

"The Public Revenues Act, 1901."—Correspondence relative to debentures for £500,000.

WEDNESDAY, 10TH OCTOBER, 1901.

JAMES BARNES HEYWOOD in attendance, and further examined. (No. 3.)

1. *Rt. Hon. R. J. Seddon.*] Does "public revenues of the colony" include "Consolidated Fund"?—The Consolidated Fund consists of public revenues. The consolidated revenue is a portion of the Public Account.

2. Is there any difference of security under the term "public revenues" and under the term "Consolidated Fund"—in other words, is one a better security than the other?—Well, the public revenues of the colony are usually considered to be moneys consisting of revenues which are paid into the Consolidated Fund Account. There may be, and in fact there are, receipts which are a portion of the public revenues of the colony—receipts in connection with the Colonial Exchequer which are outside the Consolidated Fund.

3. Where does the revenue from the Land for Settlements Act go?—Into the Land for Settlements Account.

4. Does it not go into the Public Account?—It goes into the Public Account.

5. Is not this a security for the debenture-holders under this loan which we are now considering?—If the guarantee is on the public revenues of the colony.

6. Take the Advances to Settlers Act: does the revenue under that Act go into the Consolidated Fund?—No.

7. Then, it goes neither to the Public Account nor to the Consolidated Fund?—No.

8. An account separate in itself?—Yes.

9. Irrespective of whether the debenture states that it is public revenues, or Consolidated Fund, or Public Account, the debenture-holder is secured by the Act?—The position of the debenture-holder is secured by the Act.

10. Irrespective of what may appear on the form of debenture?—So I should read the Act to mean.

11. This is not the first time that "Consolidated Fund" has appeared on the face of the debenture form?—That was the common expression used in charging debentures of former years.

12. It has not been taken exception to previously?—No.

13. Have you any suggestion to make, Mr. Heywood, that would prevent this constant repetition of reporting to Parliament, and delay, and, in this case, inconvenience and loss?—No, sir, I know of no suggestion that I could offer, except a more liberal interpretation by the Audit Office.

14. There has always been an intervening power as between the Treasury and the Audit Office so as to enable cases of this sort to be dealt with?—Yes; the Attorney-General's opinion is sought for if the matter is one of law, and then the matter is settled by Governor's Warrant if necessary.

15. You have heard a suggestion that the Controller and Auditor-General might have recourse to legal advice independent of the Law Officers of the Crown: what is your opinion on that suggestion?—I am scarcely in favour of that, but should not like to give a decided opinion without considering the bearings of such an important innovation. I may say, however, I think that, as the Solicitor-General occupies the position of the highest officer to whom the Government can appeal on questions of law, it would scarcely be compatible with the dignity of the Government, or with the high position of the Solicitor-General, to have a conflict of advice in a matter which is purely a matter of one department having one opinion and another department a contrary opinion.

16. Would it not carry with it the danger of an irresponsible person advising on a question of importance?—It would possibly have that effect. In fact, the whole scope of such an innovation would require very careful consideration before being entertained.

17. At all events, the present practice has been in force for many years?—Yes.

18. Has there ever been a case previously where the Crown has not been able to meet its coupons at due date through the action of the Controller and Auditor-General?—Not that I am aware of. I never heard of such a thing.

19. This is the first case?—Yes.

20. Was there a mail missed through the Controller and Auditor-General not countersigning these debentures?—Some of the debentures due in London on the 1st October could not have reached London on the 1st October owing to the delay consequent on the want of countersignature of the debentures.

21. What was the effect of that?—That the interest could not be paid on the due date.

22. Is this the first time of that occurring, in your recollection?—Yes.

23. Of not being able to meet the interest on the due date, being caused by the debentures not being countersigned in time to go by the mail?—Yes.

24. Was the Governor's Warrant sent to the Controller and Auditor-General in time for him to countersign the debentures?—The first Warrant?

25. Yes?—I think so.

26. When the first Warrant was sent up to him to countersign the debentures what caused the delay then, and what was the reason given by the Controller and Auditor-General for not acting under the Warrant of the Governor?—The debentures being made a charge on the Consolidated Fund instead of upon the public revenues of the colony.

27. In other words, instead of countersigning the debentures he raised another objection on another ground?—Yes; an entirely new ground.

28. Had the Controller and Auditor-General indicated to you after the issue of the Governor's first Warrant that he would object to countersign the debentures?—No.

29. He had not so signified?—No.