

144. At the time Mr. Fitzherbert's pension was granted, in 1870, had you anything to do with it?—No.

145. And you have no knowledge of any application by Mr. Fitzherbert for a pension coming before you?—No, I think not. The Committee will understand that, at the time to which you refer, there was no prior audit of payments in the colony at all, and, consequently, the matter would only have come officially under the notice of the Audit after the pension had been paid. But it was the custom always in the case of pensions to refer the matter to the Audit Office, for the purpose of having the calculations checked, so as to ascertain what the amount of the pension should be. All such calculations, since I have had anything to do with the department, have been made by Mr. Anderson.

146. Supposing an application for a pension were put in, as in this case, through whose hands would it pass?—For many years, in fact ever since I have had anything to do with the Audit Department, the calculations have been made by Mr. Anderson, the chief clerk; but whether he was chief clerk in 1870 or not I am not quite sure.

147. It is probable we could trace this application of Mr. Fitzherbert's through him?—Yes; I think he would probably have had to make the calculations; but, of course, if any legal question was raised, the matter would have to come before Dr. Knight.

148. A question has arisen as to the commission which the colony receives for the payment of the Imperial pensions. Do you know anything about that?—Yes; that is a new feature which was introduced into Dr. Pollen's case.

149. Can you explain how that money can get into the office in London, and come out here, without being colonial funds—or, in other words, how does it get into, and how does it get out of, the Treasury, without an Act of Parliament?—The fact is, that the whole thing is illegal, from beginning to end. It is something like the arrangement that has been come to for the buying of silver coin for the English Government, and which is also illegal. The Government here collects this coin as a matter of courtesy to the Home Government. Similarly, when the troops were withdrawn from this country, the English Government asked the Colonial Government to pay, on its behalf, pensions to those who were entitled to them. They agreed to pay 3 per cent. to the Colonial Government for the trouble it would be put to in this matter. At the same time, it is one of those matters on which Parliament has not been consulted, though I believe that Parliament had all the papers before it, and knew what was being done. At the same time, I may be mistaken in that. The pensions are paid by the Treasury; and the pensioners' receipts are handed to the post office, and transmitted to England by that department instead of cash. The post office in the colony always owes to the post office in London something like £60,000 a year for money orders. The pension receipts are, in fact, remitted by the post office as cash. That system has been in vogue ever since the troops went away from here. It is an illegal arrangement, no doubt, but it is what I should call a simple banking transaction. With regard to this £300, which is received as commission for the payment of pensions—I may say that I am not certain about the amount, but I know that it was more than was paid to Dr. Pollen—I have only to remark that it has never been brought to charge at all; and what I understood, as far as my recollection serves me, is, that Sir Julius Vogel agreed to pay this £300 a year to Dr. Pollen for the purpose of relieving the Consolidated Fund of a similar amount, and that, if that arrangement had not been made, Dr. Pollen would have received the £300 a year out of the Consolidated Fund for the two or three offices which he held. As far as I remember, Dr. Pollen raised the question at the time, as to whether it would affect his pension, and was told by the Premier that it would not; and I think we considered that, under that arrangement, it was virtually the same as if he had been paid out of the Consolidated Fund, as he would have been if this arrangement had not been made for the purpose of economy.

150. You say that the money has never been brought to account. Then, that being the case, where is the balance between the £300 that has been paid to Dr. Pollen and the £400 or £500 which has actually been received from the Imperial Government?—I cannot say now, but I can let you know after I have looked into the matter. If there is any balance brought to account it will be in incidental revenue. There are certain other little expenses besides salary paid out of that account.

151. How does this £300 a year get out of the Treasury and paid to Dr. Pollen without a vote of the House?—It would have got out in the usual way. There are two accounts—namely, the Imperial Pensions Advance Account and the Imperial Pensions Account. The Advance Account is the money advanced by the Treasury for the purpose of paying the pensions to the pensioners; and that is recouped in the adjustment of the account. We lose no money by it. There can be no question that there are one or two transactions of this kind for which there is no parliamentary authority, and the money is paid by way of imprest.

152. Then you cannot account for its not having been brought to account in the ordinary incidental revenue?—It was considered not to be money belonging to the Colonial Government, but money in regard to the payment of which the Colonial Government was acting simply as agents for the Home Government. At the same time, I am not prepared to say that that was the correct view to take of the matter.

153. Does it not strike you that all moneys coming into the hands of the Government of the colony and having to go out of the Audit Office (which is under the control of the House) should be brought into account?—Yes, I think it is far better that it should be so.

154. The Government of New Zealand undertook to do certain work for the English Government; in doing so were they not acting within the knowledge and with the tacit consent of Parliament?—I do not say that what was done was strictly correct, but I simply state the fact that it has been done for some time. The House had every means of knowing that the thing was being done. I mean that the colony was doing the work for the Imperial Government, because the item for Imperial pensions has appeared on the Estimates for many years. There can be no doubt that the House knew that we were paying the Imperial pensions. The money was paid out of what was called a "Suspense Account." The colony owes the English Government certain moneys, and out of those moneys we pay the pensions instead of sending the money direct to England. That is the explanation of the transaction; but it is