

SESS. II.—1887.
NEW ZEALAND.

FINANCIAL STATEMENT

(In Committee of Supply, Tuesday, 1st November, 1887.)

BY THE COLONIAL TREASURER, THE HONOURABLE MAJOR ATKINSON.

MR. HAMLIN,—

I have on several similar occasions had the honour of addressing you and your predecessors in that chair; but I need hardly say that on no previous occasion have I felt a greater sense of responsibility and of the difficulties which lie before us; yet I will add that never previously have I felt more confident that these difficulties can and will be overcome, since the colony, and I believe this Committee—reflecting as it does the mind of the colony—has determined that our difficulties shall be met and dealt with in the right spirit.

It was in May last that the country began in earnest to recognise the fact that a serious financial problem had to be faced. Parliament was then told by the Hon. the Colonial Treasurer, Sir Julius Vogel, that, every possible economy having been practised in the proposed public expenditure, additional taxation to the extent of £250,000 per annum must be imposed. Parliament, however, though as fully resolved as the Government not to let the current expenditure exceed the current revenue, emphatically refused the proposed additional taxation, in the belief that further large reductions were possible and could be made in the expenditure before imposing further burdens, so that these latter, if really needed, might at all events be reduced to a minimum. In consequence of this refusal, an appeal was made to the electors, but they fully confirmed the decision of the last Parliament, and I am here to-night to propose the first step towards giving that decision effect.

Late Government proposed £250,000 taxation.

I take, therefore, as my starting-point this firm determination of the country for retrenchment—a determination which, under the still continued depression of trade and low price of some of our main staples, no one can say is not reasonable. The Government, at all events, are among those who fully believe in the reasonableness of this determination, and they believe also that the country is prepared for the necessary self-sacrifices which it involves. To some extent, I hope, retrenchment may be effected by greater care in administration. But there is no doubt that, speaking generally, retrenchment means self-sacrifice in some shape on the part of the community at large. Honourable members will, I trust, excuse me if I ask them to bear this very obvious but very important truth in mind, not only in looking at the Government proposals as a whole, but when they come to deal with them in detail.

Country determined to retrench.

It will not be necessary to refer at any length to the transactions of last year, as they have been dealt with by the late Colonial Treasurer in his Statement of May last; but I desire here to call your attention to the great difference there was in that year between the re-current revenue and the expenditure. The deficit, as given by the late Colonial Treasurer for the year 1886-87, was £92,293; but if we omit from the revenue two considerable items which will not recur this year, namely, the surplus of £37,859 with which the year 1886-87 began,

Why late Government required additional taxation.

and the windfall of £104,749 of released sinking fund, we shall find that what I have called the recurrent revenue fell short of the expenditure by £234,901. Bearing this fact in mind, honourable members will be better able to understand how the late Government, after making all reductions in expenditure they thought possible and expedient, felt constrained to propose no less a sum than a quarter of a million of taxation over that of the year ending on the 31st March last.

Deficit last year,
including Land
Fund.

It is desirable before going further that I should briefly refer to the position of the Land Fund Account. It must be remembered that, although the Land Fund has been kept in a separate account since 1879–80, and very wisely so, it is in law a part of the Consolidated Fund; and while a surplus should be used not in aid of the consolidated revenue but upon roads and bridges to give facilities for settlement, any deficiency in the Land Fund is properly a deficiency of the Consolidated Fund, and should be so treated. On the 31st March, 1887, the Land Fund was in debt £54,263, so that, if to the £92,293 we add, as we should, this £54,263, the deficit of the Consolidated Fund at the close of the year, which had to be provided for, including the Land Fund, was £146,556, and as a matter of fact it is included in the deficiency bills outstanding.

I shall now proceed to state to the Committee what would be the probable deficit of the Consolidated Fund Account at the close of the present year on the twofold supposition, firstly, that the expenditure continues at the rate prevailing when the present Government took office, and, secondly, that no additional taxation is imposed.

CONSOLIDATED FUND.

EXPENDITURE (ORDINARY REVENUE ACCOUNT) FOR THE YEAR 1887–88.

Expenditure under
late régime now
estimated at
£4,118,395.

The estimates for the current financial year, as laid before Parliament by the late Government having been reconsidered in the light of the six months actual experience, with the view on the one hand of showing the probable savings which under ordinary circumstances would have accrued on the votes at the end of the year, and on the other of adding to the original estimates the cost of additional services for which no provision had been made, but which, so far as they did not relate to services under permanent Acts, would have had to be brought down and voted in supplementary estimates, it now appears that the probable expenditure for the current year would amount to £4,118,395, as against the total of £4,088,804 appearing in the estimates of the late Government.

It is hardly necessary that I should enter into any explanation of the differences between these two estimates; there are savings and excesses in various directions, and honourable members will find them set out with sufficient fullness in a table which will be appended to this Statement. I may remark, however, that the so-called savings on votes which we ordinarily expect to find at the close of the year will not prove so large as usual, because the estimates appear to have been framed with little margin over the sums proposed to be actually spent. Amongst the services either not appearing on the estimates, or insufficiently provided for, are the following: Interest on advances recently obtained from the Bank of New Zealand; compensation for loss of office paid to officers whose services were dispensed with by the late Government; expenses attending a second session of Parliament within the year; expenses of a general election; Stock Department insufficiently provided for; liabilities in respect of the Indian and Colonial Exhibition; additional exchange on remittances to London. In arriving at the above estimated total of £4,118,395, I have not allowed for the percentage reduction of salaries estimated to amount to £20,000 proposed by the late Government, but which had not been acted on when we took office.

ORDINARY REVENUE FOR THE YEAR 1887–88.

Revenue, without
additional taxation,
now estimated at
£3,788,507.

