

1. *Auckland and Wellington*.—For these Provinces “conversion” only was effected.
2. *Nelson*.—For this Province certain bonds were converted, and a sum raised to pay off a portion of a Provincial loan.
3. *Taranaki and Hawke’s Bay*.—For these Provinces bonds were issued for unraised Provincial loans, and out of proceeds the General Government had to repay itself for advances made for these Provinces before the bonds were sold.
4. *Canterbury (including Westland)*.—For this Province certain bonds were converted, other bonds were issued for unraised portion of Provincial loan, and advance made and repayment obtained, as in the cases of Taranaki and Hawke’s Bay.
5. *Otago*.—For this Province, bonds of Provincial loans were converted, and a sum raised to meet payments that had been made by the General Government on account of the Province, under “The Surplus Revenue Adjustment Act, 1867.”
6. *Southland*.—For this Province a large sum was raised to pay debts that were bearing interest, and a (comparatively) small sum for payments under the Surplus Revenue Adjustment Act.

It will thus be seen that there are six distinct classes of cases to be dealt with, while the accounts are still further complicated by the “conversions” having taken place at three separate dates.

There is one remark that applies to almost every case, and therefore had better be made here. The amounts of bonds for which interest and sinking fund are chargeable to each Province, as shown in the Audit Office Statements, differ from those shown by the Treasury, because the Audit Office has taken the amounts shown by the Crown Agents as “amount for conversion,” while the Treasury has taken the amount of bonds which the Crown Agents show to have been actually issued. The “amount for conversion” is simply the value of the Provincial bonds computed at the rates at which they were taken in exchange for new bonds, supposing the whole of the conversion to have been effected in one operation, and is therefore an “uneven” sum, including shillings in some cases. As all the new bonds, however, were for even sums of £100 each, the Crown Agents had to pay or receive fractional parts of £100 in nearly every instance, and as there were nearly 1,300 transactions in which these differences had to be separately adjusted, it is evident that the “amount for conversion” cannot represent the amount of the bonds issued. To ascertain the latter amount was a work of considerable labour, but it has been accomplished, and the result is believed to be accurate, and to show the actual amount of bonds issued for each Province, excepting that in analyzing one transaction in which Auckland and Canterbury bonds were included, it appeared desirable to divide one new bond between those Provinces, charging one moiety (or £50) to each. With this exception the amounts of bonds, as shown in the Treasury Statements, are all in even sums of £100 each.

The several accounts are now subjoined:—

Auckland.

STATEMENT of INTEREST and SINKING FUND due and payable by the Province of Auckland, for the Years 1867-8 and 1868-9.

	£	s.	d.
Interest on Provincial Loan of 1863, £500,000, from 1st October, 1867, to 31st March, 1868	15,000	0	0
Sinking Fund, £500,000, for year ending 30th June, 1868	10,000	0	0
Interest on £457,500, from 1st April to 15th April, 1868	1,143	15	0
Interest and Sinking Fund, £498,250, from 16th April, 1868, to 15th January, 1869	22,421	5	0
Interest on unconverted portion of Provincial Loan:—			
£42,500, from 1st April, 1868, to 15th January, 1869	2,018	15	0
£38,750, from 15th January, 1869, to 30th June, 1869	1,065	12	6
Interest and Sinking Fund, £502,350, from 16th January, 1869, to 30th June, 1869	13,814	12	6
	£65,464	0	0

This Account for Auckland differs from the amended Statement furnished to the Province by £3 9s. This arises in the computation of the Interest and Sinking Fund on £502,350 for the period from the 15th of April to the 30th of June, which is here taken as two and a half months, while in the Account it was taken as seventy-six days. This makes a difference equal to one twenty-fourth (1-24th) part of a day, the interest, &c., for which amounts to £3 9s.

As compared with the Audit Office Statement, the difference is only £1 6s.; but this seeming agreement is only accidental, as the following analysis will show:—

In the Audit Office Statement, the Sinking Fund of 2 per cent. on the Provincial Loan of £500,000 is only charged to the 15th of April, 1868, while the Treasury has charged for the complete year ending on 30th June, 1868. Reference to page 41 of the printed Accounts will show that the Treasury paid the amount for the whole year, namely, £10,000. This sum was paid to the Sinking Fund Commissioners, who eventually released the whole of the Sinking Fund on this Loan, and paid the money, with accumulations of Interest, to the Province. It is evident, therefore, that in making up the account the whole sum of £10,000 must be charged.

On the other hand, the Audit Office Statement charges the Province with Sinking Fund on the unconverted portion of the Provincial Loan, which the Treasury does not charge, because the Province paid all that was due for that year to the Commissioners.

In further elucidation of the difference in these Accounts, it is observed that there is an error in computation in the Audit Office Statement, in the amount charged as Sinking Fund on Provincial Loan, from 1st July, 1867, to 1st April, 1868. This is charged as £8,333 6s. 8d., instead of £7,500.

Again, £37 10s. is charged as Sinking Fund on £3,750 (part of Provincial Loan), from 1st April