

## No. 13.

The Treasury.

Audit Office, 16th August, 1901.

*Debentures for £255,000 under "The Aid to Public Works and Land Settlement Act, 1900," submitted for Countersignature.*

It is declared by these debentures that, according to the Act by which their issue is authorised, "the principal and interest are chargeable on the Consolidated Fund of the Colony." Subsection (3) of section 11 of the Act provides, however, as follows: "The sum of money named in any such debenture, scrip, or other security, together with all interest payable in respect thereof, is hereby declared to be a charge upon and to be payable out of the public revenues of New Zealand"; and it is also declared in the prospectus of the loan that "these debentures are secured on the public revenues of the colony."

It would appear that, in view of such discrepancy between the declaration in the debentures and the provisions of the Act and of the prospectus of the loan, the Audit Office would not be justified in countersigning the debentures. This objection to the form of the debentures was mentioned about two or three months ago, when a proof of the form was shown to the Audit Office.

J. K. WARBURTON,

Controller and Auditor-General.

## No. 14.

I THINK the Controller is referring to the Land for Settlements Consolidation Act debentures.—J. B. H.

## No. 15.

The Solicitor-General.

HON. Colonial Treasurer would be glad to receive your opinion upon the new point raised.  
17th August, 1901.

JAS. B. HEYWOOD.

## No. 16.

THE rights of the debenture-holders are governed by the Act itself, which charges the moneys on the "public revenues" of the colony, and these rights are not in any way affected by the fact that on their face the debentures are expressed to be charged on the "Consolidated Fund" of the colony—the two expressions have the same meaning. I am therefore of opinion that, whilst it would be well that the debentures should accord textually with the Act—and the Audit Office does quite right in drawing attention to the difference—yet the validity of the debentures is not affected, and the Audit Office is therefore justified in countersigning them.

17th August, 1901.

FRED. FITCHETT.

## No 17.

The Controller and Auditor-General.

I THINK the Solicitor-General's opinion will now enable you to see your way to countersign the debentures, which are urgently needed.

17th August, 1901.

JAS. B. HEYWOOD.

## No. 18.

The Treasury.

Audit Office, 17th August, 1901.

*Debentures submitted for Countersignature.*

THE Controller and Auditor-General, after very carefully reconsidering the matter, extremely regrets that he should still feel it to be his duty not to countersign debentures which declare the security to be anything else than the Act prescribes which authorises their issue, and especially when it is not clear that the amount of the security mentioned in the debentures includes, or is not less than, the amount of the security as declared by the Act. The purchasers might be unable readily to sell the debentures which should declare as the security what the Act and the prospectus do not declare it to be. The discrepancy might affect the marketable value of the debentures, and so occasion complaints as to the error in the issue of them.

J. K. WARBURTON,

Controller and Auditor-General.