

*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
					£31,305	10	0
Less credit to Trust Fund in the Colony	...	...	...	...	30,000	0	0
					£1,305	10	0
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.