

This amount of £790,578 16s. 2d. was what may be termed the Authorized Expenditure for the year 1865-6 (or nearly so, for I ought to explain that there were some errors of computation, &c., in the preparation of the Supplementary Estimates, which caused the Supplementary Expenditure to be there stated at less, by the sum of £122 1s. 1d. than the amount given above and actually apportioned amongst the various Provinces); and with this, which of course includes sums not actually expended, or in any way engaged to be, and which therefore constitute savings to be carried to the credit of the Revenue for the current year (in accordance with Clause V. of the Appropriation Act), we have now to compare the actual Expenditure (as against Revenue) for the same period, which I find stands very nearly as follows (I guard myself in this manner because at the present moment the state of the Accounts do not permit me to quote the figures with absolute accuracy):—

	£	s.	d.
Civil List	27,500	0	0
Permanent Charges and General Services	391,157	15	2
Provincial Services	160,480	11	3
Supplementary Expenditure prior to 30th June, 1865	167,635	16	2
	£746,794	2	7

To this has of course to be added the monthly advances made to the Provinces under the designation of three-eighths of their Customs receipts, on account of Surplus Revenue divisible amongst them in pursuance of the provisions of the "Surplus Revenue Act." These advances have amounted for the past year to the sum of £288,281 11s. 9d., which, although slightly less than three-eighths of the entire year's Revenue from Customs, would, nevertheless, have very largely exceeded (as in fact they do exceed) the actual surplus of the year, but for the fact which the Colonial accounts for 1864-5, laid on the table of the House at the commencement of the Session, disclosed, that the surplus of that financial year, amounting to £112,378 11s. 3d., had not been distributed as heretofore, but applied in aid of the revenue of the past year,—and in diminution of that burden of unauthorized expenditure on the part of three successive Governments which had to be charged somewhere and adjusted somehow, and which last year's "Appropriation Act" rightly, as I think, made a charge upon the Revenue and not upon the Three Million Loan. It is thus that the Provinces became entitled to receive during last year the sum of (in round numbers) £260,000 instead of only £155,340 6s. 1d., which is all the surplus they could have otherwise received for the year. If it be objected that in adopting the course which was taken in this matter, the Government took an unexpected or improper course, I would submit for the consideration of the Committee that, 1st, it is the very same course which the Government of my hon. colleague proposed to take in the Session of 1860, with regard to the unauthorized expenditure which had then to be dealt with, but which was subsequently provided for out of the Surplus Revenue of the two succeeding years; 2nd, that it was not adopted without the opinion of the Attorney-General upon the law of the case; and 3rd, that substantially the Provinces have received the same amount, and now at the end of the year, occupy the same position financially (indeed for the time, and as it were accidentally, a better, as I shall presently explain), than they would have done had payment of the surplus of 1864-5 been made to them in the lump, while it was impossible so to have paid them that surplus and at the same time to have continued paying the three-eighths during the year. Indeed, I believe the Treasury could not have found the money for the purpose of making such a payment as £112,000 at one time, in addition to the current expenditure. I now lay on the table certain papers relating to this subject, to which I referred on a recent occasion.

I have already stated that I believe the Provinces have received a larger sum than the actual surplus of the year amounts to. It is, no doubt, the duty of the Government to authorize only such advances to the Provinces from Customs receipts, on account of surplus revenue, as the probable revenue and authorized expenditure of the year, when compared together, may show to correspond with and not exceed the surplus to which by law they are entitled. The present Government were not unmindful of this obligation on their part, and took some steps in consequence; but to correct any excess in the monthly advances made to the Provinces they had reckoned upon a slightly larger Customs revenue as well as miscellaneous Ordinary revenue than appears to have been actually realized. This excess in the payments made to the Provinces over the apparent surplus of the year is about £47,000 (though the whole amount received by them is short of the three-eighths of the Customs by about £11,006 3s.), and may be accepted as an illustration of the difficulty, during the progress of the financial year, of properly adjusting revenue and expenditure under the existing partnership arrangements between the General Government and the Provinces.

Leaving the expenditure of the Revenue, I now come to that which has taken place during the year as against the Loan. It will be in the recollection of many Honourable Members that the balance of the Three Million Loan stated by the Honorable Member for the Hutt, Mr. Fitzherbert, in his Financial Statement on the 30th August last, to be available for future appropriation, on the 30th June, 1865, was £602,603; and that my Honourable friend calculated upon a further expenditure of £310,000 being required, in order fully to meet our engagements with the Military Settlers within the several Provinces of this Island. It will therefore not surprise the Committee to be informed that the expenditure incurred on account of Military Settlers, and for various purposes of Defence, and the other demands incident to the great struggle from which the Colony is now emerging, together with that which it has been necessary to incur for great public undertakings (such as the Electric Telegraph and Lighthouses, both of which were to be provided for out of the Loan), amounted, for the year that closed on the 30th June last, to £411,391 18s. 7d. Large as the sum is, it would be very satisfactory if I could tell the House and the country that it has, as my Honourable friend Mr. Fitzherbert believed it would, "exhaust the liability," but I fear my Honourable and gallant colleague the Defence Minister, when he comes before the Committee with the estimates of his Department, will have no such pleasant announcement to make. I will not venture to anticipate the detailed statement that he will furnish to the House, as to the position of his Department, but with regard to the positive engagements of the