do you suggest to be taken to prevent the recurrence of disputes between the Treasury and the Audit Department?—I suggest the adoption of the post-audit system to clear away a great deal of the trouble.

138. You suggest that the post-audit system should be adopted?—Yes; it would clear away the embarrassment of the Government so far as it concerns the public. Of course, it would not in any way interfere with the ultimate objections of the Audit Office to the Treasury actions; but under our present system it so often happens that the disputes between the Treasury and the Audit Office are disputes which affect public interests at the moment, and possibly jeopardize the credit of the colony.

139. By "embarrassing the Government" I presume you mean embarrassing the colony?—Yes; embarrassing the public interests of the colony.

140. There have been, I understand, Mr. Heywood, many occasions on which you, as head of the Treasury, have required to consult the Solicitor-General upon points of law connected with the administration?—Yes; very frequently I have done so.

141. Am I right in stating that the Treasury accepts the advice of the Solicitor-General upon the interpretation of the law, and that nothing further is heard of it—I mean, the fact of the acceptance by the Treasury of the advice of the Solicitor-General renders all reference to the public, either through Parliament or in any other way, unnecessary?—That is so.

142. A number of disputes take place on points of law, which are referred to the Solicitor-General, and of which neither Parliament nor the public ever hear, in consequence of the advice of the Solicitor-General being accepted by the Treasury?—Yes, that is so.

143. It is a fact, then, that in the disputes on legal points between the Audit Department and the Treasury, when the advice of the Solicitor-General is not accepted by the Audit Department, then, and then only, the opinion of the Solicitor-General—in that case, of course, adverse to the view of the Audit Department—comes before Parliament?—Yes.

144. It would be quite an erroneous assumption that the opinions of the Solicitor-General are always one-sided as against the Audit Department?—Quite erroneous.

145. It is a fact that they are more frequently against the Treasury upon legal matters?—I would not say that would be the exact proportion. In each case as it arises, if I consider it necessary to do so, I ask the opinion of the Solicitor-General upon the points raised by the Audit Office, and if he considers the Audit Office is right there is an end of the matter, so far as the Treasury is concerned. If the Solicitor-General does not agree with the Audit Office, and the Colonial Treasurer considers it proper to continue the matter, then ultimately it reaches its various stages through the provisions of the Public Revenues Act.

146. I presume, Mr. Heywood, that it would be much more satisfactory if there was some system that could be established that would avoid the recurring difficulties between the Treasury and the Audit Department upon questions of law as far as they affect the administration of the finances of the colony?—I do not anticipate that any system could be framed by which differences of opinion in the interpretation of the law could be prevented. Somewhat similar provision has been made throughout the various States of Australia, and the Commonwealth has adopted the same principle—*i.e.*, reference on occasions of dispute.

147. To the Governor?—Yes; or to the Committee of Public Accounts; and, in the case of the Commonwealth, to the Attorney-General to decide upon.

148. That is one of the necessities of the position, of course—that there must be some differences between the Audit Department and the Treasury?—Yes. I do not complain at the Audit Office raising objections when they consider it their duty to raise them.

149. Well, with regard to the three-thousand-pound draft, you are of the opinion that the course followed of advising that this was to be charged to General Imprest was the only alternative to the bank order?—I am of the opinion that the amount could be legally charged by the Agent-General to General Imprest.

150. *Mr. W. Fraser.*] On what date, Mr. Heywood, were the instructions sent from the colony to London to honour Major Pilcher's draft?—I cannot give you any dates outside of these papers.

151. About how long—I do not want the exact time—before the telegram was received from Mr. Palliser had these instructions been sent?—I am not clear whether I informed the Agent-General when I received notice from Major Pilcher that he desired to pay these expenses, and asked me how he was to do it. I do not remember whether it was at that time or during the month of June.

152. What time would that be?—Well, you see, the draft was drawn in the month of June, and the cable of the Audit Officer in London to the Controller would be about the time the draft itself arrived in London.

153. That is so?—Yes; so that it might have been three weeks previously to that that I sent the instructions to the Agent-General.

154. To honour Major Pilcher's draft?—That would perhaps be the time that Major Pilcher was cabling to me about it.

155. Do you remember what the form of the instruction was generally?—To the Agent-General?

156. Yes, in reference to Major Pilcher's draft?—I think I told him to honour a draft of Major Pilcher's not exceeding £3,000, and pay out of General Imprest.

157. You did not know at that time what the exact amount of the draft would be? You made