

The nearest sum to this in bonds is £400,500, the net proceeds of which, at 97 per cent., is £388,485.

3rd. The interest on these sums was directed to be capitalized by "The Consolidated Loan Provincial charges Act, 1868," on the 31st December, 1860.

The interest on £406,450 from 15th April, 1868 (the date of the £ s. d.
Bonds), to 31st December, 1868, at 6 per cent. ... 17,274 2 6

The nearest sum to this in bonds (including the moiety of a bond), is £17,800, the net proceeds of which is £17,266.

The amount, therefore, will stand as follows, on the 30th of June, 1869:—

<i>Cr.</i>				£	s.	d.
Southland, net proceeds of	£5,950	...	...	5,771	10	0
"	£400,500	...	...	388,485	0	0
"	£17,800	...	...	17,800	0	0
"	Interest charged on account	...	...	12,883	1	3
Total <i>Cr.</i>				£424,405	11	3
<i>Dr.</i>				£	s.	d.
To amount payable under "The Surplus Revenue Adjustment Act, 1867," with interest thereon		5,752	17	4		
To amount payable for certified debts, interest thereon, and proportion of costs of raising loan	...	388,451	6	3		
Interest, &c., payable on £406,450 from 15th April to 31st December, 1868, at 6 per cent.		17,274	2	6		
Interest, &c., payable on £424,250 from 1st January to 30th June, 1869, at 6 per cent.		12,727	10	0		
Total debits				424,205	16	1
Balance due to the Province				£199	15	2
Of which there is to the credit of Capital Account				£44	3	11
Interest Account				155	11	3
				£199	15	2
Amounts of Bonds charged to Province				£5,950	0	0
				400,500	0	0
				17,800	0	0
				£424,250	0	0

The mode of charging and crediting the Trust Fund Investment Account to which the Auditor-General objects (pages 12 and 13) was decided on by the (then) Colonial Treasurer. After due consideration, he came to the conclusion that it was sufficient that the Trust Fund should be represented by Colonial Securities, taking these at their nominal value—or in other words, that the Colony should own itself indebted to that fund in a given sum. By this process the Trust Fund is used to take up portions of the Loans of the Colony; and however large that fund may become, the borrowing powers given to the Government by the Assembly can never extend beyond the authorized amount.

As the Trust Fund is at present constituted, it is not likely to be required to be paid in cash to any large amount at any one time; and if it were, and the securities did not realize their nominal amount, the fund would still be secure, because the Consolidated Revenue of the Colony is bound to make up any deficiency (*vide* "The Post Office Savings Banks Acts, 1867 and 1869.") It is therefore submitted that all that should be repaid to the Trust Fund in respect of these transactions is only the £35 10s. which was paid as brokerage and other charges.

It is submitted that this Memorandum be referred for the concurrence of the Auditor-General prior to making the proposed adjustment.

J. WOODWARD, Assistant Treasurer.

C. T. BATKIN, Paymaster-General and Accountant.

Treasury, 9th September, 1870.

P.S.—With regard to the Consolidated Loan and Public Debts Act Accounts, the Auditor remarks that the Treasury Statement is in some respects complicated.

The Treasury is prepared to adduce specific and it is believed satisfactory reasons for the manner in which each item of these Accounts has been dealt with. It may however be sufficient to say that the Treasury occupies an infinitely more difficult position in respect to these Accounts than does the Auditor. It is compelled to record its transactions from day to day as they occur, and to justify those transaction step by step, to the Comptroller on the one hand, and the Auditor on the other. The information on which it is required to act is often very imperfect, and this was notably the case in respect to the transactions under the Consolidated Loan Act and the Public Debts Act. The account which the Treasury is obliged to prepare is not such an account as will show in a compendious form the transactions of the year, but one which shall detail the actual operations recorded in its books, and which shall be referable to accounts previously rendered to the Comptroller, to the Auditor, and to the Public.

C. T. BATKIN,

Paymaster-General and Accountant.