The revenue proper received for the six months ending on the 30th September last was £1,510,863. This was £16,844 less than was received during the same period of the financial year 1885–86; the Customs yielded £29,446 less, the railways £18,433 more, than the previous year. To this must be added the proceeds of debentures, amounting to £258,184, issued last April under "The

Consolidated Stock Act, 1884," on account of the Sinking Fund to accrue during the financial year 1887–88. But I do not add the proceeds of deficiency bills sold, because my object is to show what the probable deficit will be at the end of the year. The total receipts were, therefore, exclusive of the proceeds of deficiency bills, £1,769,047. In estimating the revenue for the remainder of the financial year, I do so upon the assumption that taxation, including the property-tax, is not altered from last year. I may remind honourable members that no property-tax has been collected, the annual Bill not having yet been passed. With regard to the other items of revenue I have adopted the estimates of my predecessor, except as regards stamps and railways. The experience of the past six months leads to the probability that stamps will not reach the estimate by £32,600, and railways by £50,000. Taking these circumstances into consideration, I estimate that the revenue for the six months ending 31st March, 1888, will amount to £2,019,460, making a total of £3,788,507 for the year as against £4,156,184 as estimated by the late Colonial Treasurer, which included the proposed additional taxation.

THE LAND FUND.

I have already informed the Committee that on the 31st March last there was a balance of £54,263 at debit of the Land Fund Account. On the 31st March, 1884, there was a balance of £80,447 at credit; the Land Fund expenditure has, therefore, during the past three years exceeded the receipts by an average of £44,900 a year. Last year the expenditure exceeded the receipts by £33,879. It is expected that the receipts for the current year, estimated by the late Government at £108,890, will be realised; and a revision of the expenditure, estimated at £170,907, results in a probable decrease of £2,600; thus the expenditure of the year would have exceeded the revenue by £59,417. I may say that this excess of expenditure is exclusive of the outlay, amounting to £168,266, which has been made from loan during the last three years on opening up land before sale, and of liabilities, £76,908, since incurred on the same account; it is also exclusive of £1,891 expended on village settlements to 31st March last, with liabilities of £67,886 since incurred; but this latter expenditure is to be capitalised and interest obtained for it in the shape of rent, if possible; the money, however, has yet to be provided, either from loan or Consolidated Fund, no provision having been made for it by Parliament.

State of Land Fund Account.

RESULTS.

The revised estimates of expenditure of the Ordinary Revenue Account being, as I have stated, £4,118,395, and the revenue being £3,788,507, the expenditure will exceed the revenue by £329,888 on the Ordinary Revenue Account; and if we add the excessive expenditure of the Land Fund, £59,417, we get a total of £389,305. The late Government proposed to meet the deficit they anticipated on the Ordinary Revenue Account by additional taxation amounting to £250,000, and by a percentage reduction of £20,000 from salaries. With regard to the Land Fund they proposed "that for a term of years, until the increasing revenue will permit otherwise, the deficiency between the land revenue and the land expenditure should be made up by charges on the land, supplied by such local borrowing as may be required." How the present Government propose to deal with the deficiency of the Consolidated Fund as a whole, and prevent its recurrence, I will shortly state. But first I must ask your attention to the Public Debt, and to the Public Works Fund Account.

Excess of expenditure without additional taxation, £389,305.

THE PUBLIC DEBT.

With the view of showing the effect upon the public debt of the operation during the last three years of the provisions of "The New Zealand Consolidated Stock Act, 1877," and more especially "The Consolidated Stock Act, 1884," I have had a table prepared to accompany this statement.

Effect on public debt of operations under Consolidated Stock Acts.

The gross public debt at the 31st March, 1884, as set forth in that table, was £31,071,582, exclusive of £398,000 for deficiency bills; at 31st March, 1887, it was £35,741,653, exclusive of deficiency bills for £279,100 then outstanding.

Since that date further deficiency bills to the amount of £715,900 have been issued, the total of those now outstanding being £995,000, in addition to the debentures for £258,184 issued in April last for increases of sinking fund for the current year. The amount at 31st March, 1884, in the table to which I have referred, differs from the total given by the late Colonial Treasurer in his Financial Statement of the 16th September, 1884; it is unnecessary to mention the items constituting the difference except in one particular, because the table prepared in 1884 was to a certain extent an approximate statement. The exception to which I refer is the exclusion from the table of the amount of the bonds issued under "The Consolidated Loan Act, 1867," drawn, redeemed, and cancelled prior to the 31st March, 1884. It is true that the scheme of that loan required that the annual charge for interest and sinking fund in respect of the total amount of debentures issued should remain the same until the whole loan was repaid, and that after paying therefrom the interest on the outstanding portion of the debt the growing balance should be applied to annual drawings; but, although interest continues to be paid on the drawn bonds to the Trustees of the Sinking Fund, there is, in fact, no liability in respect of the principal of such bonds, which are actually cancelled from time to time, and sent out to the colony. The interest so paid is in reality a contribution of sinking fund from the consolidated revenue, and goes to swell the amount available at each annual drawing of bonds. It is right, therefore, to include in the debt only the amount of principal for which the colony is liable. It will be observed from the table that during the three years ended the 31st March, 1887, bonds for £9,796,800 were converted under the two Acts to which I have referred into other securities of the nominal value of £9,995,884. Prior to that date bonds for £5,390,300 had been converted, now represented by a debt of £5,499,571. Complete accounts of all these conversions, and the expenses attending the same, have not yet been received, and until they are an exact account of the saving effected cannot be made.

I now come to consider the effect of those provisions of "The Consolidated Stock Act, 1884," which empower the Colonial Treasurer to issue debentures in each financial year to an amount equal to the accretions of the sinking fund for the year.

The total amount of these accretions for the three years 1884–87 was £742,728, of which the Consolidated Fund contributed £597,236, the balance of £145,492 being the produce during the same period of investments made by the Trustees, partly in bonds of this colony and partly in securities of other colonies. The amount contributed out of the Consolidated Fund represents, in the case of each loan except the Consolidated Loan of 1867, merely the 1 or 2 per cent., as the case may be, on the amount of the outstanding debentures. In the case of the consolidated or "drawing" loan of 1867 as it is sometimes called, the amount contributed is 1 per cent. on the amount of the original debt of £7,283,100, together with 5 per cent. on the amount of the bonds drawn and cancelled, which increases year by year, and is now £1,982,100, inclusive of the drawing in March last.

