

REPORT

BY

THE AUDITOR-GENERAL

ON THE

ACCOUNTS OF THE COLONIAL TREASURER

FOR THE

FINANCIAL YEAR 1868-69.

PRESENTED TO THE HOUSE OF REPRESENTATIVES UNDER THE 60TH SECTION OF "THE
PUBLIC REVENUES ACT, 1867."

WELLINGTON.

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AUDITOR'S REPORT ON THE ACCOUNT OF THE COLONIAL TREASURER FOR THE FINANCIAL YEAR 1868-9.

STATEMENT in explanation of the SUMS PAYABLE and PAID to the PROVINCES, on Account of the CONSOLIDATED REVENUES, during the Financial Years 1867-8 and 1868-9.—[Page 87 of printed Accounts.]

It will be found, on comparing the Statement of last year with that of the present year, that the transactions of the month of June, 1868, have been omitted. The following complete Statement brings out the same result as that shown in the Treasury Statement, and shows an over-payment to the Provinces of £199 6s. 5d. It has, nevertheless, been thought best to show the omitted revenues in an amended Statement, to guard against a doubt which might arise whether the Provinces had not been overpaid.

STATEMENT in Explanation of SUMS PAYABLE and PAID to the PROVINCES, on Account of
CONSOLIDATED REVENUE, during the Years 1867-8 and 1868-9.

	1. Moiety of Receipts.		2. Transfers from other Funds to make up Expenditure.		3. Payments on Account of Services Provincially charged.		4. Interest and Sinking Fund on portions of Loans chargeable to Provinces.		5. Payable to Provinces for Appropriation.		6. Paid to Provinces.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Year 1867-8, printed Account, p. 93.	450,503	10 8	1,874	12 7	161,268	17 3	47,553	14 4	243,555	11 8	260,683	12 5
Month of June, 1868, omitted.	39,022	17 5	...	...	21,907	4 3	5,586	5 8	11,529	7 6	—	—
Year 1868-9, printed Account, p. 87.	452,920	19 5	14,283	11 8	182,560	2 4	126,780	15 5	157,863	13 4	152,464	6 6
	942,447	7 6	16,158	4 3	365,736	3 10	179,920	15 5	412,948	12 6	413,147	18 11
									£	s.	d.	
Paid to Provinces												413,147 18 11
Payable to Provinces for appropriation												412,948 12 6
Paid to Provinces in excess of the amount to which they were entitled												£199 6 5

The Auditor supplies, in continuation of his Report on the Accounts for the Financial Year 1867-8, an Abstract of the Consolidated Revenue Account, showing the sum of £11,168 19s. 3d. deducted from the Disbursements of the year 1868-9. This sum, together with £77,291 4s. 10d. deducted in the Auditor's Abstract of the previous year, makes a sum of £88,460 4s. 1d., which had been improperly introduced in the Treasury Accounts for the year 1867-8, and thus clears up and completely adjusts the Accounts.

The Auditor also furnishes a continuation of the Three Million Loan Account.

It will be observed that the value of the Debentures in circulation on the 30th June, 1869, was £3,000,325, being £325 in excess of the sum authorized to be raised under the "New Zealand Loan Act, 1863." This excess forms part of the Debentures issued under the authority of Debenture Act, 1864-5.

A transfer of £20,000 to the Consolidated Revenues should have been made from the "Consolidated Loan, 1867," Account, according to the terms of "The Appropriation Act, 1868," instead of from the Three Million Loan.

CONSOLIDATED REVENUE ACCOUNT, 1868-9.

Cash in Public Account } on 30th June, {	£	s.	d.		£	s.	d.
Advances outstanding } 1868 {	46,979	15	11	Disbursements on General Services	1,065,554	16	6
	83,619	18	4	Ditto on Provincial Services	356,120	8	4
					£1,421,675	4	10
Receipts of Revenue	1,030,775	13	4	Deduct Interest charged in Accounts of former years	11,168	19	3
					£1,410,506	5	7
Sinking Fund Release	9,991	6	2	Treasury Bills redeemed	150,000	0	0
Transfers from Special Funds	139,474	0	7				
Overdraft	60,000	0	0				
Treasury Bills	188,650	0	0				
Balance on 30th June, 1869	1,015	11	3				
	£1,560,506	5	7		£1,560,506	5	7

REPORT BY THE AUDITOR-GENERAL ON THE

LOAN OF THREE MILLIONS.

	£	s.	d.		£	s.	d.
Balance, 30th June, 1868	200,049	8	9	Suppression of Rebellion	6,475	6	4
Recoveries	1,618	5	6	Introduction of Settlers, Surveys, &c. ...	7,944	1	7
				Reinstatement of Taranaki	1,835	11	2
				Transfer to Revenue, v. Appropriation Act, 1869, sec. 14	105,190	8	11
Debentures in Circulation, £3,000,325.				Transfer to Revenue, v. Appropriation Act, 1868, sec. 5	20,000	0	0
				Debentures issued under "The Debenture Act, 1865," redeemed	48,207	15	11
				Balance, 30th June, 1869	12,014	11	4
	£201,667	15	3		£201,667	15	3

The following Provincial Charges, made under the head of "Distillation Act, 1866," are objected to:—

1. "Rewards paid to Peter Pender and E. Pain, out of fine of £100 recovered in the Resident Magistrate's Court, Christchurch, £66 13s. 4d.; charged against the Province of Canterbury."

