

# FINANCIAL STATEMENT

BY

THE HON. THE COLONIAL TREASURER,

IN COMMITTEE OF SUPPLY, AUGUST 8, 1866.

WELLINGTON.

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1866.



## FINANCIAL STATEMENT.

By the Hon. Mr. JOLLIE, 8 August 1866.

MR. CARLETON,—It is my duty now to attempt to make to this Committee that Statement as to the financial affairs of the Colony, which it expects from the Colonial Treasurer as early as possible after the commencement of the Session. I regret that this duty should devolve upon me on the present occasion, instead of some more able and experienced member of the House, because I am well aware that not only is the time still one of difficulty and embarrassment for the Colony and the Legislature, but that there are few things which are in their nature so difficult to execute satisfactorily as to give a full and clear explanation of the financial condition of New Zealand, and the many complicated details connected with its peculiar system of finance. It will, however, be my desire to occupy as little of the time and attention of Honourable Members as may consist with placing before them as clearly as I am able the information the Committee is entitled to receive, and consequently to avoid as far as possible entering into minute details, which are likely rather to weary Honourable Gentlemen than to be of any actual present advantage to them or the country.

With regard to any delay that has occurred in making this Statement, I would take this opportunity, before I proceed further, of remarking, that such delay as there has been, (and it is really less than on previous occasions, although more than in my official inexperience I had at first reckoned necessary), has been due partly to the great mass and complication of the accounts that have had to be dealt with—partly to considerable and important portions of them not being furnished to the Treasury as early as they should have been,—and partly to the introduction of the new system of managing the Treasury business throughout the Colony, for which provision had to be made as quickly as possible and necessarily at the commencement of a new Financial Year, when, also, the details of a whole year's Revenue and Expenditure required computation and adjustment. These new Treasury Regulations, which reflect great credit on the very zealous and able officers of the Department, will, hereafter, have the effect of greatly facilitating and expediting the work of the Treasury in the preparation of the annual accounts, and of enabling the Treasurer's Financial Statement to be made much earlier in the Session than hitherto. But they will have other and more important consequences than these: they will place the Revenue as it is received, in the hands, or under the immediate control of the Treasurer, which it has, hitherto, never sufficiently been. Frequently large sums have accumulated in distant parts of the Colony, in the hands of Receivers and Sub-Treasurers, without being brought to account, or even being known to the Treasury for months, although at the very same time the Colony was extremely pressed for money and put to great loss in obtaining it. Now, the Sub-Treasurers will account to the Colonial Treasurer four times a month, and the various Receivers and Collectors account to the former,—the more important weekly, the others monthly, and likewise, at the same time, render their accounts for examination to them, instead of to the Treasury, which will thus be spared the trouble and delay which have attended the rectification of errors and discrepancies between the payments and the accounts of those officers. Another important reform consists in requiring Ministerial authority to be given for and previous to all payments on votes of the House or otherwise, instead of the practice which has hitherto obtained of Ministerial approval after the payment; and this Ministerial authority will itself be insufficient without the direct instructions of the Colonial Treasurer. Hitherto, individual Ministers have often authorized payment of large sums at a distance, without the concurrence or even cognizance of the Treasurer and the rest of his colleagues, but merely by their own warrant addressed to the Sub-Treasury of the particular place, and weeks and months have elapsed before the fact of such payment having been made was discovered, to the great embarrassment perhaps of the Treasurer, and the disturbance of the whole financial arrangements of the year. This will be prevented in future by requiring from the Minister at the head of each Department a precise statement of all salaries and other charges which the votes of the House or Acts of the Legislature may have authorized to be paid during the financial year on account of each Department, and also similar statements from time to time of all payments for contingent or other undefined services, which, after being submitted to the Auditor for notation, will be recorded in the Treasury, when the necessary instructions (either under a "General Authority" or "Special Authority" as the case may be), will be issued for the expenditure. Another great evil in the former system was that attending upon the issue of what are called Imprest Advances, often of large sums of money to be expended for Defence and other extraordinary purposes charged on the Three Million Loan. The amount of these and other advances unaccounted for, on the 30th June, 1865, was enormous, and it is doubtful whether the public accounts for the past year will show any very great improvement in this respect upon those of the previous one. For the future, however, no advance of public money can be made to any officer, except for strictly limited periods and amounts, or without special authority from the Minister under whose control he may be, nor will they be renewed till an account has been rendered of the past expenditure, whilst all advances made during any financial year must be accounted for and the balance adjusted at its close. In these and other respects these new Regulations will be found to effect very important improvements in the custody and control of the public money, whilst at the same time they will facilitate very much

the work of the Auditor-General in the examination and audit of the public accounts, and also form a direct and necessary preparation for the full introduction of the provisions of the Comptroller's Act of last Session.

The point which I shall first of all be expected to notice relates to the Revenue and Expenditure for the past financial year, and these I shall now proceed to submit to the Committee.

The Revenue for the past year, then, which was estimated by my predecessor, in his Financial Statement of the 30th August, last, at £943,500 (inclusive of £5,000 from distillation and £37,000 from Stamp Duties) has without those duties amounted to the sum of £902,134 8s. 8d., made up as follows:—

	£	s.	d.
Customs	798,100	12	8
Postal	49,391	4	7
Judicial	29,209	4	3
Registration	14,981	1	9
Fees on Issue of Crown Grants	2,732	0	0
Marine Board	*563	6	6
Telegraphs	5,079	16	9
Miscellaneous	2,077	2	2
<b>TOTAL</b>	<b>£902,134</b>	<b>8</b>	<b>8</b>

This the Committee will perhaps agree with me in considering as upon the whole a satisfactory result for the year. The Ordinary Revenue, apart from the Customs Receipts, has nearly equalled the estimate that was made of it. For the large increase, amounting to no less than £155,000, in the Customs Revenue over that of the previous year, we are, I need hardly say, greatly indebted to the increased extent and productiveness of the Westland Gold Fields, which, besides contributing to the Revenue of the Colony one-half the entire Customs Receipts for the two Provinces of Nelson and Canterbury, have yielded to the revenue of those Provinces during the year the very large sum of £65,690, in the shape of duty upon the gold produced and exported. I lay on the table a Return of the year's Customs Revenue for the several ports of New Zealand, together with Returns of the value of Exports and Imports for the same period, of the Produce and Revenue of our Gold Fields, from the first discovery of gold at Nelson in 1857, to the end of June last, and of the Land Revenue for the past year, which Honourable Members may be glad to have printed, and to be able to refer to in connexion with this Statement.

