

187 Then, as a matter of fact, you are of opinion that the money so earned was colonial revenue?—The profit was certainly revenue.

188 If a Government railway carries a passenger from one place to another, the fare paid by that passenger is colonial revenue, is it not?—Yes.

189. Can you make any distinction between the money paid by that passenger, and the money received from the Imperial Government for the services of the Paymaster of Imperial Pensions? Yes. The payment made to the Colonial Government by the Home Government, for services rendered by the former as agent for the latter, does not appear to me to be necessarily revenue.

190. Why do you consider that money received by the colony for services rendered is not revenue?—The money belongs to the Home Government.

191. After it has been earned by the colony does it belong to the Home Government?—It is expended in carrying out the wishes of the Home Government. It must be remembered that this money is only commission. Suppose that, instead of paying this commission the Home Government had paid the actual cost of paying these pensions, I should not have called the amount then received revenue; but instead of paying the actual cost they pay a commission of 3 per cent., and therefore I do not look upon it as revenue at all. I only look upon the profit as revenue.

192. Are we to consider nothing revenue that does not yield a profit to the colony?—I do not see exactly what you mean. As I have already told the Committee, I consider that the whole thing is without the authority of law.

193. Do you not think that this money which has been received from the Home Government should have been brought to account in the same way that other revenue was?—No, I do not think it was necessarily so.

194. Can you point out any other way in which it could have been dealt with?—There is no specific authority or power for dealing with the matter at all, because it is outside the law. We are advancing public moneys for the benefit of the Imperial Government; but, if the Imperial Government sent us out the cash to pay these pensions, I think the Government of this colony would be acting rightly if they paid away the money without Legislative authority. You must recollect that we always owe the Home Government money, and, as a matter of fact, the whole thing assumes the character of a banking or exchange transaction.

195. What would you call the balance of the money which is received from the Imperial Government, but which is not profit?—That is money belonging to the Home Government, which is spent in its service. I have no doubt that it would have been much better to have regarded this money as revenue, and, by so doing, have brought it into the Public Account.

196. Is it your opinion that Dr. Pollen ought not to be made to suffer in consequence of this money not having been brought into the Public Account?—The view we took was that the office of Paymaster of Imperial Pensions was equivalent to a colonial office, because Dr. Pollen already held several colonial offices. His salary for this particular office was simply shifted from one account to another for the sake of economy. If the money for his salary had been voted in the ordinary way this question would never have arisen.

197. And you seem to have been of opinion that Dr. Pollen ought not to suffer on account of this irregularity?—Certainly; for he was holding other offices, and doing the work of other offices at the time, for which he received no salary.

198. *The Chairman*] In your memorandum of February 11th, 1880, I notice that you express the opinion that the second section of the Act of 1866 precludes Dr. Pollen from counting his salary as Paymaster of Imperial Pensions, and, the opinion of the Solicitor-General being adverse to your view upon that point, you gave way upon it?—That appears to have been my opinion, judging by my memorandum of the 13th February.

199. That, I suppose, was one of those instances in which the Audit did not consider itself justified in acting contrary to the opinion of the Law Officers?—I do not think the Audit would be justified in acting contrary to the opinion of the Law Officers, unless it had very strong grounds for thinking that the Law Officers were wrong.

200. And that is the general practice of the Audit in cases of that sort?—Yes; but we always refer to the Law Officers first.

201. It is the fact, therefore, that in the case of Dr. Pollen the ordinary course was pursued, and that there was no departure by the Audit from the ordinary course in regard to matters involving legal consideration?—No, there was no departure at all from the usual course.

202. *Mr. Moss*.] Did Dr. Pollen hold both offices of Sub-Treasurer and Paymaster of Imperial Pensions at the same time?—Yes, I think so; and he was also Agent for the Government at Auckland.

203. And the salary of these two offices was £400 a year?—I cannot recollect exactly, but to the best of my recollection he never resigned any of his offices.

204. Do you know who is Sub-Treasurer now, or who was appointed Sub-Treasurer when Dr. Pollen resigned?—There are no Sub-Treasurers now. The office has been abolished throughout the colony.

205. Who was appointed Government Agent in his place?—I do not think anybody was appointed.

206. Does not the Collector of Customs act as a sort of Sub-Treasurer?—No, he makes no payments. Any payments that cannot be made from the Treasury direct are made by implestees.

207. Have you any idea of what the duties of the Paymaster of Imperial Pensions were?—Yes; he had actually to take the money in his pocket and travel round the different villages, and pay the pensioners. He had also to get receipts for the money so paid, and forward them to the Home Government.

208. Did Dr. Pollen do that work himself?—I think he was assisted by Colonel Haultain.

209. Dr. Pollen was very often absent from Auckland while he held that office, and I think he was Minister while he held it. Did he continue to draw his pay while he was a Minister for acting as Paymaster?—I do not think he drew his pay while he was a Minister, but he continued to hold the office nominally.