2. "Rose, one-third of balance of £50 recovered, £14 18s. 3d."

"The Distillation Act, 1866," section 20, provides that all fines, penalties, and forfeitures shall be divided and applied in a certain manner, viz., that the expenses are first of all to be deducted from the amount recovered, and, after payment of the seizing officer and the informer, the balance is to be paid to the "Public Account." In the instances above referred to, the whole of the fines has been paid into the "Public Account."

Taking the first case, there was paid to Revenue £100, which sum has been divided thus:— General Government moiety, £50; Province of Canterbury moiety, £50; but against this receipt of £50 the Province has been debited with the reward of £66 13s. 4d., thus being deprived of the £50 revenue, and losing £16 13s. 4d. besides.

Had the direction of the Act been followed, the accounts would stand thus:— £ s. d.

Fine recovered	100	0	0
Less rewards	66	13	4

Balance to Public Account £33 6 8

Of which the General Government would get one moiety and the Province the other.

As the accounts at present stand, the General Government gets £50 and the Province of Canterbury is mulct in the sum of £16 13s. 4d.

It is unnecessary to continue the illustration with reference to the second item, the result being of a similar nature.

It is submitted that an adjustment of the accounts should be made, so as to relieve the Provinces of these charges.

The following payments are charged Provincially, under the head of "Customs Regulations Act, 1858:"—

<i>County of Westland:</i>	£	s.	d.
Voucher 1321—C. Limming, half of £24 recovered	12	0	0

Province of Auckland: £ s. d.

Vouchers 6973-6979—Sundry awards, about £100 recovered ... 72 10 0

Wilson, balance of reward of £30 ... 5 0 0

Vouchers 9187-9—Maoris' rewards 15 0 0

Voucher 2217—Rose, half of seizure 4 16 4

Voucher 2218—H. McKellar £125 0 0

H. McKellar 23 15 0

(£47 10s. credited to Revenue in this case.) 148 15 0

Vouchers 2219, 4124, 4125—Aubrey and others 20 0 0

H. Aubrey, reward 50 0 0

(On account of seizure of "Ringdove," sold for £265.)

D. Lundon, half of seizure recovered ... 0 11 6

Total charge against Auckland £316 12 10

Province of Wellington:—Acheson and others, rewards in Jenkins' case £130 0 0

Province of Hawke's Bay:—Tabuteau, &c., rewards and share of penalty recovered £25 0 0

“The Customs Regulation Act, 1858,” section 185, provides that all payments up to £50 on account of rewards for convictions, and, when seizures are made, any sums up to the value of the goods seized, are to be made out of Customs Revenue. The above payments should, it is considered, have been deducted from Customs Revenues as a first charge, before determining the moiety of Consolidated Revenues payable into the Provincial chest.

The effect of the course followed by the Treasury is to throw the burden of these first charges entirely on the Provinces, instead of making them charges on the Customs Revenues before distribution.

With regard to the sum of £125 charged against the Province of Auckland on account of the schooner “Ringleader,” there is a peculiar unfairness, as the vessel has apparently been taken possession of by the General Government, and no portion of her appraised value, so far as can be discovered, has been credited to the Province.

The matter is submitted with a view to an equitable adjustment being made with the various Provinces interested.

Refunds.

During the year 1868-9 the sum of £3,099 8s. 7d. in the aggregate has more or less unfairly been charged against the revenues of the Provinces.

In illustration of this, take the following case:—

A sum of £10 on account of Patent Fees was collected in the County of Westland, and the General Government received £5 and the County of Westland £5. Afterwards a return of the sum paid is authorized by the Government, and the County of Westland is charged £10, and thus not only loses the original moiety of the sum collected, but is made to pay £5 extra without receiving the slightest benefit.

It is doubtful whether the General Government has the right to charge Provincial Revenues in this direct way with refunds; but there can be no doubt that it will be considered equitable that an adjustment should be made by which the Provinces shall be repaid, from General Revenues, the sums with which they have improperly been debited.

The Auditor reserves for consideration whether the proposed adjustment should not extend to the financial year 1867-8.

Sinking Funds.

“*New Zealand Loan Act, 1856*,” £500,000—[Page 11 of printed Statement]:—

The sum of £15,750 includes a double charge of £750 on B and E series of the Half Million Loan for the half year ending 31st March, 1869.

In the General Balance Sheet, p. 7, there stands to the credit of this loan the same balance as on the 1st July, 1868, namely, £101,281 8s. 1d., although the Treasury has charged the Consolidated Revenues (in addition to the last sum) £15,750 as payments on account of Sinking Fund; thus the balance to the credit of the Sinking Fund shows £15,750 less than the sum actually discharged out of the Consolidated Revenues.

The reason of this would appear to be that the Trustees of the Sinking Fund in London have furnished no accounts since 1st January, 1868.

“*New Zealand Loan Act, 1860*,” £150,000:—

No payment on account of the Sinking Fund of this Loan has been charged on the Consolidated Revenues of the financial year 1868-9.

Colonial Treasurer's Statement, at page 86 of printed Statement, showing the Loans on account of which the Provinces have been charged Interest and Sinking Fund.

The Auditor objects to this Statement in several particulars, and submits that it should be amended, and the accounts of the year readjusted.

The Auditor furnishes a copy of the Treasurer's Statement, and places in opposite columns the results of his own investigation of the Public Accounts in this matter.