I cannot lay these Returns on the table without shortly noticing some of the remarkable results disclosed by them with respect to the condition and prospects of the trade of the country. The value of the gold export alone during the financial year was £2,859,249, being about 33 per cent. more than the highest previous year, (viz., 1863-4,) and there was paid over to Provincial Governments, as duty thereon, the sum of £92,351, whilst the total export of the metal from New Zealand to the 30th June last shows a value of no less than £10,506,058. The return of the year's Exports and Imports of every kind for the Colony is not so complete as I could have wished it to be, exact accounts not having yet reached the Commissioner of Customs from some of the smaller ports; but it is sufficiently correct for all practical purposes, and presents most satisfactory proof of the soundness, as well as great extent of the year's commercial operations. Consequent upon the great development and increased productiveness of the Gold Fields as well as of pastoral enterprise in the Middle Island, the Exports are larger than for any former year, having attained a value of £4,669,152, against £3,168,776, in 1864-5; whilst the Imports, which amounted to £5,270,072, are less by £913,622 than they then were, and only exceed the Exports of the year by £600,920. Hitherto in New Zealand there has always been a large disproportion between Imports and Exports, and, consequently, unfavorable exchanges, the more especially as regards certain of the Provinces. Now, however, I find that, taking the Colony as a whole, and comparing the Imports and Exports of the seven years from the 1st July, 1859, to 30th June, 1866, and taking 5 as an integer to represent the value of the Exports in each of those years, the Imports bear to that number the proportions of  $12\frac{1}{2}$ ,  $13\frac{1}{2}$ ,  $7\frac{1}{2}$ , 9, 11,  $9\frac{1}{2}$ , and  $5\frac{3}{4}$  respectively, (as nearly as those proportions can be thus stated) so that while the value of the Imports in 1859-60 amounted to two and a-half times that of the Exports, the excess in 1865-6 was not quite two-seventeenths of the whole amount, which may be considered as representing very closely what sound principles of political economy would suggest as desirable. With her large and rising trade, therefore, her Customs, Miscellaneous, Gold and Territorial Revenues, amounting together for the past year to more than a million and a-half sterling, New Zealand may be said to rank favorably with some of the most advanced and prosperous of the Colonies of Great Britain. Neither South Australia nor New South Wales (the latter with a population of between three and four hundred thousand) raise so large a Revenue as New Zealand, and even the great Province of Canada, comprising two and a-half millions of people, and a territory at least four times larger than ours, had, in the year 1864, a Revenue only one-third greater than that of New Zealand during the last year.

I now pass on to the expenditure for the year—first as against the Revenue, and secondly as against the Three Million Loan.

The Appropriations made by the Appropriation Act for 1865-6, or by specific Acts of the Assembly, were,—

	£	s.	d.
For General Services	200,808	0	0
For Provincial Services	169,882	0	0
Unauthorized Expenditure for the three preceding years	167,655	16	2
Civil List	27,500	0	0
Permanent Charges	224,733	6	8
	<b>£790,579</b>	<b>2</b>	<b>10</b>

\* To this amount will probably have to be added a sum of £6500, on account of light dues.

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

country, in a financial point of view, to Military Settlers and others, it is my duty to inform the Committee that these, together with the incidental but necessary requirements of the existing Defence Service, cannot be estimated at less than £200,000 for the current year. That is, as I am informed, the amount of the absolutely unavoidable expenditure of the Government, but it is not by any means the whole of the expenditure which the Government proposes for purposes of Defence. The present prospects of the Colony are hopeful. Active Native aggression has ceased, and, except in one particular locality on the West Coast, tranquility may be said to be re-established. This state of things it will be the anxious desire and effort of the Government to improve and make permanent; but at the same time it behoves us, now that the Imperial Forces are likely to be altogether withdrawn, and the country left to its own resources and resolution, to be prepared, to the best of our means, for every eventuality, and to organize and have ready such a force as shall be sufficient to check disturbance and put down disaffection wherever it shall exhibit itself in open and criminal acts. It is the intention of the Government therefore, recognizing the plain and imperative duty that attaches to its position, to propose to the House the enrolment of an extra force of between eleven and twelve hundred men, to consist chiefly of volunteer Military Settlers, but to comprise a small body of mounted men and artillery, who shall be specially organized and made in every way serviceable and efficient for the defence of the country in conjunction with the Militia of the several Districts. The amount estimated as necessary for this force, and for the ordinary Volunteer and Militia Expenditure for the year (supposing it to be a year of continued peace) is about £109,000, which, with the £200,000 required for the actual engagements of the Colony, as before stated, to Military Settlers and others, brings up the total of the proposed Expenditure for Defence purposes to £309,000, against which, or in aid generally of the Revenue for the year, there will be available the balance of the Loan yet unchanged.

