

a statement that this cable of Mr. Palliser's imperilled the credit of the colony; is it not a reasonable inference that he would not have sent the cable asking for a reply unless he was satisfied that there was time to get a reply before the draft matured?—Well, I could not say what inference could be drawn.

158. Could that inference be drawn?—It could be drawn.

159. What sort of man is Mr. Palliser; is he a good business-man?—A very excellent man, indeed.

160. Then, it was a reasonable inference to draw—that there would be time to get a reply to his telegram before the draft matured?—Yes, I think that is a perfectly reasonable inference.

161. And, I presume, if the cable had broken down and he had not got a reply he would have had to act on his own responsibility?—I assume that he would.

162. Then, how would the credit of the colony be imperilled in that case?—The credit of the colony would be imperilled by an unknown action on his part. We could not know what he was going to do.

163. You never know what he is going to do?—We had before us evidence that he was doubtful about his course of procedure, and that he was going to get instructions from the Controller about it, and until those instructions had been given it was, of course, perfectly indefinite to us as to what he was going to do or not going to do, and therefore if the draft matured during these deliberations there was a distinct peril to the colony's credit.

164. You admitted just now that it was a reasonable inference, from the fact of his telegraphing out for instructions, that there was time to receive a prompt reply before the Bill matured?—Yes.

165. Having a doubt as to what his proper course of action should be, was it a proper thing for him, knowing there was time to get a reply, to ask for instructions?—I offer no opinion as to whether it was a proper thing.

166. How could his action in so telegraphing out imperil the credit of the colony?—The want of a prompt reply would imperil the credit of the colony.

167. Will you tell me how, please?—We will suppose, for instance, that the draft had been a demand draft—

168. Then he would not have telegraphed?—I do not know, I am sure.

169. You have admitted that it was a reasonable inference that there was time for Mr. Palliser to get a reply, or he would not have asked?—Yes.

170. Well, if the cable had broken down and the time within which he expected to get a reply had passed, he would have had to assume his own responsibility to act; was he a man likely to imperil the credit of the colony in that case?—I cannot say in the least what difference there might have been in his actions.

171. My question was, Was Mr. Palliser, from your knowledge of him, a man likely to imperil the credit of the colony through not receiving a reply?—I can distinctly say that originally he was not a man at all likely to imperil the credit of the colony, but under the instructions which may have been given to him by the Controller—

172. What instructions?—I say that under instructions which may have been given to him by the Controller—I am merely taking a supposition—it is quite likely that he would not act on his own responsibility at all; he would throw the responsibility upon the Controller.

173. Had you any knowledge, at the time you assumed that he was imperilling the credit of the colony, that the Auditor-General here had instructed him?—I had no knowledge. I have knowledge, as you see by the evidence, that correspondence has gone on between the Controller and his clerk.

174. Since?—Yes. I do not know what correspondence may have gone on before.

175. Your answer to Sir Joseph Ward, Mr. Heywood, was specific—that the action of Mr. Palliser in telegraphing out had placed the credit of the colony in peril. That is a very strange statement to make, and I wanted to know on what grounds you based it?—I endeavoured to explain it to the best of my ability.

176. Well, we will leave that now. Do I understand you, in quoting that clause of the Public Revenues Act of 1891, to assume that the £60,000 may be used for unauthorised purposes?—I do assume that.

177. Then, you would assume that there is a limit of £150,000 in the colony for unauthorised, and £60,000 in London?—That might be so.

178. But is it so?—It would be so if that was the case.

179. My impression is that you assumed that that £60,000 was available for unauthorised purposes; now, is it absolutely so or not—you must know whether it is or not?—I distinctly think that it is available for unauthorised purposes.

180. Therefore your interpretation of the law is that there is really £210,000 as a limit to unauthorised—£150,000 in the colony and £60,000 at Home?—Oh, no. So far as the Treasury was capable of charging the unauthorised, it would be bounded by the £150,000.

181. The £60,000 would come out of the £150,000?—Yes.

182. When it came to your knowledge, Mr. Heywood, that this cable had been sent out by Mr. Palliser to the Auditor-General, why did the Treasury object to paying by bank order?—One of their reasons was that they did not consider it was necessary.

183. Was there any other reason?—Yes. I think that the other reason was that the limit of unauthorised was very narrow indeed. It was not advisable to trench upon it unnecessarily.

184. The Auditor-General stated in his evidence, I understood, that unauthorised was not up to its limit?—It might not have been up to its limit, but it might have been rapidly approaching it, when every penny of the £150,000 was necessary to be conserved. It is my duty then not to allow anything to be charged if it can be helped.

185. Then, do I understand you to say that, by virtue of that particular section that you