In the opposed statements it has been necessary, in respect of the Province of Auckland, to exhibit the particulars of the previous year in addition to those of the financial year under consideration, as some of the transactions on the unconverted portions of the Loans for the two years cannot be well separated for the purpose of comparison.

The Auditor finds that the following overcharges have to be adjusted:—Province of Auckland overcharged, £2,025 1s. 6d.; Province of Southland, overcharged, £161 11s. 1d. The short-charges are as follows:—Taranaki, £437 10s.; Wellington, £221 17s. 3d.; Hawke's Bay, £1,050; Nelson, £1,243 2s. 1d.; Canterbury, £10,893 14s. 2d.; Otago, £6,148 16s. 3d.

REPORT BY THE AUDITOR-GENERAL ON THE

TREASURY STATEMENT.

STATEMENT showing the "PRINCIPAL" of LOANS upon which INTEREST and SINKING FUND has been recovered from PROVINCES, for the Year 1868-69.

	£	s.	d.	£	s.	d.
<i>Auckland</i>						
Sums Recovered on account of the Financial Year 1867-68	...	...	37,318	11	4	
Do. 1868-69, viz.:						
Loan, 1856, £90,000, at 6 per cent., for the Year 1868-69	5,400	0	0			
Deduct Interest on £9,690 11s. 2d.	581	8	4			
Consolidated Loan, £498,675, issued for conversion of Provincial Bonds, from 1st October, 1868, at 6 per cent.	...	...	4,818	11	8	
Provincial Loan, unconverted	...	...	22,440	7	6	
	...	...	12,550	0	0	
						<u>£77,127 10 6</u>
<i>Taranaki</i>						
Loan, 1856, portion of £581 8s. 4d.	...	...	£	5	9	11
Consolidated Loan, £25,000, issued in lieu of unissued Provincial Debentures, from 1st August, at 6 per cent.	...	...	1,375	0	0	
						<u>£1,380 9 11</u>
<i>Wellington</i>						
Loan, 1856, £27,000, at 6 per cent.	...	...	£	1,620	0	0
Add portion of £581 8s. 4d.	...	...	73	18	9	
Consolidated Loan, £97,748, issued for conversion of Provincial Debentures, from 1st October, at 6 per cent.	...	...	1,693	18	9	
			4,398	12	9	
						<u>£6,092 11 6</u>

AUDIT STATEMENT.

STATEMENT showing the "PRINCIPAL" of LOANS, and the amount of INTEREST and SINKING FUND thereon, to be recovered from PROVINCES in the Year 1868-69.

	£	s.	d.	£	s.	d.
<i>Auckland</i>						
Sums Recoverable for the two Financial Years 1867-68 and 1868-69:						
Loan Act, 1856, £90,000, at 6 per cent., for the Year 1867-68	5,400	0	0			
Deduct Interest on £9,690 11s. 2d., for the Year 1867-68	581	8	8			
Loan Act, 1856, £90,000, at 6 per cent., for the Year 1868-69	5,400	0	0	4,818	11	4
Deduct interest on £9,690 11s. 2d., for the Year 1868-69	581	8	4	4,818	11	8
Consolidated Loan, £498,675, issued, 1st conversion, Interest and Sinking Fund, 15th April, 1868, to 15th January, 1869, at 6 per cent.	...	...	22,440	7	6	
Consolidated Loan, £502,762, issued, 1st and 3rd conversion, 15th January to 30th June, 1869, at 6 per cent.	...	...	14,075	19	4	
Interest on Provincial Loan, unconverted, £500,000, 1st October, 1867, to 1st April, 1868, at 6 per cent.	...	...	15,000	0	0	
Sinking Fund, do. do., 1st July, 1867, to 1st April, 1868, at 2 per cent.	...	...	8,333	6	8	
Interest on do., accrued before conversion, paid at the time of conversion	...	...	1,209	7	6	
Do. do., from 1st April, 1868, to 1st October, on amount, £3,750, converted on the 15th January, 1869, 6 per cent.	...	...	112	10	0	
Sinking Fund on do., do. do., at 2 per cent.	...	...	37	10	0	
Sinking Fund on do., on £457,500 first converted, 1st to 15th April, 1868, 2 per cent.	...	...	381	5	0	
Interest and Sinking Fund on do., on £38,750, 1st April, 1868, to 30th June, 1869, 8 per cent.	...	...	3,875	0	0	
						<u>£75,102 9 0</u>
<i>Taranaki</i>						
Loan, 1856, portion of £581 8s. 4d.	...	...	£	5	9	11
Consolidated Loan, £25,000, issued in lieu of Provincial Debentures, 15th April, 1868, to 30th June, 1869, at 6 per cent.	...	...	1,312	10	0	
						<u>£1,817 19 11</u>
<i>Wellington</i>						
Loan, 1856, £27,000, at 6 per cent.	...	...	£	1,620	0	0
Add portion of £581 8s. 4d.	...	...	73	18	9	
Consolidated Loan, £97,748, issued 2nd conversion, 15th July, 1868, to 30th June, 1869, at 6 per cent.	...	...	1,693	18	9	
			5,620	10	0	
						<u>£7,314 8 9</u>

ACCOUNTS OF THE COLONIAL TREASURER.

AUDIT STATEMENT—continued.
STATEMENT showing Interest and Sinking Fund, &c.—continued.