I am desirous that the Committee should appreciate the marked distinction in the accretions of Sinking Fund between the amount which the colony contributes direct from revenue and the interest received by the Trustees on their investments. I wish the distinction to be thoroughly understood, because I think considerable misapprehension exists with regard to the operation of the Act. When in his Financial Statement of 1884 the late Colonial Treasurer brought the position of the Sinking Funds under the notice of Parliament, he did so with the object of propounding a scheme which would have the effect of relieving the Consolidated Fund of a heavy burden. He said, "I propose we should not be idiotic enough to tax the people to pay off a little fragment of our debt; no other colony does it." Now, it is claimed, that the maintenance of the contributions of Sinking Fund direct from the revenue was an unnecessary tax upon the people,—a tax which, in view of our continuing to borrow, should, without breaking faith with the bondholders, be removed (whether or not that is a right view to take I

shall not now discuss); but the increases derived from past investments of these contributions stand upon an entirely different footing. They constitute no burden upon the people; and to the extent, viz., £145,492, to which during the past three years ending 31st March last, the Consolidated Fund has been aided by borrowed money equal in amount to the accumulations of interest in these years received by the Trustees, we have, I venture to submit, exceeded the avowed purpose of simply making good to revenue the amount we had paid out of it in reduction of our debt. I find it is not generally understood that such has really been the effect of the operation. I should, however, add that what has been done has been within the provisions of the Act of 1884, which gave power to the Colonial Treasurer to issue debentures for increases of the Sinking Fund from *all sources*, and that the result, as it was stated would be the case, has been that, as regards loans outstanding at 31st March, 1884, the net public debt has practically remained stationary.

PUBLIC WORKS FUND ACCOUNT.

This account is now divided into three separate accounts—a separation necessitated by the legislation of the session of 1886, which had the effect of what has been termed “earmarking” the North Island Main Trunk Railway Loan and the Loan authorised in 1886 to the specific purposes set forth in the two Loan Acts. Loans “earmarked.”

No. 1 ACCOUNT.

This is an account of the balance of the loans raised before 1886. The credit balance in this account was on the 31st March last, £491,245, subject to liabilities amounting to £335,774. On the 30th September last there was a credit balance of £247,292, subject to liabilities amounting to £280,495. Against this fund is charged all miscellaneous works such as harbour defences, roads, bridges, school-buildings, purchase of Native lands, and telegraph expenditure. Honourable members will therefore see that without further borrowing neither can our liabilities be met nor can necessary works of the above description be undertaken, if we adhere to the wholesome restrictive principle of the Acts of 1886.

No. 2 ACCOUNT.

This is the account of the North Island Main Trunk Railway Loan. The unexpended balance on the 31st March, 1887, was £674,314, subject to liabilities amounting to £187,981. On the 30th September last the unexpended balance was £615,258, with liabilities amounting to £137,474. There is, therefore, a sum of £477,784 still available in this account, subject, however, to the cost and charges of raising the whole loan in the market, which has yet to be done.

No. 3 ACCOUNT.

This is an account of the loan of 1886, being the amount authorised in 1886 to be raised for railway construction—£1,325,000—together with £242,800 representing certain district-railway debentures sold on behalf of the Post Office in conjunction with that loan. The credit balance on the 31st March, 1887, was £1,012,034, consisting of amount in hand, £620,734, and balance of loan to be received, £391,300. The liabilities, exclusive of the proceeds of the £242,800 district-railway debentures, since paid over to the Post Office, were £326,651. On the 30th September last the credit balance was £556,644, and the liabilities, £304,004. There is therefore still available £252,640 in this account.

The credit balances, however, of these three accounts jointly are, as I have shown, only in part represented by cash, and the power of spending depends upon our realising the securities held to their credit and floating the North Island Main Trunk Railway Loan. The total cash available at 30th September last was £140,549, in addition to which we had £120,387 imprest advances in the hands of officers of the Government. The securities consisted of deficiency bills, £19,200; district-railway and other debentures, £139,058; and the North Island Main Trunk Railway Loan, £1,000,000: the total credit balances of the three accounts being £1,419,194, against which there were liabilities amounting to £721,973.

Aggregate balances of accounts, 30th September, and liabilities.

GOVERNMENT LOANS TO LOCAL BODIES.

Loans to local
bodies.

Up to 30th September last we had borrowed £100,000 under the provisions of "The Government Loans to Local Bodies Act, 1886," for the purpose of making loans to local authorities. Of that amount £71,686 had been disbursed at that date, leaving a balance of £28,314 in hand, with liabilities amounting to £99,181, to meet which a further sum of about £100,000 will be required, consisting of balances of loans to local authorities which had elected to take their loans by instalments, £38,580, and £60,601 for loans provisionally granted in the first year of the Act, but awaiting the completion of the steps necessary to give the security required.

In connection with the administration of "The Government Loans to Local Bodies Act, 1886," I may further inform the Committee that under sections 27 to 30 of that Act debentures for about £105,000, given by local authorities under the provisions of "The Roads and Bridges Construction Act, 1882," have, up to 30th September last, been converted into liabilities under the former Act, which (section 31) provides for the payment into the Public Works Fund of all moneys arising from such conversions.

Appropriation for
current year.

It is the intention of the Government to ask Parliament to appropriate a sum of £100,000 for the purposes of the Act for the current year.

Sinking Fund.

Under section 45 of the Act provision is to be made for the creation of a Sinking Fund for the redemption of the debentures; but, as the transactions of the Consolidated Fund will end in a deficit at the close of this year, the Government do not intend to propose to Parliament to appropriate a sum for this purpose. Provision will, however, be made for it in the estimates of next year.