I have stated to the Committee that the expenditure chargeable upon the Loan during the past year, so far as it can yet be ascertained, amounts to £411,391 18s. 7d. A statement of this expenditure and of any charges which may still have to be brought to account, as well as any others which the Legislature may consider it necessary to place against the Loan when the proper legal appropriation comes to be made for the period and for the amounts expended and unappropriated since the 1st April, 1865, will be laid before the House on, I hope, an early day; but it may be desirable that I should now, before proceeding to consider the revenue and expenditure of the current year, advert to the transactions affecting the Loan which have taken place during the past year, and endeavour to state to the Committee the position of the Colony in respect of actual indebtedness at the close of it. Of course the Committee is aware by the printed correspondence with the Crown Agents for the Colonies, of the recent disposal of nearly an additional half million of debentures (6 per cents.) It is a matter for congratulation both for the Government and the country that the arrangements for that purpose have been attended with results upon the whole so satisfactory, especially when it is considered how very different these might have been had any delay occurred in putting the Loan on the market. At the date of our last advices the whole of the £500,000 offered had been disposed of or exchanged against 8 per cent. debentures, with the exception of £18,200, and it is very possible that the next English mail may acquaint us with the sale of that sum also at 92—the rate at which, notwithstanding the almost unparalleled panic in the money market, the last two amounts were disposed of. Another satisfactory circumstance in connection with the Loan liabilities of the Colony is the announcement which reached us by the last mail from England that the Home Government intend to guarantee, as originally suggested by the Crown Agents, the half million of 4 per cent. debentures which Mr. Weld's Government transferred to them on account of the debt due by the Colony, and the first half year's interest upon which became payable on the 1st May last. The effect of such a guarantee being given will no doubt be highly advantageous to the credit of the Colony, and along with the measures which are in the contemplation of Government, greatly tend to restore the value of its securities, whether already placed or still remaining to be offered.

I have had prepared for the information of the House a Statement which will be laid on the Table, of New Zealand Loans authorized and raised; the rates of and annual charge for Interest and Sinking Fund, &c., made up to the 30th June last, and showing the total indebtedness of the Colony under various Loans and Loan Amendment Acts at that time. The amount of Debentures issued and then unredeemed (excluding of course the £100,000 temporarily advanced to the Province of Auckland, and which are to be returned or otherwise accounted for at the end of December next), was £3,395,737 15s. 11d., against a total authorized debt of £3,650,000 (less an accumulated amount of Sinking Fund of £116,414 1s. 8d.) To the above £3,395,737 15s. 11d., representing permanent liabilities, (but of which by the way £588,256 13s. 8d. has been apportioned against Provinces, to the relief of the Colonial Treasury, in interest and sinking fund, to the amount of £40,160 a year) must however be added certain 8 per cent. Debentures to the amount of £3,800 negotiated in Australia by the Bank of New Zealand within the last month or six weeks, and advices as to which reached the Treasury only since the Statement above referred to was completed, (and which I may state are the last 8 per cent. Debentures which the Government propose to issue); so that the total permanent debt of the Colony on the 30th June last amounted to £3,399,537 15s. 11d., less the accumulated sinking fund of £116,414 1s. 8d. Consequently we were then within our borrowing power by the sum of £250,462 4s. 1d., or in other words, that was the unraised balance of the Three Million Loan of 1863 at the termination of the financial year.

In addition to the statement just referred to of Colonial loans, there has been prepared a statement of those of the several Provinces, made up to the end of December last, which I shall also lay on the table, as a return which has been carefully compiled, and that furnishes ready information upon a subject of great importance, to which the attention of the Legislature has already been directed.

I have said that £250,472 4s. 1d. is the unraised portion of the Loan, and it is so; but I must guard the Committee against supposing that this amount is all available for future expenditure on the various objects of the Loan. We are not in so good a position, notwithstanding all the efforts that have been made by my Honourable colleague at the head of the Government to nurse what remained to him on assuming office in October last and to limit to the very utmost further

Expenditure. I find that the amount already expended and charged in account to the 30th of June last, was £2,270,960 18s. 7d. (including discount and other charges), to which has to be added the £500,000 handed over to the Imperial Government (which, I think, we may safely assume will more than fully represent all actual liabilities on the part of the Colony to the present time), and about £50,000 for discount and other expenses of negotiation on the £500,000 of 6 per cent. stock sold in March last or since. These make up a sum of £2,820,960 18s. 6d., and leave a balance to be still appropriated of £179,839 1s. 6d. out of the total amount of three millions authorized to be raised. The full explanation of this difference between the amount expended and the amount raised (namely £71,423 2s. 7d.) would be a matter of detail with which I need not trouble the Committee at this moment. Of course there has been Expenditure provided for from other sources than the Loan itself, and which must be returned by the Loan. I need only point to some of the sources from which it has been derived,—under the pressure which the necessities of the country during the last three years have put upon its finance and finance Ministers. The Deposit Fund and the Reserve Fund, each of which had, according to last year's Colonial Balance Sheet, a considerable sum at its credit, have contributed their portion to the burden of the war; the Bank advances have gone partly in the same direction; whilst several actual liabilities of the country, either under the Loan Act of 1856, that of 1863, and the Appropriation Act of the same year, have yet to be provided for in one form or other. Amongst these I must not omit to make specific mention of the unexpended balance (amounting to about £32,000) of the £36,000 set apart out of the Loan of 1856 for purchase of Native Lands within the Province of Taranaki, which, though not affecting the balance of the Three Million Loan, the Government desire to recognize as a claim on the part of that Province, which will have to be considered and arranged in connection with the adjustment which must be made of the large Native claims upon the confiscated territory. On the other point, affecting the same Province, the settlement of its claims on the Reinstatement Fund under the Loan Acts of 1862 and 1863, and which is therefore a distinct charge on the balance of the Loan, the Government recognize the obligation, and also that arrangements should be made with as little delay as may be possible for liquidating the same. Accordingly, they will be prepared this Session to introduce a Bill to guarantee and eventually to redeem as a Colonial Debt the Debentures, amounting to £38,750, issued under the Taranaki Loan Ordinance of 1863, and falling due in 1873, interest upon which has hitherto been paid by the Colony and charged against the Reinstatement Fund. Certain 6 per cent. Treasury Bills, amounting to £11,500, balance of the issue of £50,000, authorized by the Appropriation Act of 1863 for purposes connected with the removal of the seat of Government, are redeemable by the middle of April next, and will require to be duly provided for by vote of the House or otherwise, but are not a liability under the Loan.