	£	s.	d.
<i>Hawke's Bay.</i>			
Loan, 1856, £27,000, at 6 per cent.	1,620	0	0
Add portion of £581 8s. 4d.	20	16	3
Consolidated Loan, £60,000, issued in lieu of Provincial Debentures, 15th April, 1868, to 30th June, 1869, at 6 per cent.	1,640	16	3
	4,350	0	0
	£5,990	16	3
	£	s.	d.
<i>Nelson.</i>			
Loan, 1856, £45,000, at 6 per cent.	2,700	0	0
Add portion of £581 8s. 4d.	73	5	0
Consolidated Loan, £15,647, issued 2nd conversion, 15th July, 1868, to 30th June, 1869, at 6 per cent.	899	14	6
Consolidated Loan, £14,448, issued to redeem £13,980 Provincial Debentures due, 15th April, 1868, to 30th June, 1869, at 6 per cent.	1,047	9	7
Provincial Loan, unconverted, £1,000, at 8 per cent. Interest, and 2 per cent. Sinking Fund, 1st January to 30th June, 1869...	50	0	0
	£4,770	9	1
	£	s.	d.
<i>Marlborough.</i>			
Loan, 1856, portion of £581 8s. 4d.	4,440	0	0
	176	3	0
	£	s.	d.
<i>Canterbury and Westland.</i>			
Loan, 1856, £74,000, at 6 per cent.	4,440	0	0
Add portion of £581 8s. 4d.	176	3	0
Consolidated Loan, £349,018, issued 1st conversion, and £8,720 issued 2nd conversion, £357,738, 15th April, 1868, to 30th June, 1869, 6 per cent.	4,616	3	0
Consolidated Loan, £21,105 10s., remainder of 2nd conversion, 15th July, 1868, to 30th June, 1869	25,986	0	1
Consolidated Loan, £47,524, issued 3rd conversion, 15th January, 1869, to 30th June, 1869, 6 per cent.	1,213	11	3
Consolidated Loan, £266,600, issued in lieu of Provincial Debentures, 15th April, 1868, to 30th June, 1869, 6 per cent.	1,306	18	3
	19,328	10	0
	£52,401	2	7

TREASURY STATEMENT—continued.
STATEMENT showing Principal of Loans, &c.—continued.

	£	s.	d.
<i>Hawke's Bay.</i>			
Loan, 1856, £27,000, at 6 per cent.	1,620	0	0
Add portion of £581 8s. 4d.	20	16	3
Consolidated Loan, £60,000, issued in lieu of unissued Provincial Debentures, from 1st August, at 6 per cent.	1,640	16	3
	3,300	0	0
	£4,940	16	3
	£	s.	d.
<i>Nelson.</i>			
Loan, 1856, £45,000, at 6 per cent.	2,700	0	0
Add portion of £581 8s. 4d.	73	5	0
Consolidated Loan, £15,647, issued for conversion of Provincial Debentures, from 1st October, at 6 per cent.	704	2	0
Provincial Loan unconverted, £1,000, from 1st January, at 10 per cent.	50	0	0
	£3,527	7	0
	£	s.	d.
<i>Marlborough.</i>			
Loan, 1856, portion of £581 8s. 4d.	5	16	0
	£	s.	d.
<i>Canterbury and Westland.</i>			
Loan, 1856, £74,000, at 6 per cent.	4,440	0	0
Add portion of £581 8s. 4d.	176	3	0
Consolidated Loan, £349,018, issued for conversion of Provincial Loans, 1st conversion, from 1st July to 30th September, at 6 per cent.	4,616	3	0
Consolidated Loan, £378,843 10s., issued for conversion of Provincial Loans, 1st and 2nd conversion, from 1st October, at 6 per cent.	5,235	5	6
Consolidated Loan, £47,524, issued for conversion of Provincial Debentures, 3rd conversion, from (no date stated) to end of June	17,047	19	0
	195	0	11
	£41,737	8	5
	250	0	0
	£41,507	8	5
Deducted from the amount recovered in June			

NOTE.—By a clerical error in the copy of the Auditor-General's Report the following item was omitted:—"Provincial Loan unconverted—Interest on £266,600 from 1st August, 1868, to 30th June, 1869, £14,663." This sum being included, makes up the total of £41,507 8s. 5d.
The Division between Canterbury and Westland will be made in a separate Account.

REPORT BY THE AUDITOR-GENERAL ON THE

AUDIT STATEMENT—continued.

STATEMENT showing Interest and Sinking Fund, &c.—continued.

	£	s.	d.	£	s.	d.
<i>Otago.</i>						
Loan, 1856, £63,000, at 6 per cent.	3,780	0	0	3,780	0	0
Add portion of £581 8s. 4d.	200	5	5	200	5	5
Consolidated Loan, £372,017, issued for conversion of Provincial Debentures, 1st conversion, 1st July to 30th June, at 6 per cent.	3,980	5	5	3,980	5	5
Consolidated Loan, £27,622 10s., remainder of 2nd conversion, 15th July, 1868, to 30th June, 1869, 6 per cent.	27,516	10	1	27,516	10	1
Consolidated Loan, £11,277 5s., issued 3rd conversion, 15th January, 1869, to 30th June, 1869, 6 per cent.	1,588	5	11	1,588	5	11
Consolidated Loan, £26,200, new issue, to provide for payment under Surplus Revenue Adjustment Act, 15th April, 1868, to 30th June, 1869, 6 per cent.	310	2	6	310	2	6
	1,899	10	0	1,899	10	0
	£35,294	13	11	£35,294	13	11

Southland.

