

## MEMORANDUM ON THE REPORT OF THE AUDITOR-GENERAL.

### MEMORANDUM for the Hon. the COLONIAL TREASURER.

(Synopsis of Auditor's Report and Treasury Answer.)

REPORT.	ANSWER.
Page 1. Account of June, 1868, omitted in published Statement.	Page 1. Reasons for omission; results not affected by it.
" 3. A sum of £20,000 should have been transferred from Consolidated Fund, not from Loan of 1863.	" 2. Statement showing why the course adopted was unavoidable.
" 5-8. Charges under Distillation Act and Customs Regulation Act objected to.	" 4-6. Showing that the Public Revenues Act has superseded those Acts, and directs the course that has been adopted.
" 8. Provincial refunds objected to.	" 6. Defence of course taken.
" 9½. A charge for Sinking Fund shown to have been made twice.	" 8. Causes of such double charge, and reference to subsequent adjustment.
" 10-11, 17-24. Objections to mode of charging Provinces with transactions under the Consolidated Loan Act.	" 9-32. Statement of principles of adjustment adopted by Treasury, and their reasons. Revised accounts for consideration of the Hon. the Colonial Treasurer, and reference to Auditor-General.
" 12. That an amount of £1,305 10s. should be repaid to Trust Fund from Consolidated Fund.	" 33. Reasons for believing that the charges objected to are correct, and that only £35 10s. should be refunded.
" 14. The Treasury accounts of the Consolidated Loan are confused,—a simpler account prepared, but with the same result.	" 34. (P.S.) Shows that the Treasury could not present its accounts in any other form than that in which they are presented.

10th September, 1870.

J. WOODWARD,

### MEMORANDUM on the REPORT of the AUDITOR-GENERAL on the STATEMENT of the PUBLIC ACCOUNTS for the Financial Year ended the 30th June, 1869.

It would, perhaps, have made this statement more complete, if the moieties of revenue credited, and the charges and interest debited, on account of the month of June, 1868 (and of which particulars were published at page 97 of the Account of 1867-68), had been brought forward; but as these credits and charges had no other effect than to reduce the sum of £17,128 0s. 9d. at debit of the Provinces on 30th June, 1869, for the period ended 31st May previous, to a debit of £5,598 13s. 3d. on the 31st July, it was considered unnecessary to go back further than to the debit balance last named.

The introduction of the items for June of the year preceding would, moreover, have necessitated an additional column for that month in the statement published at pages 86 and 87 of the Account of 1868-69, and would have required that the column now showing the total credits and charges to the 31st May, should, in order to agree with the statement on the following page, show the totals from the 1st June, 1868, to the 31st May, 1869; while the totals in the last column would be those for the period from the 1st July, 1868, to the 30th June, 1869, in order to be comparable with the figures shown in the statement of receipts and disbursements on the page preceding.

The sum of £20,000 here referred to is part of a sum of £55,117 6s. 4d. recovered from the Province of Southland, and transferred to the Consolidated Fund for expenditure under "The Appropriation Act, 1868."

The sum recovered comprises £43,598 18s. 9d. due to the New Zealand Government by the Province of Southland, for advances made in 1864-5 out of the balance at credit of the Loan of 1863 and other balances now constituting the Special Fund, and £11,518 7s. 7d., the amount of interest payable thereon.

Under "The Public Debts Act, 1867," Schedule B, provision was made for the payment of this debt and interest to the New Zealand Government out of moneys to be raised under "The Consolidated Loan Act, 1867," and on those moneys being raised, the amount of the principal debt as above stated (£43,598 18s. 9d.) was credited to the Advance Account of the Province of Southland as a recovery of the sums advanced out of the Loan of 1863, and other balances comprised in the Special Fund, while the interest (£11,518 7s. 7d.) was credited to the Consolidated Fund, all interest received on public moneys belonging of right to the Revenue.

In appropriating, therefore, the sum of £55,117 6s. 4d. "to be repaid by Southland" to the services specified in section 5 of "The Appropriation Act, 1868," the Legislature was, in effect, appropriating £43,598 18s. 9d. out of the Special Fund, and £11,518 7s. 7d. out of the Consolidated Fund; but as Parliament appeared to have voted these sums as though they had both been in the same, *i.e.*, the Consolidated Fund, it became necessary to bring them together, and the first step to effect this was to charge upon those accounts in the Special Fund, from which the advances had been made, the sums refunded by Southland to each. In this manner the sum of £20,000 became a charge upon the Loan of 1863, and it is submitted that the entry is a perfectly correct one.

The transfer of this sum from the Consolidated Loan Act Account, as suggested by the Auditor, could only be effected by a corresponding charge upon that Account. The purposes to which moneys credited to that Account are to be applied, are, however, defined by the Act itself, and their application to any other purpose is especially prohibited.