

interest came to be paid. I understood from your memorandum that while you would have preferred coupons, you did not object to the proposed issue and in consequence of this misunderstanding a large number of debentures have been issued to investors all over the colony. In these circumstances, I hope the Audit Office will feel itself justified in giving credit. If it is desired that in future a receipt from the payee be procured in addition to the certificate of the officers making payment, the Treasury will take steps to have this done.

As you are aware, the sole object of the Treasury in adopting the non-coupon system was to meet the convenience of small investors who are not familiar with the use of coupons.

JAS. B. HEYWOOD, Secretary.

No. 8.

The Hon. the Colonial Treasurer.

Audit Office, 31st May, 1904.

*Debentures without Interest Coupons and Treasury Memorandum of 30th May, 1904.*

THE Controller and Auditor-General begs leave to explain the position. The Audit Office, in its minute of the 4th February, while raising no objection to the form of debenture, suggested that there should be sent to the debenture-holder, in respect of each half-yearly instalment of interest, a timely notice to be presented and signed by him as his receipt for the amount and the paying officer's voucher, and added in the memorandum to the Minister of the day following, the 5th February, that "it ought to have been observed that the form of debenture is not considered to be satisfactory unless the holder is to give to the paying Postmaster a receipt to be sent in by him as his voucher for the payment. Coupons would be better. If the holder of a debenture should not be known to the Treasury, it would be impracticable for the Treasury to send to him, as suggested by the Audit Office, such timely notice of the interest becoming payable, as would serve for his receipt to the Postmaster." When, on the 20th May, the debentures without coupons were submitted by the Minister for countersignature, he had not acknowledged and made no reference to the Audit Office representations; and the debentures were countersigned on the presumption that the payments of the interest would be supported by vouchers in accordance with the requirements of the Public Revenues Act. The Audit Office, however, in countersigning the debentures, took the precaution of referring the Minister to its representations, and of remarking that credit could not be given for the interest-payments not so supported. The debentures now issued without coupons to investors all over the colony would thus have been issued after the Minister had been so notified. In these circumstances it is respectfully submitted that the Audit Office could not well be justified in allowing credit for the interest-payments unsupported by the vouchers.

J. K. WARBURTON, C. & A.-General.

No. 9.

The Treasury, New Zealand, Wellington, 4th June, 1904.

*Memorandum for the Audit Office.*

IN reply to your memorandum of the 31st ultimo, and with which you returned a small parcel of debentures uncountersigned, the Treasury desires to mention that these debentures are part of a large parcel which have been printed off and are nearly all ready for the Audit Office's countersignature. Moreover, nearly four hundred of the same issue have been already countersigned by the Audit Office and issued to the public. In these circumstances the Treasury hopes the Audit Office will countersign these debentures for which purpose they are now returned. The matter is one of urgency as the investors reside in Melbourne, and it is desired they should be sent by to-day's mail.

With reference to the sufficiency of the paying officer's certificate as a receipt for interest paid, the Treasury would point out that it is the same as that which the Audit Office has always accepted in the case of the New Zealand Consols to "bearer," and the Treasury submits that what is good in the one case may reasonably be treated as good in the other. The Audit Office suggestion of a receipt from the debenture-holder is impracticable in itself, as it is impossible to tell who the debenture-holder might be, and, moreover, there would be no possible means of connecting the receipt of any specified person—e.g., John Brown, with any specified debenture in cases where as here the debentures are to "bearer." For these reasons the Treasury hopes that the Audit Office will accept in the case of these debentures the certificate which it has always accepted in the corresponding case of New Zealand Consols, and will allow credit accordingly. Of course, if the Audit Office desires receipts from the payees, the Treasury will have forms prepared and sent out for use in future cases, although for the reasons indicated above it seems to the Treasury they cannot carry the matter much further.

JAS. B. HEYWOOD, Secretary.

No. 10.

The Hon. The Colonial Treasurer.

THE Controller and Auditor-General would respectfully refer the Minister to his (the Controller and Auditor-General's) former minutes, and express his regret that he should be asked to countersign the debentures except on the condition that the vouchers are to be taken for the payments of interest. The coupons appear to be the only satisfactory method of obtaining vouchers for payments of interest to debenture-holders not known to the Administration. The requirements of the Public Revenues Act are not observed where the interest on a few Consols certificates is paid without vouchers in the form either of receipts or of coupons.

J. K. WARBURTON, C. & A.-General.

4th June, 1904.