Before proceeding to speak of the other proposals of the Government, with reference to equalising revenue and expenditure, and of the proposals as to public works, I desire briefly to call attention to the following subjects: Maori Lands and the Tariff.

MAORI LANDS.

Maori lands.

The apparently insoluble problem of dealing with the Native lands in a fair and equitable way in the interest of the Maoris and of the settlement of the country has occupied probably more of the time of the Government and Legislature of the colony than almost any other question. I do not propose on the present occasion to go at any length into the question. I shall only indicate the broad lines which the Government propose to follow in legislating upon this subject. In the opinion of the Government there are large districts in the colony within which many Maoris are living where the same laws can be applied with advantage to the Natives and Europeans alike. We shall, therefore, in repealing, as we propose to repeal, the Crown and Native Lands Rating Act, ask for authority to declare districts in which the law shall apply equally to individuals of both races. The Maori, on the one hand, will be liable to pay rates and taxes as his fellow-subject of the European race is, and, on the other, he will be permitted to deal with his lands as freely as a European after the Crown title has been obtained, except to this extent: that he will be compelled to retain a sufficient amount of land for the maintenance of himself and his family; and of all those possessing large tracts of country it will be required that the land shall be sold in blocks only of a moderate size. In all other districts of the colony which are not proclaimed, and therefore not subject to taxation, the Maoris will not be permitted to part with their lands to any one but the Crown, except under more stringent conditions. Before, however, proposing legislation on these subjects, we shall, in the recess, consult with the Natives on the several points; but we intend at once to introduce a Bill to remedy certain pressing evils.

THE TARIFF.

Tariff.

The revision of the tariff is a question which has occupied a good deal of attention throughout the colony, and is one undoubtedly requiring the early attention of the Legislature. Until this question is settled with some sort of permanence, the trade of the colony will in addition to its present unavoidable

difficulties continue to be disturbed and irritated by what can and ought to be avoided, the uncertainty from year to year—I might say for a portion of the year, from month to month—as to what our tariff is to be. And no honourable member I am sure will doubt that damage to trade means loss to the whole community. The Government during the short time at their disposal have had this matter under their careful consideration, and have come to the conclusion that the question should not be dealt with during the present session because it is impossible to deal with it completely. The Government are strongly of opinion that it should not be touched until it can be so dealt with as not to need further serious revision for a considerable time to come. We have within the past two years had two serious but unsuccessful attempts largely to alter the tariff, resulting in great derangement of trade with all the loss which that brings, and without the smallest compensating gain. And the causes which led the House emphatically to reject those attempts still exist, and one, at all events, the general commercial depression, may fairly be considered, at least in its present severity, abnormal and temporary. Moreover we cannot at present look so far forward in our finance as now prudently to fix what we shall require from the Customs even for the near future. For on the one hand the changes the Government propose, and such further economies as they hope to make, will correspondingly lessen the need for revenue; on the other hand they recognise that it will be necessary to charge against revenue many works which are now charged against loan, such as public buildings, school buildings, and telegraph extension. So that, with these uncertain elements at work, and looking at the fact that the time at our disposal is practically very short, and that we have work now before us which, if satisfactorily done, will certainly mark this as an epoch in our history, it seems to the Government clearly right that no attempt should be made to revise the tariff this session.

PROPOSALS TO EQUALISE REVENUE AND EXPENDITURE.

I have now, Mr. Hamlin, to answer a very important question—a question in which this Committee and the country are at present most deeply interested:—How, if possible without further taxation, are the revenue and expenditure to be balanced? I have already shown that the excess of expenditure during the current year over the receipts of the Consolidated Fund, including the Land Fund, will probably amount to £389,305, on the supposition that the expenditure continues as at present, and that no additional revenue is obtained by taxation.

It must be evident to any one acquainted with the condition of the colony that something more is now needed to restore confidence than mere trivial economies. Our chief difficulties have undoubtedly arisen in a great measure from a too lavish expenditure, more especially of borrowed money. That must be stopped; and our first duty therefore is to apply the pruning-knife with an unsparing hand. But that is only our first, not our only duty; there is another not less important. We must indeed take all possible means to prevent waste both of our ordinary revenue and of money borrowed for public works. But we must also promote the settlement and occupation of the lands of the colony by rendering them attractive to persons willing and able to cultivate them and to develop their many and varied resources with their own skill and capital; and we must also, so far as practicable, encourage all our other industries by all reasonable means in our power; that is to say, we must encourage such industries and by such means as will in our judgment, upon a general and careful review of a difficult and complicated subject, really, and in the long run, increase the wealth and prosperity of the colony. In these ways we shall in due course raise a larger revenue without increase of taxation, or conversely, the same revenue with less taxation. The results no doubt concern the future, but a future not, I trust, by any means far distant.

Expenditure too
lavish.

There is no surer way of lifting the country out of its present difficulties than by the introduction of considerable numbers of persons possessed of sufficient means and knowledge to cultivate the land profitably; not only as ordinary farmers, but as fruit-growers, and growers of plants suitable for manufacture, or to

Immigration.

supply other industries. Our efforts at retrenchment will be comparatively unavailing to restore prosperity unless we can obtain a considerable accession to our population of persons in a position to employ labour. We think the time for this very favourable, and, if the House should approve of the course we shall propose to it upon this subject, we hope to see at no distant period a considerable accession to our population of persons of the class above referred to. The time also apparently is very favourable to the establishment of pensioner settlements. Much interest is being taken in this subject by leading men in the United Kingdom, and a good deal of thought and attention has been given to the details of a scheme by a gentleman in Auckland, who has devoted a large amount of time and energy to the matter. The Government are of opinion that every effort should be made to induce a considerable immigration of this class of persons to the colony.

