

## No. 3.

Hon. the Colonial Treasurer.

ACCORDING to the coupons attached to the ten debentures in question, they will yield to the purchaser on the purchase-money a higher rate of interest by the year than 4 per cent. The Loan Act expressly and very plainly provides that the debentures shall not be sold at a price that will have such result. The determination of the Governor in the case of the debentures for the Half-million Loan is not understood by the Audit Office to have the force of a judgment of the authorised interpreters of the law as to the meaning of the provision of the Loan Act. The Solicitor-General has remarked, on a former proposal to treat one Warrant as dispensing with another, that "the Audit Office would, of course, be quite justified in insisting upon a fresh Warrant by His Excellency." In these circumstances the Controller and Auditor-General extremely regrets that he does not feel himself justified in applying the Governor's determination to any but the debentures to which it is expressed to be applicable.

It may be added that the present case is not considered by the Audit Office to be precisely the same as that of the issue of the debentures in terms of the prospectus for the Half-million 4-per-cent. Loan.

26th September, 1901.

J. K. WARBURTON,  
Controller and Auditor-General.

## No. 4.

The Treasury, Wellington, New Zealand,  
27th September, 1901.

THE Audit Office.  
WITH reference to your memorandum dated the 23rd instant, intimating that for reasons given you find yourself unable to countersign the debentures submitted on the 21st, I have to inform you that the Right Hon. the Colonial Treasurer has decided to refer the matter to the Solicitor-General, with the view of subsequent action under the Public Revenues Act if warranted by the Solicitor-General's opinion, and I therefore take the opportunity of asking you whether your objections as contained in the memoranda dated 23rd and 26th instant may be considered complete.

JAS. B. HEYWOOD,  
Secretary to the Treasury.

## No. 5.

Right Hon. the Colonial Treasurer.

YES; those objections are complete. The Controller and Auditor-General presumes, however, that if any special case is submitted to the Solicitor-General it will be a case satisfactory to both parties to the dispute.

28th September, 1901.

J. K. WARBURTON,  
Controller and Auditor-General.

## No. 6.

The Audit Office.

THE case which will be referred to the Solicitor-General will be the objection made in your memorandum of the 23rd instant.

As already mentioned, the Treasury is of opinion that the objection now raised is identical in principle with that raised by the Audit Office on the 29th July last in connection with the interest payable on debentures of "The Aid to Public Works and Land Settlement Act, 1900," and which objection was determined by the Governor in his Warrant dated the 14th August, 1901. In your memorandum dated the 26th instant you state "that the present case is not considered by the Audit Office to be precisely the same as that of the issue in terms of the prospectus of the Half-million 4-per-cent. Loan." I shall therefore be obliged if you will state in what way the principle underlying both objections is not identical.

30th September, 1901.

JAS. B. HEYWOOD.

## No. 7.

Hon. the Colonial Treasurer.

THE difference between the two cases was this: In one case the debentures were sold by public tender according to the terms of a prospectus; and what was assumed to have been the practice of selling the debentures in this way appears to have been regarded by the Law Office as precedent to interpret the laws. In the other case the debentures were sold privately to the first applicant. In principle, however, the Audit Office objection is the same in both cases. The statute provides that the purchaser shall not receive a higher rate of interest on the purchase-money than 4 per cent. per annum. The proposal of the Treasury is to pay to the purchaser a higher rate of interest than 4 per cent. per annum. To that proposal the Audit Office, of course, objects.

30th September, 1901.

J. K. WARBURTON,  
Controller and Auditor-General.

## No. 8.

Audit Office, 19th October, 1901.

*Ten Debentures numbered 559 to 568, for £1,000 each, or £10,000, issued under "The Land for Settlements Consolidation Act, 1900."*

ADVERTING to the Audit Office objection to the proposal of the coupons attached to these debentures to pay to the purchaser a higher rate of interest than 4 per cent. per annum on the purchase-money, contrary to the provisions of the Loan Act, the Controller and Auditor-General begs now to return the debentures, and the narration of them.

Hon. the Colonial Treasurer.

J. K. WARBURTON,  
Controller and Auditor-General.