The Bank Account to the 30th of June, which I now lay on the table, shows a balance against the Colony on that day of £75,190 16s. This was of course amply covered by the balances in the hands of Sub-Treasurers or other Accounting Officers, and the amounts standing to the debit of Provinces at the same date. I may add that we are at present in communication with the Inspector of the Bank of New Zealand, with a view to obtaining better terms for the Government Account, and trust to see the negotiation result in an arrangement that shall be satisfactory, and secure to the Colony such facilities and accommodation as its financial position and operations from time to time reasonably demand.

I now, Sir, come to the Estimates which we propose for the service of the current year, and I am happy to state that they have not only been carefully considered, but are now ready to be laid upon the table in a complete form. My Honourable friend at the head of the Government has applied himself with his usual assiduity to the task of arranging the whole in a new form,—divided into distinct and well defined classes, modelled upon the existing arrangements in the United Kingdom. Class I. includes Public Domains and Buildings; Class II., Public Departments; Class III., Law and Justice; Class IV., Postal, &c.; Class V., Customs; Class VI., Native; Class VII., Miscellaneous; and last, but not least, come two very distinct and significant classes, which I find my Honourable friend has not numbered (I don't exactly know why), those of *Permanent Charges* and *Defence*. The expenditure proposed to be comprised under the various heads is as follows:—

	£	s.	d.
Interest and Sinking Fund of Loans, and other Permanent Charges	266,889	7	6
Civil List	27,500	0	0
Government Houses and Domains	7,138	13	0
Public Departments	36,560	0	0
Law and Justice	64,843	4	0
Postal, &c.	155,150	0	0
Customs	46,320	2	0
Native	29,986	15	0
Miscellaneous	30,922	19	7
Defence	309,189	7	7
	£974,500	8	8

Making a total provision for the service of the year 1866-7 of £974,500 8s. 8d., to which will require to be added the Supplementary Expenditure (General and Provincial) incurred during the year just closed, which, so far as I am at present informed, amounts to £33,385 2s. 5d., including about £19,000 for Interest on Bank Advances.

I have now to advert to the proposals of the Government respecting the Ways and Means for meeting this large outlay. The Committee is of course aware that we propose to effect a revision of the Tariff. That revision will aim not so much at increasing the Revenue as bringing under contribution thereto a considerable number of articles now free, exempting some now dutiable, and reducing the duty upon others, besides clearly defining the whole, and subjecting each item to a specific rate. The

effect, I think, will be to facilitate very much the work of collection, and to preclude nearly altogether the occurrence, as at present, of arbitrary and conflicting decisions and interpretations on the part of collectors. Should the House pass the Tariff as submitted to it, we estimate that the Customs Revenue for the current year will certainly reach, if not exceed, £850,000, which is a little more than £50,000 in excess of that of the past year; but it must be understood that the estimate proceeds upon the assumption, which events may possibly not realize, that the present large gold export will be at least maintained throughout the year, if not developed into still larger proportions. These and other contingencies it is absolutely necessary to take into calculation and be prepared for when estimating and providing for the Ways and Means for the year's expenditure,—seeing that a less amount than £850,000 from the Customs will not suffice for the wants of the country even in a state of peace, enhanced as these wants now are by the prospect of an immediate withdrawal of the whole of the Imperial troops.

With regard to the Ordinary Revenue (exclusive of Customs) we estimate that the receipts derivable from the various established sources will be as follows:—(the actual revenue of 1865-6 being subjoined for comparison).

			1866-7.			1865-6.		
			£	s.	d.	£	s.	d.
Judicial	...	...	35,000	0	0	29,209	4	3
Postal	...	...	60,000	0	0	49,391	4	7
Telegraphs	...	...	9,000	0	0	5,079	16	9
Lighthouse Dues, &c.	...	...	8,500	0	0	7,300	0	0
Crown Grant Fees	...	...	12,000	0	0	2,732	0	0
Registration of Deeds and Land	...	...	17,000	0	0	14,981	1	9
Miscellaneous	...	...	5,000	0	0	2,036	16	10
			146,500	0	0	110,730	4	2

The £12,000 estimated above for Fees on Crown Grants, it will be observed, is very largely in excess of the sum received last year, but the intention of the Government is to increase the fees payable, or to impose fines in respect of grants which are allowed to remain unclaimed beyond a certain reasonable time after execution, which has been the case for a long time past in respect of a very large proportion of these documents, all over the Colony. It is a proper and may become a considerable extra source of revenue, but should that expectation not be altogether realized in the particular direction contemplated, no small advantage will have been gained in relieving the officers and offices of the Waste Lands Department of the mass of parchment which now encumbers their shelves.

Then we further propose by Bills imposing Stamp duties, very much according to the scale of rates agreed to by the House last Session, and a duty upon Bonded Warehouses, both of which measures have already been announced, to augment the Revenue by about £56,500, to which sum may perhaps be added, on a reasonable computation of what such a relaxation of the law should at first produce, the sum of £3,000 from Distillation, which it is intended to legalize, under certain conditions, in the chief towns of the Colony.