As an essential means towards accomplishing the above important objects, and, indeed, the settlement of the country generally, the Government propose to amend and simplify the land laws, and as far as possible make them uniform throughout the colony; to allow selectors full freedom of choice as to tenure, and above all and, as the dominant idea, to enable the *bona fide* settler to get possession of and a title to his land with the least possible delay and expense.

And it is perhaps desirable here to declare that the Government fully recognise the wisdom of the principle which has been acted on since 1879–80, namely, that the proceeds of the sale and disposal of our lands should be treated not as ordinary revenue, but as a special fund for opening up the country and promoting settlement.

Mining industry.

It would not be appropriate to speak here at length of the mining industry, though of great importance. I may, however, point to two hopeful signs for the future: One is, that the yield of gold from the quartz mines appears to be steadily increasing; and the other is the large, steady, and increased output from the coal-mines. There can be no doubt that, when the harbours on the West Coast are completed, the latter industry will assume still larger proportions. The Government fully recognise the importance of developing the mineral wealth of the colony, and, for that purpose, of affording all facilities in their power for promoting legitimate enterprise; and they hope that, by the spread of wider and more exact knowledge of minerals and mineral processes and methods—by a more complete technical education—a good deal of waste may be avoided, and lodes and ores may be found, and worked with profit, which are either now passed by or are not thought payable. The Government will be willing to assist in the matter of technical education so far as they are able and so far as they can do so with real effect.

Railway management.

The management of our railways from the first has never given satisfaction to the public. It would be a waste of time on my part to endeavour to explain the reasons for the public dissatisfaction. The fact probably is sufficient for us that the public have long been greatly dissatisfied with what is called the mismanagement of our railways. I do not share in this dissatisfaction myself, so far as the management goes, believing, as I do, that our officers on the whole have been efficient, and that it is the inherent defects of the system, and not the management, which are at the bottom of the dissatisfaction prevailing. The question of placing the railways under what is called a non-political Board of Management has been before the public for some years, and the introduction of that plan into Victoria has enabled us in New Zealand to watch the practical working of the system. It is now admitted, I believe, by all those qualified to judge in Victoria that the system has proved a great success. The Board has now been at work for nearly four years, and I think it may be fairly said that the scheme has passed far beyond the stage of experiment. Looking, therefore, to the dissatisfaction existing in New Zealand with our present system, and the satisfaction which the Board has given in Victoria, my colleague the Minister for Public Works will ask for leave to introduce a Bill this session into Parliament to constitute a non-political Board of Manage-

ment for the New Zealand Railways. The Government believe they are fully justified in anticipating from this change a large increase in the net profits from the railways.

In the meantime we have to deal with the serious present deficiency in our revenue which I have stated. Now it is obvious that without an increase in the number of taxpayers there are only three ways in which a deficiency of revenue can be met, or rather its continuance and recurrence avoided.—First: Taxation may be imposed for the whole amount required. Second: Expenditure may be reduced to the whole extent necessary if that be possible. Third: Reduction of expenditure may be made, and additional taxation may be imposed, which together shall make up the required sum.

PROPOSED REDUCTIONS IN SERVICES.

It is hardly necessary for me to say that it will be impracticable to cover the deficiency of the current year by reduction of expenditure. Seven months of the financial year have already passed, and it is impossible for two or three months to come to obtain much, if any, effect from reductions. The proposals, however, which I shall submit will, I hope, prove to be of a sufficiently comprehensive character to satisfy the most thorough reformer.

There is an impression in the public mind that sufficient reductions can be made in the public expenditure by reductions in the numbers and salaries of the civil servants; but I need hardly point out to honourable members that it will be altogether impossible to effect the whole of the necessary saving in that direction alone. It will be necessary also to curtail the conveniences and aids which are now being enjoyed by the public and the local bodies.

I will now state to the Committee what our proposed reductions in the Services are. In the first place we propose to begin with the highest office in the colony—that of His Excellency the Governor. I need hardly remind the Committee that this reduction cannot take effect until the appointment of a new Governor. It has been said that the colony is likely to lose standing and credit in England by reducing the salary of the Governor; but we have no fear, after careful consideration of the subject, that ill effects will follow this reduction. We have no fear but that we shall still obtain the services of officers of the same high standing as heretofore, and as to our credit, we have the fullest confidence that the reductions and other economies we are proposing will prove the existence of that first condition of commercial confidence, a determination to pay our way. We propose, then, that the Governor's salary shall remain at £5,000, but that this shall include the cost of his staff and all allowances. This will be a total reduction of £2,500 from the amount at present paid. We think that the sum I have named above should cover the total cost of the Governor to the colony.

Governor's salary and allowances.

In the next place I will deal with the legislative and executive branches of the Government, and the Committee will, I trust, excuse me if I take the latter first.

We propose then with regard to the salaries of Ministers, that the Premier shall receive £1,000 instead of £1,750 now paid, and that the other Ministers shall receive £800 instead of £1,250 at present paid, and we propose to reduce the number of paid Ministers from seven to six simultaneously with the reduction in the number of Members of the House of Representatives, which I shall shortly mention.

Salaries of Ministers.

As to travelling allowances, it is obviously important that Ministers should travel, so as to make themselves personally acquainted with the wants and circumstances of the several districts; but the allowance should be arranged so as merely to recoup necessary outlay; and we propose to allow £1 10s. a day while actually travelling on the public service, and limit the total to be paid to the whole Ministry to £1,000 in any one financial year. The average amount paid to each Minister for the last three years has been £190.

Travelling allowances of Ministers.

With regard to the expenses of the official residences of Ministers, we think that large reductions can be made. We think the one known as "Tinakori Road North" should be sold, as being too large and expensive. Of the others, we propose one should be retained as a residence for the Premier, the cost of maintenance of

Residences of Ministers.

all but the house itself being defrayed by the occupant, instead of from the public funds as heretofore. With regard to other Ministers, looking to the difficulty upon short notice of finding suitable house accommodation, we think it desirable that this should be provided for some at least of them, if it can be done with proper safeguards against exceeding reasonable limits of expense, and that those not obtaining a house should receive a house allowance of £200 per annum. But upon this subject we will shortly make more specific proposals.