	£	s.	d.	£	s.	d.
Loan, 1856, £18,000, at 6 per cent.	1,080	0	0	1,080	0	0
Add portion of £581 8s. 4d.	25	14	4	25	14	4
Consolidated Loan, £5,785 9s., new issue to provide for payment under the Surplus Revenue Adjustment Act, 1st August to 30th June, at 6 per cent.	1,105	14	4	1,105	14	4
Consolidated Loan, £418,829 8s. 9d., issued to redeem Southland Certified Debt, and Interest thereon, also to provide Interest to the 31st December, 1868, as required by section 3, "Consolidated Loan Provincial Charges Act, 1868," 1st January to 30th June, 6 per cent.	318	2	6	318	2	6
	12,564	18	9	12,564	18	9
	£394,063	3	6	£394,063	3	6

Southland.

	£	s.	d.	£	s.	d.
The Debentures issued at 97 per cent. to provide for the above sum were	406,250	14	0	406,250	14	0
Interest thereon, from 15th April to 31st December, 1868, at 6 per cent., was £17,265 13s., which, being capitalized as required by the Consolidated Loan Provincial Charges Act, absorbed the proceeds of Debentures at 97 per cent.	17,799	12	10	17,799	12	10
New issue	£424,050	6	10	£424,050	6	10
Interest and Sinking Fund, from 1st January to 30th June, 1869, 6 per cent.	12,721	10	2	12,721	10	2
	£13,827	4	9	£13,827	4	9

TREASURY STATEMENT—continued.

STATEMENT showing Principal of Loans, &c.—continued.

	£	s.	d.	£	s.	d.
<i>Otago.</i>						
Loan, 1856, £63,000, at 6 per cent.	3,780	0	0	3,780	0	0
Add portion of £581 8s. 4d.	200	5	5	200	5	5
Consolidated Loan, £372,017, issued for conversion of Provincial Debentures, 1st conversion, 1st July to 30th June, at 6 per cent.	3,980	5	5	3,980	5	5
Consolidated Loan, £31,535 15s., part of Debentures issued in 2nd conversion of Provincial Debentures, 1st October to 30th June, 6 per cent.	22,321	0	3	22,321	0	3
Consolidated Loan, £25,918, new issue to provide for payment under the Surplus Revenue Adjustment Act, 1st August to June, 6 per cent.	1,419	2	2	1,419	2	2
	1,425	9	10	1,425	9	10
	£29,145	17	8	£29,145	17	8

Southland.

	£	s.	d.	£	s.	d.
Loan, 1856, £18,000, at 6 per cent.	1,080	0	0	1,080	0	0
Add portion of £581 8s. 4d.	25	14	4	25	14	4
Consolidated Loan, £5,785 9s., new issue to provide for payment under the Surplus Revenue Adjustment Act, 1st August to 30th June, at 6 per cent.	1,105	14	4	1,105	14	4
Consolidated Loan, £418,829 8s. 9d., issued to redeem Southland Certified Debt, and Interest thereon, also to provide Interest to the 31st December, 1868, as required by section 3, "Consolidated Loan Provincial Charges Act, 1868," 1st January to 30th June, 6 per cent.	318	2	6	318	2	6
	12,564	18	9	12,564	18	9
	£13,988	15	7	£13,988	15	7

Trust Funds.

The Hon. Mr. Fitzherbert invested on Trust Fund Account the sum of £80,035 10s. in New 5 per Cent. Bonds of the value of £81,900. But it happened that the Comptroller would not accept more than £50,000 of new Bonds, and it became necessary to dispose of the balance either for cash or conversion. As the whole £81,900 of new Bonds were obtained for £80,035 10s., the £50,000 of new Bonds taken up by the Comptroller represents £48,861 14s. in cash, and this sum only ought to have been taken out of Trust Fund moneys as being invested in New 5 per Cent. Bonds. It is found that the sum actually taken is £50,035 10s. It would thus appear that £1,173 16s. is due to the Trust Fund on this account.

There is now standing at the credit of Suspense Account the sum of £1,305 10s. available for the purpose of making good the deficiency of the Trust Fund Account. This sum was carried to the credit of "Suspense" in June, 1869, and was apparently arrived at by the Treasury thus:—

	£	s.	d.
Amount realized on sale of Bonds not taken up by the Comptroller	16,305	10	0
Balance of ditto taken at par	15,000	0	0
	<hr/>		
	£31,305	10	0
Less credit to Trust Fund in the Colony	30,000	0	0
	<hr/>		
At "Suspense," pending adjustment	£1,305	10	0

Recommended, that out of this sum of £1,305 10s., the debt due to the Trust Fund may be discharged.

Consolidated Loan Account.

The Treasury Statement of the operations under "The Consolidated Loan Act, 1867," pages 90 and 99, is, in some respects, complicated. For instance, on reference to page 90, there will be found, on the "Dr." side of the Account Current, under the heading "Amount raised for purposes specified in 'The Public Debts Act, 1867,'" the sum of £1,080,580.

On the "Cr." side, at pages 91 and 93, this sum will be found broken up as follows:—New Zealand Government, £298,275; Taranaki, £24,250; Hawke's Bay, £58,200; Canterbury, £258,602; Otago, £25,414; Southland, £415,839.