The total estimated Revenue of the year will then stand thus:—

Customs	...	...	£856,000	0	0
Miscellaneous ordinary Revenue (enumerated above)	...	...	146,500	0	0
(Proposed) Stamp Duties (nine months receipts)	...	...	£50,000	0	0
„ Bonded Warehouse Duties	...	...	6,500	0	0
„ Licensed Distillation Duties	...	...	3,000	0	0
			59,500	0	0
			£1,056,000	0	0

In aid of this estimated amount of Revenue for the current year (*plus* the savings made on the appropriations for the last year, amounting to about £46,000), or rather in aid of that large portion of the proposed expenditure which provides for the various purposes of Defence, and is to a large extent distinctly a charge on the Loan, the Government propose to apply the whole of the available balance of the Loan, amounting, as before stated, to £179,839—*minus* the sum of £20,000 which it will be necessary to reserve to meet the discount and other charges that may be incurred in the negotiation of the £250,000 which yet remains to be raised. The difference between that amount and the available balance of £179,839 apportioned to the service of the year, the Government will retain in their hands when raised, to meet further possible liabilities and reimburse those Accounts from which funds have been temporarily withdrawn in the exigencies of the public service during the last three or four years.

These, Sir, are the arrangements which we propose for the financial year now in progress, supposing always that peace be maintained, and that our calculations in other respects are not materially disturbed by unforeseen events. They are such, we believe, as will permit the government of the country to be satisfactorily and honourably conducted, whoever may happen to be charged with the responsibility of its administration.

The Surplus Revenue left to the Provinces by these propositions falls somewhat short of that proportion of the estimated Customs Revenue which it has hitherto been usual to assign to them; but I beg to remind Honourable Gentlemen who may be disposed to urge this as an objection to our plans, that the time appears to have gone by when the Provinces can expect to receive from the Colonial Revenue the same rate of contribution as heretofore. In the altered circumstances of the country consequent upon the immense efforts it has made during the last three years for suppressing Native disorder and rebellion, it is, I believe, no longer possible for this or any other Government to continue

the old arrangement of subsidizing the Provinces with three-eighths of the Customs. Sudden or extreme financial alterations, like any other, must, I admit, be avoided, and timely notice given of such as may be expedient or unavoidable; but I would submit that events have for some time past given some notice in this matter, and that, however much it may be regretted, the Colony cannot any longer be expected to make contributions in aid of Provincial institutions on the scale it has hitherto been accustomed to do. New Zealand, I foresee, will require a larger and larger proportion of its own revenue for its own absolute wants; and although I do not deny that the arrangement by which the Customs Department collects revenue both for the General and Provincial Governments, is one that has its recommendations in point of convenience and economy, I would strongly recommend the Provinces henceforth to rely more upon themselves and their own local revenues, and less upon the fluctuating and precarious surplus which it may be in the power of the General Government still to continue.

Sir, I conclude by moving—That it is desirable that a revision of the Tariff should take place, and that the Honourable the Commissioner of Customs be requested to take such steps as may be necessary, by means of resolution or otherwise, to collect the duties until an Act can be passed to give effect to the same.

RETURN of the Value of IMPORTS and EXPORTS to and from the several PROVINCES of NEW ZEALAND, from the 1st JULY, 1865, to 30th JUNE, 1866.

PROVINCE.	IMPORTS.					EXPORTS.				
	QUARTER ENDING				TOTALS.	QUARTER ENDING				TOTALS.
	30 Sept., 1865.	31 Dec., 1865.	31 March 1866.	30 June, 1866.		30 Sept., 1865.	31 Dec., 1865.	31 March, 1866.	30 June, 1866.	
	£	£	£	£	£	£	£	£	£	£
Auckland ...	507,587	256,669	274,625	216,724	1,255,605	48,534	127,715	65,854	56,999	299,102
Taranaki ...	16,881	18,306	14,735	22,097	72,019	...	511	382	319	1,212
Hawke's Bay	12,846	24,059	16,597	17,584	71,086	130	52	63,616	14,305	78,103
Wellington ...	126,565	142,204	163,548	185,601	617,918	2,513	120,966	106,592	46,238	276,309
Nelson ...	80,755	116,741	97,307	112,215	307,018	17,159	15,006	18,445	13,540	64,150
Marlborough	3,963	2,114	2,888	2,220	11,185	4,305	11,710	42,986	130	59,131
Canterbury...	208,381	311,590	398,680	366,264	1,284,915	358,806	537,422	919,270	719,921	2,535,419
Otago ...	358,817	371,301	335,808	277,687	1,343,613	274,026	219,897	513,372	300,303	1,307,598
Southland...	21,764	33,456	45,461	106,032	206,713	11,388	5,632	18,724	12,384	48,128
	1,337,559	1,276,440	1,349,649	1,306,424	5,270,072	716,861	1,038,911	1,749,241	1,164,139	4,669,152

Treasury,  
Wellington, 31st July, 1866.

J. WOODWARD,  
Assistant Treasurer.

RETURN showing the QUANTITY and VALUE of GOLD Exported from NEW ZEALAND, for the Quarter ended the 30th June, 1866; for the Year ended 30th June, 1866; and TOTAL Exported to same period.