Legislative expenditure.

I now come to the legislative expenditure. This is undoubtedly a question of some difficulty, but in our opinion a considerable reduction in the legislative expenditure ought to be made, and that, if made, it and the reduction of Ministers' salaries will tend more than any argument to produce in the minds of the people of the colony not only a conviction of our sincerity in this question of retrenchment but also of the necessity for retrenchment generally. The Government will invite the Legislative Council to express, by resolution, its opinion that the honorarium paid to its members should not exceed £100, and we shall ask this House to reduce the honorarium paid to its own members to £100, with an allowance of £50 in consideration of the additional expenses necessarily incurred by them. We think that no payment should be made to the Chairmen of Select Committees of either House; that all officers of Parliament whose salaries are provided by Act should not receive more than the statutory pay at present provided: all extra amounts annually voted being struck off, and the salaries of the other officers of the House being reasonably reduced.

Reduction of number of members of both Houses.

I may here take the opportunity of informing the Committee of some proposals of the Government which, as involving economy, are properly mentioned here, but which are of considerable political importance, namely, that the Government intend this session to introduce a Bill to reduce the number of members of the House of Representatives to seventy, inclusive of the Maori representatives; though this change cannot take effect until the end of the present Parliament, and next session they will submit a Bill to the House altering the mode of election, with other necessary reforms of the electoral laws. They will also during the present session invite the Legislative Council to devise a plan by which their number may be reduced to thirty-five, one-half of the number of members proposed for this House, and thereafter limited to that number.

Civil Service reductions.

Now, let us consider what reductions are possible in the Civil Service. The total number of persons in the pay of the colony, including the Governor, Ministers, Judges, and others, but exclusive of police, military forces, and country postmasters, is 7,163, and the amount they receive in salaries, pay, and wages is £1,004,273. Of these, 5,862 are receiving weekly wages, pay, or salaries not exceeding £150 a year; the total amount paid to this class being £638,519. The Government do not propose to make any substantial alteration in the payments made to these persons. It is probable, however, that their numbers may be reduced, but at present there has been no time to go into this question. It follows, therefore, that the amount of £365,754 paid to persons in receipt of salaries over £150 a year is the principal amount upon which it is possible to make reductions at present.

Education.

The reductions proposed in the departments generally I do not propose here to refer to in detail. These will be dealt with in Committee by the several Ministers in charge of the departments. But I will say a few words upon our education system, in regard to which, while admitting that it has given great satisfaction from the purely educational point of view, specialists agree that relatively to population and revenue the system is too costly. They differ only as to the means by which reductions may be best effected. The proposals to be submitted by the Government will show where moderate savings may be made without weakening the system. Our principal proposal will be to limit the capitation grant to the statutory amount of £3 15s. a head, which we think under the circumstances of the colony is ample for necessary purposes, and not to pay capitation upon any child under six years old; but we shall make provision so that no country school shall be closed in consequence of this change. The saving on the Education vote we estimate at about £60,000 per annum.

I have had to consider carefully how to submit clearly to the House the reductions that the Government propose, and have thought it best in view of the short time at the disposal of the Government, to bring down a schedule in which will be shown in one column the total amount of each class of expenditure, as proposed in the estimates introduced by the late Government in May last, with supplementary estimates added for services either inadequately or not at all provided for; in the next column the reduced amount which the Government propose for the current year, seven months of which have already passed, and two more of which will at least pass before it will be possible for the reductions to take effect; the third column will show what is the amount of the reductions on the estimates for the twelve months which the Government already see their way to make, and which will take effect in proportion as our proposals have time to operate.

How estimates of expenditure will be submitted.

We propose to take one vote for each of the classes and sums mentioned in the second column of the Schedule under the head of "Annual Appropriations," instead of following the usual course of taking votes for the several services on each class. Honourable members will recognise that it could not be possible for the present Government, in so short a time, to bring down a revision of the estimates of the late Government showing in detail the reductions we propose to make; and that there is no other course open in the circumstances than to take a vote for each class of expenditure only. With regard to the reduction of a sum of £16,000, which has not been allocated to any class, but which will, when given effect to, be distributed over all of them in such manner as the Government may determine, a clause will be inserted in the Appropriation Act which will limit the power of expending under the votes to the total amount of the classes, less the sum of £16,000.

Before leaving this part of my subject, I wish to say that the Government, in making reductions, desire to use all possible consideration for the persons directly affected, so far as their duty to the public will allow, more particularly as regards those of special occupations, such as postal and telegraph officers, and those now entitled to pensions and allowance. The Government will do their utmost to make the reductions and other changes press with as little hardship as possible, subject only to the necessities of the case and to their paramount duty to the public.

Our proposals, if assented to by Parliament, will reduce the total amount of the departmental appropriations out of the Consolidated Fund for a full year by £252,550. The reductions comprised in this amount have been made upon the probable expenditure for the same services during the current financial year under the estimates and engagements of the late Government. I may, in passing, inform the Committee that, before making them, all services of a non-recurrent character, so far as they could readily be traced, were first eliminated from the estimates for the current year, such as expenses of a general election; and the same course was pursued with reference to payments under permanent Acts, such as allowances to members of the General Assembly attending a second session of Parliament. If, in determining the amounts of these reductions, any non-recurrent items have been overlooked, the omission will probably be adjusted by the occurrence of other items of a like character in the estimates for next financial year. We already see our way, then, to effect departmental reductions to the extent of £252,550; and we believe we can make still further, and we hope substantial, reductions, by means of a more perfectly-organized system and amalgamation of offices compatible with each other.

Departmental appropriations reduced by £252,550.