At page 97 these sums are again brought into a total sum of £1,080,580 on the "Cr." side of the Account, and deducted from the gross amount issued for redemption and conversion of Provincial Debentures. The gross sum is then transferred to the "Dr." side of the page, where it is added to the casual receipts belonging to the "Public Debt Account," and where it again disappears by subtracting it from the casual receipts to which it had just above been added, and now, apparently, it disappears altogether.

The course adopted by the Treasury, of requiring the Provinces to refund the fractional parts of the Provincial Bonds, is unnecessary, and only tends to complicate the Public Accounts. What was required to be done in this matter was simply either to exchange the old Bonds for New 5 per Cents., or to pay them off in cash obtained from the sale of new Bonds. In no case would any charge, except for Interest and Sinking Fund, be brought either against the General Government or the Provinces by these operations, and the new Bonds represent the total Provincial Debentures, whether taken up by way of exchange or paid in cash. It will presently be seen that the omission of the fractional sums paid in cash does not affect the Treasury balance.

In order to avoid these intricacies of accounts the Auditor furnishes an Abstract of the Treasury Statement, in which the transactions on account of the Public Debts Act and of the Consolidated Loan are thrown into the same return, and the "cross" entries and the "fractional parts" omitted. The Treasury balance is not affected by these alterations.

ABSTRACT of CONSOLIDATED LOAN ACCOUNT, and of "The Public Debts Act, 1867," Account, up to the 30th June, 1869.

	£	s.	d.
New 5 per Cents. prepared for issue	4,191,000	0	0
Advances in Year 1867-68, on account of "Public Debts Act, 1867"	190,000	0	0
Advances on £100,000 hypothecated New 5 per Cents.	80,000	0	0
Sums recovered on account of Interest paid on Provincial Bonds, viz.:			
Hawke's Bay	37	10	0
Nelson	120	0	0
Canterbury	5,603	10	0
Otago	5,771	15	0
Miscellaneous Receipts	11,532	15	0
	22	7	10

	£	s.	d.
General Government, on account of Conversion of old Bonds, chargeable as follows:—	1,525,937	0	0
General Government, on account of £1,397,000 of old Bonds cancelled	3,354	15	0
Province of Otago, " 3,150 of Haranaki cancelled	418,437	15	0
Province of Auckland, " 383,400 Provincial Bonds cancelled	502,762	10	0
Province of Canterbury, " 390,000	426,367	10	0
Province of Wellington, " 84,250	97,748	0	0
Province of Nelson, " 28,850	29,627	0	0
General Government share of Expenses on account of Conversion	£3,004,265	0	0
Provincial Share of Expenses of Negotiation, Sale, and Conversion, together with accrued Interest, &c.:	18,254	11	10

	Interest.	Expenses.
Auckland	£2,747	£5,453
Wellington	2 1	3 11
Hawke's Bay	4 19	1,163
Taranaki	1	10 7
Nelson	553	256
Southland	5 10	8 10
Canterbury	5,916	106
Otago	3 4	17 0
	6,586	241
	7 6	8 7
	15,807	1,814
	17 10	7 0
	£19,438	5,761
	6 9	0 7
		4,641
		10 3
		35,246
		4 7

	Year 1867-68.	Year 1868-69.
Defence	£97,571	£64,712
Electric Telegraph	2 2	1 11
Marine Survey	35,215	27,940
Lighthouses	6 2	7 11
	2,786	3,154
	18 11	19 4
	3,462	3,702
	6 9	8 4
	£139,035	£99,509
	14 0	17 6

	Year 1867-68.	Year 1868-69.
Debentures hypothecated	£238,545	£24,064
Advances repaid	3,875	11 5
Discount on Bonds sold for purposes of "The Public Debts Act, 1867," viz.:		
On £307,500 Bonds for General Government	£9,225	0 0
" £58,200 " Hawke's Bay	1,800	0 0
" £24,250 " Taranaki	750	0 0
" £258,602 " Canterbury	7,988	0 0
" £25,414 " Otago	786	0 0
" £415,839 " Southland	12,861	0 0
Southland Provincial Debt		
Taranaki Debt redeemed		
Surplus Revenues due by Province of Otago		
do. Southland		
Unraised portion of Provincial Loans, viz.:		
Taranaki	£24,064	11 5
Hawke's Bay	57,565	15 7
Canterbury	256,395	4 2
Balance on 30th June, 1869		
	£38,025	11 2
	80,114	8 7

	£38,025	11 2
	80,114	8 7
	£4,472,555	2 10

It will be seen from the Abstract that New 5 per Cent. Bonds to the value of £4,091,000 were issued and £100,000 hypothecated, making together £4,191,000 prepared for issue up to the period of closing the accounts of the financial year 1868-9; that out of this gross sum new Bonds to the value of £3,004,234 were issued for the purpose of taking up £2,749,530 old Bonds; and that the expenses of negotiation, sale, and conversion, including some miscellaneous charges, amount to £18,254 11s. 10d., plus £19,438 6s. 9d.—£37,692 18s. 7d.

In reference to this last item, it is necessary to observe that, in order to meet the expenses incident to the management of the Loan, New 5 per Cent. Bonds were issued at 97. The loss by discount increases the liabilities which the Colony has incurred on account of these expenses, and this increased liability should be charged against the General Government and the Provinces in sums proportioned to the amount of old Bonds taken up for each; but the Treasury has charged only the actual amount of the expenses.

