

quoted, the Treasury feels at liberty to pay for services which have not been authorised by Parliament out of General Imprest?—Yes, that is so; that the Agent-General might pay the moneys.

186. At your direction?—At the direction of the Treasury, or by his own action.

187. Was there not a specific direction in this case for him to do it?—There was a specific direction by the Treasury for him to do it.

188. The Agent-General, I presume, has knowledge of what sums are authorised; he gets copies of the Appropriation Act?—Yes.

189. Then, if he has to pay a sum which he knows to be unauthorised, would he pay that sum out of General Imprest or out of Unauthorised Expenditure?—He must pay it out of General Imprest if he has not had it in requisition for Unauthorised.

190. Is it his practice to do so?—Yes; it is of daily occurrence.

191. Sums not authorised?—Sums which are unauthorised.

192. Unauthorised to his knowledge?—To his knowledge? Well, yes; you might say “to his knowledge.” I might explain that. Under the provisions of the section referred to, he would be, in accordance with my idea of what is the law, and as explained by the Solicitor-General, justified in charging unauthorised expenditure to the General Imprest Account.

193. Has the Solicitor-General ever advised you upon the interpretation of that particular clause?—Yes; and it is here in his opinion, which is given in the papers.

194. What is the number of the clause?—63 is the one in the Act.

195. You say distinctly that the Solicitor-General holds the same view that you do—that under section 63 there is a limit of £60,000 of general imprest which the Agent-General can use for unauthorised services?—That is my clear opinion.

*Mr. J. Allen* : I wanted to ask some questions, but the papers are not here. I wanted to know how the Treasury heard of this draft, and when they heard, and so on; but as Mr. Heywood has not got the documents we cannot get the information.

*Witness* : Perhaps I can tell you what you want to know from memory. If the draft is dated the 3rd June, as has been stated, it would be, I suppose, at that time when Major Pilcher telegraphed over to know how he was to arrange for the payment of the money, and I would then advise him that he would draw on London for what he wanted, and I would advise the Agent-General to honour the drafts not exceeding £3,000.

196. *Mr. J. Allen.*] Why did you advise him to draw on London, and not on the colony?—Because that is the usual method of settling between the Cape and ourselves. It is the commercial practice.

197. You advised him to draw on London?—Yes.

198. Did you know at the time that it was unauthorised expenditure?—Oh, yes.

199. That £3,000 is unauthorised expenditure?—It was unauthorised expenditure; it is not now.

200. Then, on or about the 3rd June you knew about this?—Yes.

201. And you knew the amount?—No; I would not know exactly what Major Pilcher had drawn.

202. What did Major Pilcher send you from Cape Town?—He sent a telegram that he expected the expense would be about £3,000, and asked how he was to get the money.

*Mr. J. Allen* : I think we ought to have that telegram produced, and the correspondence.

*Witness* : I have no objection. I was not aware that the Committee was going to consider this particular paper to-day.

203. *Mr. J. Allen.*] You made a statement that the colony's credit was in danger. I cannot see how it was. These negotiations started on the 3rd June, and the draft was not paid till the end of June. Who was the draft sent to?—The Agent-General.

204. Was it sent through the bank?—It was sent through the Standard Bank.

205. What was the position of the draft: was it payable until it was accepted?—No.

206. Or sighted?—Not until it was sighted.

207. Until the Agent-General accepted it it was not payable?—No.

208. Did you know when it was sent away from Cape Town?—No, I did not. That was the whole trouble with me—as to when it reached Home.

209. Did you know that it was not sent on the 2nd June?—I did not know anything about it at the time.

210. When was your correspondence with Major Pilcher, because the draft was not sent when you had the correspondence?—No, not to my knowledge.

211. It could not have been; you advised him what to do?—Yes.

212. He would not have sent the draft till you advised him?—No, certainly not; but I would not know when he sent it afterwards.

213. Did you know that up to that date he had not sent it?—No.

214. When was the date of your last correspondence with him advising him to send the draft?—Some time about the beginning of June, I suppose.

215. Very well. Then, he did not send it away from Cape Town, so far as you know, until the beginning of June?—That is so; but I can only judge from the dates you gave me just now. You quoted the 3rd June.

216. How long would it take for the draft to get Home?—I should say three weeks.

217. Then it would arrive in London on about the 24th June?—Yes.

218. What is the date of this telegram—you knew that the draft had arrived in London then?—Yes.

219. What is the date of this telegram of Mr. Palliser's?—13th June.

220. That is eight days before you knew the draft had arrived in London?—But I did not know that it had arrived in London at all.