It is clear that sufficient time must be given to any Government undertaking the reorganization of the service, and full power must be given to that Government, if the work is to be done successfully. But when the work we are now proposing to do has been done to the satisfaction of the House, if it is not to be again undone, it will be necessary that far greater restrictions should be placed upon the Government of the day than is the case at present. Vigorous retrenchment is effected by one Government in times of depression, they are replaced by another Government, and much of the work they have done, if times are a little more prosperous, or if a more sanguine view of the prospects is taken, is

undone by their successors. I may give an instance of what I mean. In the year 1880 there were seventeen Inspectors of the police. After careful consideration it was determined that eleven Inspectors could perform the work, and reductions were made accordingly. Eleven Inspectors satisfactorily performed the work up to 1884, at a cost of £4,300, having 445 men of all ranks under them. There are now no less than eighteen Inspectors, at an annual cost to the colony of £6,000, the total number of police being 502. I simply give this as an instance, as showing how it will tend to economy if the number of officers of the several grades in the service is limited by Act of Parliament.

Classification of
Civil Service and
limitation of
numbers.

The Government are of opinion that if the reforms now being instituted are to be permanent, it will be necessary to classify the Civil Service, limiting the number of each class, and making it necessary to report to Parliament the employment of any extra or outside assistance. The Government have a Bill in preparation, but it would be premature to introduce it during the present session. We propose to make the main changes and to see that they work well before asking Parliament to legislate. I may say, however, that a leading provision in the Bill will be the appointment of a Civil Service Board, through whom all appointments and promotions will be made. If we are to have a really efficient service, the tenure of the officers must be reasonably secure. A cadet must be able to look forward to the service he enters as a profession, and one in which his advancement will depend upon his capacity, character, and attention to his duties, and not upon the favour of the Minister of the day. This, under a well-considered Act, can be done at a minimum cost to the country.

Excessive travelling
expenses.

Before leaving the subject of departmental expenditure, I would say that there appears to be a considerable waste of money in travelling. I have not yet had time to look as fully into the matter as I should have wished, but the Committee will probably be surprised to learn that the amount expended upon travelling during the year from the 1st October, 1886, to the 30th September, 1887, was £56,417. I do not mention this as exceptionally large, but as an example. This includes the expenses of Ministers, but does not include the commuted travelling allowance which is granted to many officers. There is, however, some portion of it returned to the colony in the way of railway fares; but it is impossible to ascertain the amount to which the railway revenues are benefited. The Government are of opinion that very considerable reductions should and can be made in this item, the leading principle to be kept in view being, that the allowance is merely to recoup legitimate expenses actually incurred.

PROPOSED REDUCTIONS IN GRANTS-IN-AID.

I now come, Sir, to the consideration of grants to local bodies, and, however painful it may be, we must recognise the fact that, if the assistance now being given to them is to continue, our taxation must be increased to a proportionate amount.

"THE CROWN AND NATIVE LANDS RATING ACT, 1882."

Repeal of Crown
and Native Lands
Rating Act from
March next.

In the first place let me ask your attention to the Crown and Native Lands Rating Act. When this Act was passed it was estimated that there would be a sufficient surplus in the Land Fund to pay rates on the Crown lands. That estimate has, however, proved incorrect. As a matter of fact, the Land Fund is insufficient by more than the amount paid for the rates on Crown lands to meet the charges as voted by Parliament. It must also be admitted that the advantages conferred by this Act have operated very unequally in various parts of the colony. It is with much regret that the Government propose that it should be repealed from March next, with the necessary reservations as to securities given under the Act.

For nothing can be fairer than the principle that all lands by whomsoever owned should contribute to the maintenance of the roads of the district in which they are situated. But as money must be found for opening up new lands for fresh settlement, and we cannot always continue borrowing largely for that purpose, it seems to me better in the interests of the colony to use the Land Fund at our

disposal than to apply it, as it has been applied since the passing of the Crown and Native Lands Rating Act, to the relief of local taxation. By the repeal, however, of this Act a very large question is opened up—the question of the Maoris paying rates upon their lands in settled districts, as their fellow-settlers of the European race are doing; and it seems to the Government that the time has arrived when the Maoris should be placed on an equal footing in this and other respects with their European fellow-subjects in those districts which may be properly called settled districts. I have already referred to the correlative rights which it is proposed should be conferred upon the Natives to compensate them for being called upon to perform this duty. If the Act which we are now considering is repealed, there will be a saving to the consolidated revenue, through the Land Fund, of £34,000 per annum, and a further saving of the expenditure of the money now borrowed to pay the Native rates of £10,000 per annum; for, although this money is recoverable, it will be some years before it will be repaid. There has been recovered up to 30th September £1,843, and there is at present outstanding on this account about £32,200 which has been borrowed from the Public Works Fund.

SUBSIDIES TO LOCAL BODIES.

These subsidies, under existing arrangements, have always been regarded by every one acquainted with our real financial position as a most precarious source of revenue to the local bodies, and the late Government, no doubt with much regret, proposed to Parliament to reduce the amount of the subsidies paid last year by one-half for the current year; and I, Sir, also with much regret, have now to make a similar proposal on behalf of the present Government; but we hope to be in a position to continue them at the same rate next year if Parliament shall see fit. But we are of opinion that after the present year these subsidies should be charged wholly upon revenue, and not as now one-half upon loan; and, further, that they should be separated from our ordinary finance, and not only fixed for a definite time, but be paid from a definite source—as for instance, by appropriating to the purpose a given fraction of the property-tax. For the present there is no doubt that the local bodies are hardly pressed to provide funds to carry on their necessary works, and we regret we can do no more for them.

Continuation of subsidies for present year at rate proposed by late Government.

