

FURTHER REPORT BY THE AUDITOR-GENERAL OF THE PUBLIC ACCOUNTS FOR THE YEAR 1869-70.

Recoveries from Provinces for Interest and Sinking Fund, page 150.

THE Treasury has adjusted the charges for "The Consolidated Loan Act, 1867," so that they now accord with the statements given in my Report on the Accounts for the year 1868-69 in nearly all essential particulars, except that the Treasury still maintains the right to recover from the Provinces in cash all the expenses of conversion, &c. The amount so recovered is £16,696 13s. 10d. The whole sum required to meet these expenses was raised under the Consolidated Loan Act, and forms part of the balance transferred to revenue, under the authority of section 7, Appropriation Act, 1870. The money thus liberated, to the extent of £16,696 13s. 10d., was at the expense of the Provinces.

Having called attention to this matter, the Auditor-General leaves it; and in order to obtain a common base, has adopted the Treasury view in all calculations and remarks made in this Report on the Consolidated Loan Accounts.

The annexed Table shows the adjustments for Interest and Sinking Fund, included in the Finance Accounts under the head "Consolidated Loan Act, 1867."

	Capital on which Interest and Sinking Fund is recoverable, according to the Treasury Statement.			Undercharged in the Accounts for the year 1868-69.			Overcharged in the Accounts for the year 1868-69.			Interest and Sinking Fund due for the year 1869-70.			Recovered in the year 1869-70. (Page 150, printed Statement.)		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Auckland	502,350	0	0	...	...	...	2,029	16	6	30,141	0	0	28,111	3	6
Taranaki (a)	27,000	0	0	437	10	0	...	...	...	1,580	1	2	2,017	11	2
Wellington (b)	97,600	0	0	1,213	7	3	...	...	...	5,856	0	0	7,069	7	3
Hawke's Bay	60,000	0	0	1,050	0	0	...	...	...	3,600	0	0	4,650	0	0
Nelson	31,900	0	0	971	2	9	...	...	...	(c)1,895	9	9	2,866	12	6
Marlborough ... ..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Canterbury	545,965	7	8	5,868	8	11	...	...	...	32,757	18	6	38,626	7	5
Westland	146,384	12	4	4,977	3	2	...	...	...	8,783	1	6	13,760	4	8
Otago	443,400	0	0	(d)5,683	7	9	...	...	...	26,604	0	0	32,287	7	9
Southland	424,250	0	0	...	...	...	155	11	3	25,455	0	0	25,299	8	9

(a). £2,000, part of the year only.

(b). Interest and Sinking Fund on £17,950, at 6 per cent. for half-year, £538 10s., was recoverable in addition to £5,856—a further sum of £17,950 having been raised, as on the 1st January, 1870, for the benefit of Wellington. This claim has since been adjusted—(T71-239).

(c). £15,700 for conversion, 12 months, at 6 per cent. 942 0 0
 £14,980, borrowed to redeem Provincial bonds, at 5½ per cent., 1½ months 102 19 9
 £16,200 bonds, sold at 92·266 per cent., to repay temporary loan, 10½ months, at 6 per cent. 850 10 0

£1,895 9 9

It is doubtful whether the charge for interest alone on the sum temporarily borrowed is fair to the Colony. The currency of the bonds hypothecated (£16,200) commenced from the 15th January, 1869, and Sinking Fund, as from this date, has been paid by the Colony, without any recovery having been made from the Province on account of the period during which the bonds were hypothecated. The expense on this account, computed from the 15th January, 1869, amounts to £81, and should be recovered from the Province.

(d). In the adjustment made by the Treasury, interest on £26,600 bonds, issued for the amount required under the Surplus Revenue Adjustment Act, is charged from 15th July, 1868. The arguments adduced in the joint memorandum, to prove that Southland and Canterbury should be charged from 15th April for sums similarly raised, apply equally to the case of Otago. The interest paid for the quarter was £399.

*Special Fund.—Consolidated Loan Application Act, 1869.—Discount, Commission, and Charges,
£1,039 9s., page 155.*

The whole expense of raising the authorized sum of £79,000 has been charged against the Province of Wellington. £7,000 of this loan is for the benefit of Southland, and the expenses should be divided *pro rata*.

Wellington, on	...	...	£72,000	...	£947	7	0
Southland, on	...	...	7,000	...	92	2	0
			£79,000		£1,039	9	0

Trust Fund Investment Account, page 162.

The Auditor-General, in his Report on the Accounts for 1868-69, recommended that certain adjustments should be made in this account. This recommendation has not been followed in the year under consideration; but a satisfactory adjustment is made in the accounts of the year 1870-71.