

*Treasury Bills Act, 1869, page 8.*

Interest, 1st October, 1869, to 4th February, 1870.

This Bill was issued in October, with the intention of redeeming it out of the proceeds of a re-issue of Bills to a similar amount. It was, however, deemed advisable to issue the whole sum authorized by the Act, in Sydney, whither the Colonial Treasurer proceeded as soon as practicable. The Bills were all taken up in Sydney in January, 1870, and the first instalment of the proceeds reached Wellington near the end of that month; but only to the amount of a little over £15,000. Other remittances followed, and the Bill in question was taken up on the 4th of February.

As respects the interest, the Treasury does not say that the Bill was hypothecated to the Bank, but that it was sold, and if it had been paid off at its due date, the interest would have been paid at the rate of 4d. per cent. per diem, as stated by the Auditor-General. The Bill, however, was held over by the Bank for the convenience of the Government: and it is therefore submitted that the Bank might fairly claim the right to charge interest on the amount at the rate at which it makes advances to the Government. The reason for dividing the interest into two parts in the account was, that the Bill bore interest until paid off, which interest at 4d. per cent. per diem amounted to £952 10s., while the additional interest, or £143 10s. 7d. (the difference between 4d. per cent. per diem and seven per cent. per annum) was left to be authorized by a vote of Parliament. The only point that may be questionable is, whether the Bank could claim more than the interest which the Bill expressed during its legal currency. The difference for the thirty-one days is £35 0s. 8d.

*Consolidated Revenue, page 26.—Lunatics Act, 1868.*

The history of the transaction referred to by the Auditor-General is exceedingly complicated, owing to the manner in which the accounts had been kept by the late Registrar of the Supreme Court. Sums of money were paid over by him at various times between January and April, 1870, but owing to the confused state of the accounts, and the absence of necessary information, the money could not be brought to charge until the last-named month. It is undeniable that the Registrar ought to have paid the amount due to the Province for maintenance, but as he had not done so, the Treasury paid it as soon as the amount was ascertained, and having no means of paying it out of Trust Fund (the money not having been credited, as stated above) the claim was paid at the end of March, out of Consolidated Fund, as a "Permanent Charge" under "The Lunatics Act, 1868," and to recoup this expenditure, the money was also credited (in April) to the Consolidated Fund. It is now seen that this credit ought to have been made to General Revenue, but the form of the payment having been overlooked, the amount was treated in the ordinary way, as revenue arising within the Province of Otago. This requires that the half of the amount paid to the Province (or £200 4s. 4d.) should be recovered: thus in effect treating the payment as a refund of revenue.

The amount of £84 18s. 4d. is in a different position. This really consists of three sums, as follows:—

25th March, 1870. A. Johnston. Amount of commission deducted from his estate, now refunded by order of Supreme Court	£	s.	d.
13th May, 1870. G. E. Barton. Amount of costs in estate of John H. McLean	14	16	10
10th June, 1870. B. C. Haggitt. Amount of costs, inquiries into lunatic estates	66	16	6
	3	5	0
	£84	18	4

The second of these sums (£66 16s. 6d.) has been recovered from the estate for which it was paid, and will be found credited to the Public Account in December, 1870.

The sum of £14 16s. 10d. was paid by direction of the Hon. the Colonial Treasurer, as a refund of a deduction which the Court had decided ought not to have been made by the late Registrar, but no corresponding amount of receipt has been traced.

The remaining sum of £3 5s. was paid for professional services in inquiring into the transactions of the late Registrar. It is submitted that both of these sums must remain as charges against the Colony.

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It is stated that the Treasury has not used the £1,000 provided out of Special Fund for the payment of Southland Debts, and that the Consolidated Fund is benefitted to that extent at the expense of the Special Fund. The Auditor-General is in error in this statement. The Treasury applied £9,028 5s. 4d. in payment of Southland Debts (see p. 29 of Public Accounts), and though the sum of £7,000 was transferred to Revenue (see p. 32 of Public Account) to meet these debts the Treasury was only authorized to expend £6,000, and the balance of £3,028 5s. 4d. was accordingly submitted for a supplementary vote (see Estimates of 1870-71, Vote 82). It will be seen that no benefit accrued to the Consolidated Fund by this transaction, but that, on the contrary, that fund was under advance to the Province of Southland in the sum of £2,028 5s. 4d., which sum has since been recovered out of moneys provided under Schedule 2 of the Defence Loan Act.

*Interest and Sinking Fund, page 9.*

Sinking Fund at 2 per cent on £342,800, £3,428.

In relation to this charge, the Auditor-General refers to an entry (at page 13 of the accounts of 1868-69) of £3,624, for the same Sinking Fund, and for the same period, and he states that these entries are calculated to lead to the impression that there had been a double payment. The Auditor appears to consider that the entries have been made simply with the view to correct an assumed error of £194, but that no error really existed. A review of the transactions on which the entries referred to were made will show that there was a double payment (although the first was recovered before the second was made), and that the Treasury had no alternative but to follow, as they did, the entries made by the Crown Agents. On the 15th June, 1869, the Crown Agents paid to the Trustees of the Sinking Fund of the loan of 1863, the sum of £3,622 as the contribution due by the Colony on that