

221. You say that you knew it was sent at the beginning of June?—I would like to refer to the papers, because I fancy that I had the impression in my mind that it would reach London long before it did.

222. It could not have got there so early—it was not sent till the 3rd June?—I do not think my correspondence with Major Pilcher was at the 3rd June. I think it must have been very much earlier.

223. With regard to the general imprest mentioned in clause 63 of the Act: you know clause 64?—Yes.

224. What does that specify?—That “No money shall be drawn from the Foreign Imprest Account except by cheque of the Agent-General, countersigned by an officer of the Audit Department, who shall be selected from time to time by the Audit Office for the purpose; and such Audit officer shall not countersign any such cheque except for payments authorised by a requisition as aforesaid.”

225. What is the requisition referred to there?—A requisition issued by the Treasury, providing for certain sums chargeable to certain votes.

226. Does that not refer to unauthorised?—Yes; and if it were charged to Unauthorised in requisition it would thereby become a vote in accordance with the section—

227. If this Act had been complied with in this case—if the requisition had been sent——?—If the requisition had been sent it would have been charged to Unauthorised.

228. But the requisition was not sent?—No.

*The Chairman*: Do you wish to have the papers that you referred to, Mr. Allen?

*Mr. J. Allen*: I do not care particularly. It seems to me to be pretty clear.

229. *Mr. W. Fraser*.] You said just now, Mr. Heywood, that no requisition was sent for this money: then, how could the Agent-General, without a requisition, draw this money—which you admit was for unauthorised services—out of £60,000 that he is authorised not to exceed?—Because he had ample funds provided by requisition for the General Imprest Account for any sum up to £60,000.

230. I understood you to say that there was no requisition?—Not for this specific sum.

231. Yes, but that was for authorised payments; this is for unauthorised?—Yes.

232. You admit that it is for unauthorised?—Yes.

233. Then, ought he not to have had a requisition for it?—No; I said that moneys he had in requisition for general imprest could be applied to this purpose.

234. The succeeding section says they shall not be applied except by requisition?—Then he has plenty of money for general imprest by requisition. The general imprest moneys have been duly provided in requisition.

*Mr. Warburton*: With respect to the regard of Mr. Palliser, the Audit Officer in London, for the credit of the colony, I think I ought to read a letter of his dated the 18th May, 1901.

*Hon. Sir J. G. Ward*: Is it in this correspondence?

*Mr. Warburton*: No; it is a letter that I referred to the Treasury. It reads as follows:—“Westminster Chambers, 13, Victoria Street, London, S.W., 18th May, 1901.—The Controller and Auditor-General, &c.—SIR,—I have the honour to state for your information that on the 9th instant a cable bank order was received from the colony for £15,000 at the request of the Agent-General, and on the 16th instant it was also found necessary to again cable for a further bank order for £15,000, which has duly come to hand. Whilst on this subject of bank orders I would like to state that much inconvenience is caused by the fact that bank orders are not forthcoming when payments are required to be made out of Foreign Imprest Account, and I have been put to the necessity of withholding several urgent payments on this account within the last few days in anticipation of the San Francisco mail furnishing a bank order for a large amount, which, however, was not the case. Of course, if the credit of the colony were in question I would countersign cheques on the Foreign Imprest Account, which would require to stand overdrawn until again put in credit by a bank order; but I do not think I should be placed in a position such as that, seeing that every information is supplied to the Treasury to enable them to make proper provision for payments they know to be due.—I have, &c., F. W. PALLISER.” I referred that to the Treasury, with this memo.:—“In referring to the Treasury this letter of the 18th May from the Audit Officer in London, in which he states that he had recently been under the necessity of withholding several urgent payments because the necessary bank orders were not forthcoming, but that ‘of course, if the credit of the colony were in question I would countersign cheques,’ the Audit Office feels that the Treasury will take such steps as should obviate the necessity of payments being again withheld, and secure the credit of the colony from the possibility of being dependent on the exercise by the Audit Officer of a discretion which the law does not authorise him to exercise.—J. K. WARBURTON, C. and A.-G. 25/6/1901.” The answer I had to that was, “Seen and returned with thanks,” by the Treasury.

235. *Mr. J. Allen*.] I would like to ask Mr. Heywood a question: Why was the cablegram which the Auditor-General wanted to be sent to England withheld—why was it not sent by the Treasury?—Because the Treasury considered it was absolutely unnecessary to send it.

236. Still, the Auditor-General sent you a telegram and asked you to transmit it to London?—Yes, but his cable was in direct opposition to the Treasury view.

237. Therefore you held it back?—The Treasury did not consider it necessary to send it until the question had been decided.

238. Did you at once inform the Auditor-General that the cable was not being sent on?—I do not remember what happened then. Perhaps I can tell by looking at the papers.

239. The Auditor-General refers to the matter on page 7, where he says, “The Controller and Auditor-General ventures, however, to ask for the Minister’s assurance that such telegrams to places beyond the colony as may henceforth be forwarded by the Audit Office for transmission through the