PORT OF EXPORT.	Produce of the Gold Fields in the Province of	Exported during the Quarter ended the 30th June, 1866.		Exported during the Year ended the 30th June, 1866.		Exported from New Zealand from 1st April, 1865, to the 30th June, 1865.		Total exported from New Zealand to 30th June, 1866.		PROVINCES.
		Quantity. Ozs.	Value. £	Quantity. Ozs.	Value. £	Quantity. Ozs.	Value. £	Quantity. Ozs.	Value. £	
Auckland ...	Auckland ...	2,070	7,251	5,410	17,197	12,454	38,566	17,864	55,763	Auckland.
Havelock ...	Marlborough	31	120	2,418	9,373	30,514	117,224	32,932	126,597	Marlborough.
Wellington	"	3	12							
Nelson ...	Nelson ...	2,523	9,774	135,277	524,202	86,046	333,518	221,323	857,720	Nelson.
Greymouth	"	30,131	116,758							
"	Canterbury	20,249	78,465	390,237	1,512,263	65,658	260,019	455,895	1,772,282	Canterbury.
Hokitika ...	"	83,403	323,285							
Lyttelton ...	"	330	1,276	203,850	789,918	1,779,995	6,897,482	1,983,845	7,637,400	Otago.
Dunedin ...	Otago ...	45,008	174,405							
Invercargill	Southland...	1,603	6,211	1,625	6,296	...	...	1,625	6,296	Southland.
	Totals ...	185,351	717,557	739,917	2,859,249	1,974,667	7,646,809	2,713,484	10,506,038	

Office of the Commissioner of Customs,  
Wellington, 24th July, 1866.

WILLIAM SEED,  
Secretary.

RETURN shewing the REVENUE derived from the CUSTOMS DUTIES for the FINANCIAL YEAR ending the 30th JUNE, 1866.

FINANCIAL YEAR, 1865-6.

PERIOD. — QUARTERS.	Auckland.	Russell.	Mongonui.	Hokitanga.	New Plymouth.	Wanganui.	Wellington.	Napier.	Collingwood.	Nelson.	Havelock.	Pictou.	Wairau.	Lyttelton and Christchurch.	Hokitika.	Greymouth	Okaitia.	Akaroa.	Timaru.	Oamaru.	Dunedin.	Molyneux.	Invercargill.	Bluff Harbour.	Riverton.	Chatham Islands.	TOTAL REVENUE, 1865-6.	TOTAL REVENUE, 1864-5.
1865. September ...	43,532	321	352	81	4,560	6,121	14,064	4,791	52	8,292	413	568	592	22,483	17,549	...	...	274	1,486	1,185	46,660	105	5,436	345	898	...	180,160	140,709
December ...	35,884	362	404	...	4,617	5,322	15,075	6,629	105	10,842	279	535	812	19,603*	40,209	2,428	...	263	2,508	1,267	48,507	81	5,870	294	1,138	...	203,094	150,995
1866. March ...	37,089	508	273	...	3,151	5,044	16,432	6,230	...	8,799	219	479	794	27,626	25,274	15,292	...	438	2,343	1,358	48,411	54	7,298	285	1,319	...	208,706	167,690
June ...	41,316	612	...	124	4,089	5,531	18,355	6,538	...	9,292	182	391	652	24,433	26,963	11,053	342	342	2,641	1,624	44,097	...	7,459	269	1,460	92	207,887	179,052
TOTALS ...	157,821	1,803	1,029	205	16,417	22,018	63,926	24,188	157	37,225	1,093	1,973	2,850	94,145	109,995	28,773	342	1,317	9,038	5,434	187,675	240	26,083	1,193	4,815	92	799,847	638,446
Corresponding Year, 1864-5—																												
TOTALS ...	177,249	2,393	1,337	327	15,230	13,331	45,998	17,487	315	30,670	2,738	2,702	2,424	79,167	3,162	...	...	1,381	6,740	3,080	199,467	243	29,085	977	2,903	40	...	638,446
INCREASE ...	...	...	...	...	1,187	8,687	17,928	6,701	...	6,555	...	...	426	14,978	106,833	28,773	342	...	2,298	2,354	...	...	...	216	1,912	52	...	161,401
DECREASE ...	19,428	590	308	122	...	...	...	...	158	...	1,645	729	...	...	...	...	...	64	...	...	11,792	3	3,002	...	...	...	...	...

\* Hokitika.—£4,688 of this amount was collected from the 21st March, 1865, to the 13th May, 1865. Return not received until December quarter.

## PROVINCES

REMARKS.

## RECAPITULATION.

6th August, 1866.

ALFRED DOMETT,  
Secretary for Crown Lands.

STATEMENT showing the AMOUNTS AUTHORIZED and RAISED under the Loan Acts of the Colony to 30th JUNE, 1866; when payable, the rates of Interest and Sinking Fund, and the amount of the latter accrued; together with the price at which Debentures were sold, the net amount of Purchase Money, and the Annual Charge.

