

in course of payment in the year 1871-72 following. This is not owing to there being no outstanding liabilities of the year 1870-71 to be discharged in 1871-72, but to the fact that they have been made a direct charge on the Consolidated Fund of the year 1871-72, thus relieving the revenue of the year 1870-71 of a charge of about £40,337.

14. In other words, the Treasury has reserved the appropriations but not the revenues of the year to which the liabilities belong, and has paid the arrears out of the next year's revenues. Although this is a departure from the practice of the previous year, it is not clear but that it may be reconciled with the provisions of "The Revenues Act, 1870."

15. The Colonial Treasurer, in his place in the House, explained that the object of "The Revenues Act, 1870," is to afford the means of comparing the expenditure with the amount voted by the General Assembly; and this means is supplied in a clear and comprehensive statement at pp. 98, 99, 100, and 101, where the total amount reserved is shown to be £40,337 0s. 10d.

16. The alteration in the mode of treating the arrears has the advantage of not disturbing the total of accounts which come in course of payment in the year by entries charging votes with moneys not actually expended at the time, and in some instances not spent at all, as will be seen on reference to page 10, where no less a sum than £17,184 0s. 7d. is shown as returned to Revenue out of a sum of £58,036 8s. 2d, reserved out of the Consolidated Fund of the year 1869-70.

17. The over-expenditure on account of New Zealand Settlements Act of £2,352 14s. 3d., and of Consolidated Loan Act of £19,063 17s., shows that either the Controller issued more money from the Public Account than was then to the credit of these Acts—thus trenching on moneys not available—or the Treasury, having obtained moneys from the Controller for the purposes of the Defence Loan, (the only credit balance,) diverted it to uses other than those stated in the requisition.

18. Bonds belonging to the Consolidated Loan have been paid off in London to the amount of £132,000. These the Treasury continues to show as part of the liabilities of the Colony under the head of "Public Debt," as if a part of the Sinking Fund was invested in these New Zealand Bonds, and the Government could, if it thought proper, dispose of them for other securities. But such is not the case. The bonds are absolutely redeemed—they cannot be issued again, and when cancelled may be said no longer to be in existence. The Auditor, in a late Memorandum, pointed out that the bonds drawn by lottery and paid off could not be issued again, and ought to be cancelled and returned to the Colony. As there seems no useful object gained by showing these redeemed bonds as liabilities, they should be written off both the "Public Debt" and the "Debenture" Accounts.

19. The "Debenture" and "Public Debt" Accounts are treated as always balancing each other, although they are not at all times of the same amount. For instance, on the termination of the year 1870-71, the Agents in London held in their hands bonds to the amount of £139,500, duly signed by the Commissioners and ready for issue. These bonds were complete in every respect as instruments for raising money, but they are not shown in the Public Accounts. It is considered that the Agents should be charged with the amount, so as to make them public Accountants, answerable for the securities in their custody.

20. On the other hand, £14,600 has been shown in the Accounts as debentures issued during the year 1870-71; whereas, as a matter of fact, they were not issued until the financial year 1871-72, and bear date January, 1872.

21. The "Public Debt" Account includes scrip or "undertakings" issued by the Colonial Treasurer as follows:—

No. 1. Dated 30th September, 1869, and issued 26th October, 1869, £1,000.

No. 2. Dated 30th September, 1869, and issued 1st November, 1869, £1,000.

These bear interest at the rate of 6 per cent. per annum. The authority for raising the sum of £2,000 is section 19 of "The Appropriation Act, 1869." It is not understood why these scrip are not exchanged for regular bonds.

22. Sinking Fund on series due 15th July, 1914, of the Loan of 1863, for the half-year ended 15th July, 1870, does not appear to be charged in the Public Accounts.

23. The same remark applies to series due 15th March, 1891, for the half-year ended 15th September, 1870.

21st August, 1872.

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