It is further to be observed, in reference to the incidental expenses, that the 7th clause of "The Consolidated Loan Act, 1867," provides that it shall be lawful to defray, out of the moneys borrowed under the Act, all charges and expenses incidental to raising the Loan. It is found, however, that the Treasury has recovered out of the Provincial moiety of the Consolidated Revenues the whole of the expenses apportioned to the Provinces; while, on the other hand, the portion belonging to the General Government has been charged against the Loan, which arrangement leaves the General Government only burdened with the Interest and Sinking Fund.

The Auditor is of opinion that unless the whole of the incidental expenses are charged against the Loan, a vote of the Legislature must be obtained, authorizing the Colonial Treasurer to defray the Provincial share out of the Provincial moiety of the Consolidated Revenues. Failing such an appropriation, all moneys recovered from the Provinces on this account should be refunded to the Provincial chests, and the Consolidated Loan charged with the amount. The overcharges are as follows:—Auckland, £5,781 3s. 11d.; Nelson, £271 8s. 7d.; Canterbury, £3,382 7s.; Otago, £5,985 13s. 9d. In lieu of the above, the Provinces should be charged only the Interest and Sinking Fund on the new Bonds representing the above sums.

The moneys raised under the authority of the Consolidated Loan Act are not applicable to the discharge of claims for Interest, and it is understood that the Colonial Treasurer, in making up the Consolidated Loan Account, has debited the Loan with the charges of accrued Interest on old Bonds as a temporary arrangement only. The sums so charged are being recovered from the Provinces, and placed to the credit of the Loan. These remarks apply also to charges under the head of "Public Debts Act, 1867," (page 99), where Interest on temporary loans, obtained on account of unissued Provincial Loans, is shown as defrayed out of moneys raised under the Consolidated Loan Act. As a matter of fact, the Interest was deducted at the time as a first charge on the gross proceeds arising from the sale of New 5 per Cents., and only the net proceeds paid into the Provincial chests.

It is observed that, in calculating the liabilities of the Province of Southland, the Colonial Treasurer has quoted the New 5 Per Cent. Bonds at a lower price than that paid, on the plea that the cash was received in instalments extending over three months, by which deferred payments the real value of the bonds was reduced from £97 to £96 4s. 3½d., and has thereby increased the liabilities of the Province by the sum of £4,649 13s. 2d.

The Auditor does not question the correctness of the Treasury valuation of the Bonds; but seeing that the Province is charged with Interest and Sinking Fund on the whole of the Bonds disposed of on its account, as if the money was all paid in on the day of raising,—namely, on the 15th April, 1868,—the Auditor maintains that the question of the value of moneys paid in by instalments is clearly got rid of. The Treasury, however, is not satisfied with charging the Province the actual amount of Bonds disposed of from the 15th April, although in doing so it would require the Province to discharge the whole of the Interest and Sinking Fund that it can itself be called upon to pay, but it adds £4,649 13s. 2d. to the sum of the Bonds actually issued, and then charges Interest and Sinking Fund on the increased amount from the day on which the Bonds were sold, namely, from the 15th April, 1868; by which it will eventually make £4,649 13s. 2d. at the expense of the Province of Southland.

It is submitted that the liability of the Province of Southland on the 30th June, 1869, should be reduced from £428,700 to £424,050 6s. 10d.

It is provided by "The Public Debts Act, 1867," that if any of the Loans authorized to be raised by any Provincial Ordinance shall not have been borrowed, the Colonial Treasurer may direct that the balance of such Loan may be sold, and the moneys realized paid over to the Provincial chest. Under this provision, a Loan of £25,000, authorized under "The Taranaki Loan Ordinance, 1862," was raised by the sale of New 5 per Cent. Bonds. Before, however, the new Bonds were disposed of, a sum of £20,000 was borrowed in London, at the rate of 4 per cent. interest, and paid over to the credit of the Province at the Bank of New Zealand. Subsequently the New 5 Per Cents. were issued, and the Interest and Sinking Fund on £25,000 were duly charged on the moiety of the Consolidated Revenues payable to the Province. From the date on which Interest and Sinking Fund were charged on the new Bonds, the charge of 4 per cent. interest on the £20,000 borrowed in anticipation of the Loan should have ceased; but on reference to the Accounts, it is found that for some time Interest on both sums charged. To this double charge for Interest the Auditor objects. When the new Bonds were sold for cash, the borrowed money could have been at once returned to the brokers; if, however, the Treasury found it convenient to retain the money for general purposes, the Province ought not to be damaged on that account. It is submitted that the overcharge should be refunded to the Province. The same remarks apply to the transactions on account of the unissued Bonds of the Provinces of Hawke's Bay and Canterbury, in which the overcharges are as follows:—Hawke's Bay, £469 17s. 11d.; Canterbury, £2,976 0s. 3d.

With the view of bringing out clearly the amount of New 5 Per Cents. issued, the amount hypothecated, and the liabilities of the Colony under the Public Debts Act and the Consolidated Loan Act, the Auditor has reconstructed the Loan Account, and in doing so has eliminated the charges on the Ordinary Revenues.

20th August, 1870.

CHARLES KNIGHT,
Auditor.

See Southland
Account herewith
for the sum of
£424,050 6s. 10d.

£313 5s. 4d.
Explanatory
statements
herewith.

REPORT BY THE AUDITOR-GENERAL ON THE

ACCOUNTS with several PROVINCES for MONEY RAISED, under the Consolidated Loan Act, for purposes specified in Schedule B, Public Debts Act.