	Total authorized.	Total raised.		When Payable.	Rate of Interest.	Rate of Sinking Fund.	Amount of Sinking Fund accrued.		Rate at which Debentures were Sold.	Net Amount of Purchase Money.	Annual charge for Interest and Sinking Fund.
		Date.	Amount.				£	s. d.		£	s. d.
LOAN OF 1856	500,000	Jan. 1, 1858	300,000 0 0	Jan. 1, 1888	4 per cent.	2 per cent.	81,816 2 7		par	500,000 0 0	*30,000
		Oct. 1, 1858	25,000 0 0	Oct. 1, 1888							
		Jan. 1, 1859	25,000 0 0	Jan. 1, 1889							
		July 1, 1859	50,000 0 0	Jan. 1, 1889	6 per cent.	2 per cent.	17,087 19 1		average £1 15s. 8d. pre.	151,730 5 0	12,000
		Oct. 1, 1859	50,000 0 0	Oct. 1, 1889							
LOAN OF 1860	150,000	June 9, 1864	50,000 0 0	June 9, 1894							
		May 20 to Oct. 17, 1861	150,000 0 0	May to Oct., 1891							
LOAN OF 1863	3,000,000	July 15, 1864	1,000,000 0 0	July 15, 1914	5 per cent.	1 per cent.	17,500 0 0		£19 12s. discount	804,332 0 0	60,000
		Nov. 1, 1865	500,000 0 0	Nov. 1, 1915	4 per cent.	1 per cent.					
		March 15, 1866	481,800 0 0	March 15, 1891	6 per cent.	2 per cent.	...		par	500,000 0 0	25,000
		June 15, 1866	100,000 0 0	June 15, 1891	6 per cent.	2 per cent.					
		...	905,365 11 4	Dec. 31, 1866,	8 per cent.	nil	...	...	par	100,000 0 0	8,000
DEBENTURES ACT, 1864 Authorizes the raising of £1,000,000, in anticipation of sums to be raised under Loan of 1863	...	...	...	Dec. 31, 1867,			...	...	£5,000 @ 1s. per cent. pre.	937,973 9 7	61,115
		...	...	Dec. 31, 1867,			...	...	3,300 10s. "		
		...	...	Dec. 31, 1867,			...	...	500 £1 "		
		...	...	Dec. 31, 1867,			...	...	100,000 £1 1s. 10d. "		
		...	...	Dec. 31, 1868,			...	...	150,000 15s. 2d. "		
DEBENTURES ACT AMENDMENT ACT, 1865 Authorizes the issue of Debentures to replace those issued and redeemed under "The Debentures Act, 1864."	...	...	...	Dec. 31, 1868,	8 per cent.	nil	...	...	150,000 17s. 9d. "	937,973 9 7	61,115
		...	...	Dec. 31, 1868,			...	...	496,565 11s. 4d. @ par		
		...	...	...			...	...	par		
		...	...	...			...	...			
		...	...	...			...	...			
TOTALS	3,650,000	...	3,665,296 16 3	...	...	...	116,414 1 8	...	...	3,430,066 14 7	234,659

\* Of this sum of £30,000, £20,640 is a charge on the several Provinces.

SUMMARY of the TOTAL AMOUNTS authorized to be raised under the Loan Acts of the Colony, the Debentures issued and redeemed, the Amount of Debentures in circulation on 30th June, 1866, the net Purchase Money, and the Annual Charge on the Colony.

	Total Amount authorized.	Total Amount of Debentures issued.	Amount Redeemed.	In Circulation on 30th June, 1866.	Amount of Purchase Money.	Annual Charge on Colony.	Accumulated Sinking Fund.
Loan of 1856	500,000 0 0	500,000 0 0	...	£500,000 0 0	£500,000 0 0	£30,000	£81,816 2 7
Loan of 1860	150,000 0 0	150,000 0 0	...	150,000 0 0	151,730 5 0	12,000	17,087 19 1
Loan of 1863, and Debentures Act 1864-5	3,000,000 0 0	3,015,296 16 3	169,559 0 4	2,845,737 15 11	2,778,336 9 7	192,659	17,500 0 0
TOTALS	3,650,000 0 0	3,665,296 16 3	169,559 0 4	3,495,737 15 11	3,430,066 14 7	234,659	116,414 1 8

Treasury, Wellington, 13th July, 1866.

C. T. BATKIN, Accountant to Treasury.

TABLE showing the TOTAL LIABILITY of the several PROVINCES of NEW ZEALAND on account of LOANS raised under Acts of the General Assembly and Provincial Councils, on 31st December, 1865.

	Amount authorized to be raised.	Amount raised.	Amount of Liability on 31st December.	Rate of		Annual Charges.				Amount of Sinking Fund accrued.
				Interest per cent.	Sinking Fund per cent.	Under Public Debt Apportionment Act, 1838.	Loan Allocation Act, 1865.	On Provincial Loans.	Total.	
AUCKLAND.										
Public Debt Apportionment Act, 1858	£	£	£	£	£	£	£	£	£	£ s. d.
Loan Allocation Act, 1865	...	...	90,000	4	2	5,400	...	...	...	...
Provincial—	...	...	186,707	6	2	...	14,936	...	48,336	...
Auckland Loan Act, 1863	500,000	350,000	350,000	6	2	...	...	28,000	...	9,587 10 0
Total Liability	...	...	626,707	...	...	...	...	...	...	...
TARANAKI.										
Loan Allocation Act, 1865	...	...	39,979	6	2	...	3,198	...	...	...
Provincial—	...	...	...	...	...	...	...	...	6,948	...
Loan Ordinance, 1862	25,000	...	(a) 25,000	8	7	...	...	3,750	...	...
Loan Ordinance, 1863	50,000	38,750	38,750	7	...	...	...	(b)	...	...
Total Liability	...	...	103,729	...	...	...	...	...	...	...
WELLINGTON.										
Public Debt Apportionment Act, 1858	...	...	27,000	4	2	1,620	...	...	...	...
Loan Allocation Act, 1865	...	...	14,841	6	2	...	1,187	...	5,807	...
Provincial—	...	...	...	...	...	...	...	...	...	...
Loan Act, Sess. 9, No. 11	25,000	25,000	25,000	8	4	...	...	3,000	...	3,267 10 0
Total Liability	...	...	66,841	...	...	...	...	...	...	...
WELLINGTON and HAWKE'S BAY.										
Provincial—	...	...	...	...	...	...	...	...	...	...
Loan Act, Sess. 1-2, Nos. 6 and 9	50,000	49,900	49,900	8	...	...	...	3,992	7,992	...
Loan Act, Sess. 4, No. 6	50,000	50,000	50,000	8	...	...	...	4,000	...	...
Total Liability	...	...	(c) 99,900	...	...	...	...	...	...	...
HAWKE'S BAY.										
Public Debt Apportionment Act, 1858	...	...	27,000	4	2	1,620	...	...	...	...
Loan Allocation Act, 1865	...	...	2,727	6	2	...	218	...	1,838	...
Provincial—	...	...	...	...	...	...	...	...	...	...
Loan Act, Sess. 6, No. 1, and Amendment Loan Act, Sess. 7, No. 1	60,000	...	...	6	2	...	...	...	...	...
Total Liability	...	...	29,727	...	...	...	...	...	...	...
NELSON.										
Provincial—	...	...	700	10	...	...	...	84	...	...
Debentures Act, 1858	29,000	(d) 29,000	20,800	8	2	...	...	2,080	...	860 0 0
Lunatic Asylum Act, 1858	5,000	...	...	8	2	...	...	...	...	...
Nelson Waterworks Loan Act, 1864	20,000	...	...	8	2	...	...	...	3,968	...
Patent Slip or Dry Dock Act	(e)	...	...	...	...	...	...	...	...	...
Public Debt Apportionment Act, 1858	(i)	...	30,074	4	2	1,804	...	...	...	...
Total Liability	...	...	51,574	...	...	...	...	...	...	...
MARLBOROUGH.										
Public Debt Apportionment Act, 1858	(i)	...	14,926	4	2	896	...	...	1,645	...
Provincial—	...	...	...	...	...	...	...	...	...	...
Nelson Debenture Act, 1858	...	...	7,500	8	2	...	...	750	...	...
Total Liability	...	...	22,426	...	...	...	...	...	...	...
CANTERBURY.										
Public Debt Apportionment Act, 1858	...	...	74,000	4	2	4,440	...	...	...	...
Provincial—	...	...	...	...	2*	...	...	...	...	...
Loan Ordinance, 1856	30,000	30,000	30,000	8	4†	...	...	3,600	...	8,100 0 0
Railway Ordinance, 1860	300,000	(f) 150,000	150,000	6	2	...	...	12,000	23,540	5,500 0 0
Loan Ordinance, 1862	500,000	(g) 50,000	50,000	6	1	...	...	3,500	...	1,250 0 0
Total Liability	...	...	304,000	...	...	...	...	...	...	...
OTAGO.										
Public Debt Apportionment Act, 1858	...	...	63,000	4	2	3,780	...	...	...	...
Provincial—	...	...	...	...	...	...	...	...	...	...
Loan Ordinance, 1856	35,000	35,000	(h) 14,500	10	...	...	...	1,450	47,297	3,221 0 0
Loan Ordinance, 1861-2	50,000	50,000	50,000	8	3	...	...	5,500	...	1,500 0 0
Harbour Ordinance, 1862	50,000	14,250	14,250	8	3	...	...	1,567	...	...
Public Buildings Ordinance, 1862	50,000	...	...	8	3	...	...	...	...	...
Loan Ordinance, 1862	500,000	500,000	500,000	6	1	...	...	35,000	...	8,775 0 0
Total Liability	...	...	641,750	...	...	...	...	...	...	...
SOUTHLAND.										
Public Debt Apportionment Act, 1858	...	...	18,000	4	2	1,080	...	...	...	...
Provincial—	...	...	...	...	...	...	...	...	...	...
Debentures Ordinance, No. 1, 1863	140,000	{ Liability fixed by Ordinance. }	(j)	...	...	...	...	...	29,301	...
Debentures Ordinance, No. 2, 1863	110,000		470,359	6	...	...	...	28,221	...	...
Debentures Ordinance, No. 3, 1864	40,000		...	...	...	...	...	...	...	...
Total Liability	...	...	488,359	...	...	...	...	...	...	...
Grand Totals	...	...	2,435,013	...	...	20,640	19,539	136,494	176,673	...

(a) Lodged in Bank of New Zealand, as security for overdraft on current Account.

(b) Interest, £2,702, paid out of Reinstatement Fund.

(c) The proportionate liability of each Province on account of these Loans has not yet been determined.

(d) The sum of £7,500 of the amount raised under the Nelson Debentures Act, 1858, is a liability of the Province of Marlborough.

(e) To guarantee interest at the rate of not exceeding 10 per cent. on a sum not exceeding £15,000. No guarantee yet entered into.

(f) The first issue of £50,000, signed and cancelled the same day; second issue dated 30th June, 1863; third, 1st January, 1864; fourth, 1st January, 1865.

(g) The only debentures negotiated before 31st December, 1865, were those of the first issue in 1863; a second issue of £300,000 was made in January, 1865; and a third of £20,000 in July, 1865.

(h) The whole of the Loan was raised; £20,500 paid off.

(i) The liabilities of Nelson and Marlborough on this account are adjusted year by year on the basis of their Ordinary and Territorial Revenue; and the annual charges here stated are the amounts determined on the 30th June, 1865, the date of the last adjustment.

(j) This liability, though fixed by law, is not strictly a Loan. It bears interest at 8 per cent. to 31st December, and at 6 per cent. thereafter; annual charge calculated at the last named rate.

† For three years.

† For twelve years.

FINANCIAL STATEMENT.

RETURN showing the NET BALANCE due to the BANK of NEW ZEALAND on 30th JUNE, 1866.

						CR.	DR.
						£ s. d.	£ s. d.
Balance on 30th June, 1866, as per Pass Book	...	...	...	...	...	...	166,190 16 0
Less amounts subsequently credited as paid by Crown Agents	...	...	...	...	...	30,000 0 0	...
" " " "	...	...	...	...	...	14,000 0 0	...
" " " "	...	...	...	...	...	40,000 0 0	...
" " " "	...	...	...	...	...	7,000 0 0	...
							91,000 0 0
Net Balance to Debit, 30th June, 1866	...	...	...	...	...	...	75,190 16 0

Treasury, 8th August, 1866.

J. WOODWARD,  
Assistant Treasurer.