1868.	Taranaki.	£	s.	d.
Apr. 15.	Cash from the Sale of £25,000 New 5 per Cent. Bonds	24,250	0	0
		<u>£24,250</u>	<u>0</u>	<u>0</u>

1868.	Taranaki.	£	s.	d.
Mar. 20.	Paid Bank of New Zealand, in London, amount of Provincial Overdraft	20,000	0	0
August.	Paid to Provincial Treasurer, by a Draft on London	3,613	12	8
Mar. 7.	Brokerage paid in London on raising a Temporary Loan to provide for the Debt due to the Bank, before the New 5 per Cent. Bonds could be issued, $\frac{1}{4}$ of 1 per cent. on £20,000	50	0	0
" "	Interest on the Temporary Loan, from 7th March, 1868, to 15th April, 1868, being the day preceding that on which Interest commences to be charged under the 44th clause of "The Public Revenues Act, 1867," 40 days, at 4 per cent., on £20,000	87	13	5
Apr. 15.	Charges and Expenses on Negotiation of Consolidated Loan, £37,531 12s. 5d., proportion chargeable on Taranaki—(Vide printed Account, p. 91)	106	17	0
		<u>£23,858</u>	<u>3</u>	<u>1</u>
	Balance due to Province	391	16	11
		<u>£24,250</u>	<u>0</u>	<u>0</u>

TREASURY CHARGES—(p. 99 printed Statement).

	£	s.	d.
Payment to Provincial Account	23,613	12	8
Interest and Charges on Temporary Loan	450	18	9
Portion of Expenses	106	17	0
	<u>£24,171</u>	<u>8</u>	<u>5</u>
Audit Charges as above	23,858	3	1
	<u>£313</u>	<u>5</u>	<u>4</u>

1868.	Hawke's Bay.	£	s.	d.
Apr. 15.	Cash from the Sale of £60,000 New 5 per Cent. Bonds	58,200	0	0
		<u>£58,200</u>	<u>0</u>	<u>0</u>

1868.	Hawke's Bay.	£	s.	d.
Mar. 20.	Paid Bank of New Zealand, in London, amount of Provincial Overdraft	30,000	0	0
August.	Paid to Provincial Treasurer, by a Draft on London	26,889	7	6
Mar. 7.	Brokerage paid in London on raising a Temporary Loan to provide for the Debt due to the Bank, before the New 5 per Cent. Bonds could be issued, $\frac{1}{4}$ of 1 per cent. on £30,000	75	0	0
" "	Interest on the Temporary Loan, from the 7th March, 1868, to the 15th April, 1868, being the day preceding that on which Interest commences to be charged under the 44th clause of "The Public Revenues Act, 1867," 40 days, at 4 per cent., on £30,000	131	10	2
Apr. 15.	Charges and Expenses on Negotiation of Consolidated Loan, £37,531 12s. 5d., proportion chargeable on Hawke's Bay—(Vide printed Account, p. 91)	256	8	10
		<u>£57,352</u>	<u>6</u>	<u>6</u>
	Balance due to Province	847	13	6
		<u>£58,200</u>	<u>0</u>	<u>0</u>

TREASURY CHARGES—(p. 99 printed Statement).

	£	s.	d.
Payments to Provincial Account	56,889	7	6
Interest and Charges on Temporary Loan	676	8	1
Portion of Expenses	256	8	10
	<u>£57,822</u>	<u>4</u>	<u>5</u>
Audit Charges as above	57,352	6	6
	<u>£469</u>	<u>17</u>	<u>11</u>

ACCOUNTS with several PROVINCES for MONEY RAISED, &c.—*continued.*

1868.	Canterbury.	£	s.	d.	1868.	Canterbury.	£	s.	d.
Apr. 15.	Cash from the Sale of New 5 per Cent. Bonds ...	258,602	0	0	Mar. 20.	Paid Bank of New Zealand, in London, for Provincial Account ...	190,000	0	0
					August.	Paid to Provincial Treasurer, by a Draft on London ...	33,311	6	2
					"	Paid to Timaru and Gladstone Board of Works, by a Draft on London ...	23,800	0	0
					Mar. 7.	Brokerage paid in London on raising a Temporary Loan to provide for the payment to the Bank, before the New 5 per Cent. Bonds could be issued, $\frac{1}{4}$ of 1 per cent. on £190,000 ...	475	0	0
					" "	Interest on the Temporary Loan, from the 7th March, 1868, to the 15th April, 1868, being the day preceding that on which Interest commences to be charged under the 44th clause of "The Public Revenues Act, 1867," 40 days, at 4 per cent., on £190,000 ...	832	17	9
					Apr. 15.	Charges and Expenses on Negotiation of Consolidated Loan, £37,531 12s. 5d., proportion chargeable on Canterbury—(For above transactions, <i>vide</i> printed Account, pp. 91, 95, and 99) ...	2,959	3	7
							£256,378	7	6
						Balance due to Province ...	2,223	12	6
							£258,602	0	0

TREASURY CHARGES—(p. 99 printed Statement).

	£	s.	d.
Payments to Provincial Account ...	252,111	6	2
Interest and Charges on Temporary Loan ...	4,283	18	0
Portion of Charges ...	2,959	3	7
	£259,354	7	9
Audit Charges as above ...	256,373	7	6
Overcharged ...	£2,976	0	3