I do not, however, wish the Committee to understand me as representing that Government, ceasing to pay rates on Crown lands and the subsidies, are effecting a saving to that amount in the public expenditure, using that term in a popular sense. We are indeed relieving the consolidated revenue to the full amount, as is our first duty, but we are throwing upon localities whatever amount out of these sums is absolutely required for carrying on necessary services; and so far as the change induces local economy there is an absolute saving in all senses; and it is clear that if we are to restore our finances to a satisfactory condition, and if we are to recover our credit in London, it can be done only by making a very firm stand against all expenditure which can be possibly avoided. It may no doubt be said that not only these grants about which we are now speaking, but also much larger sums of money, could be profitably spent by the local bodies, and I do not propose to dispute that assertion. The answer seems to me to be that we have not got the money to spend, that we have been spending far too freely, and that we must now stay our hand for some time, even from useful local works, or raise funds for them locally.

SUMMARY OF REDUCTIONS.

Adding together, then, the whole of our proposed reductions, we find that when complete effect is given to them the expenditure chargeable for a year upon the revenue of the colony will be reduced by £300,000.

Amount of proposed reductions for a year.

I shall, for the convenience of members, briefly recapitulate the leading items of which this large sum is composed: Salaries of Ministers, £3,450; allow-

ances to members of the General Assembly, £10,000; departmental appropriations, £252,550, including reductions in respect of Ministers' residences, travelling allowances, &c.; rates on Crown lands, £34,000: making a total of £300,000 for a full financial year. The amount we shall probably be able to obtain by these reductions within the current financial year will be about £71,000, particulars of which will be found in a table appended to this Statement.

PROPOSALS RELATING TO THE CURRENT YEAR.

Reduction of expenditure this year, and property-tax raised to one penny.

I have already informed the Committee that it is estimated the expenditure of the Consolidated Fund during the year ending 31st March, 1888, would exceed the revenue by £389,305, if expenditure proceeded at the old rate, and further taxation were not imposed. This sum will, however, be lessened by the savings during the remainder of the year arising from the reductions we shall be able to give effect to, estimated at £71,000; and we propose to still further reduce it by increasing the property-tax from thirteen-sixteenths of a penny to one penny.

Probable deficit at 31st March, 1887.

These reductions will leave a sum of about £253,300, expended in excess of revenue to the 31st March next, to be provided for. This, together with the deficit of last year, amounting to £92,293, on the Ordinary Revenue Account at 31st March, 1887, and of £54,263 on the Land Fund Account, makes a total of about £399,900, for which provision has to be made. It will also be necessary to meet the amount to be paid as compensation for loss of office. This will probably be a considerable sum—indeed, large in proportion as the ultimate saving is large. But it is impossible to state the amount, even approximately, at present, or until the Government have determined upon the specific reductions and amalgamations which will have to be made if Parliament should see fit, as we trust it will, to ratify our proposals and limit the total cost of the respective services.

How deficit proposed to be dealt with.

Now, I must ask honourable members to bear in mind that, as I shall hereafter explain, we are proposing to reduce greatly the rate of our public works expenditure; and also so to shape our ordinary finance as gradually to enable the Consolidated Fund to bear many charges for works now borne by loan. If we succeed in doing this, as I think we must, it will entail a heavy burden upon the revenue, and render it impossible for it otherwise than gradually to meet the large deficit to which I have referred. The Government, therefore, propose that the proceeds of the debentures issued under "The Consolidated Stock Act, 1884," for the interest on investments of the Sinking Fund to which I have referred in my remarks upon the public debt, amounting now to about £40,000 a year, but increasing yearly, and which for four years, including the present year, have been paid into the Consolidated Fund and used as revenue, should from March next be applied to redeem yearly a like amount of this deficit until the debt is finally extinguished. We propose also that any credit balance of ordinary revenue, from year to year, shall be devoted to the same purpose, instead of being carried forward to the next account. And in the meantime we propose that short-dated debentures, payable only in the colony, shall be issued to cover the total deficiency.

PUBLIC WORKS PROPOSALS.

North Island Main Trunk Railway Loan to be placed on market.

The Committee will naturally be anxious to know what the Government propose about public works and further borrowing. It will undoubtedly be necessary to place the North Island Main Trunk Railway Loan upon the London market early next year. The late Government had contemplated issuing this loan about the end of this month, but owing, I suppose, to the result of the elections the matter was allowed to stand over; but in order to obtain necessary funds, the Colonial Treasurer made arrangements with the Bank of New Zealand here to advance £500,000, repayable in London in April next on securities of this loan.

Funds available for public works.

The Government, therefore, propose to place this loan upon the London market at the first favourable opportunity, and the question will naturally now be asked by honourable members: How long will it be possible to continue the necessary public works with the amounts at our disposal in the several accounts of the Public Works Fund? In order to answer this question, let me again

call the attention of the Committee to the state of the three accounts in this fund. No. 1 Account, which contains the balances of the loans raised prior to 1886, is really exhausted. There was to the credit of the account on the 30th September last £247,292, with liabilities amounting to £280,495, of which at least £162,000 will come in for payment by March next, leaving only £85,292 for expenditure next year, with outstanding liabilities of £118,495. It is therefore evident that no new votes can be taken against this account, and yet my colleague the Minister for Public Works assures me, and he will show, when he makes his statement, that there are works to the amount of at least £150,000 which it will be impossible to avoid executing, as they are absolutely necessary complements to undertakings already entered into, and they must, therefore, be authorised this session. They consist principally of roads to open up Crown lands before sale, public buildings and school buildings, purchase of Native lands, telegraph extension, and harbour defences. In point of fact, the £150,000 is a liability, though not brought to book, almost as much as the liabilities which have been brought to book, and must therefore be provided for. In No. 2 Account, the North Island Main Trunk Railway Loan, there are ample funds to continue the work for three years at least. In No. 3 Account, the funds for several important works which must be completed are practically exhausted: and, therefore, without further funds it will be impossible to continue, after the present contracts are done, either the Manawatu Gorge line or the Otago Central even up to Middlemarch, which is the least distance to which it must be carried to be of any practical use at all.

There are three courses open to Parliament: (1) We may stop those works for which the funds are exhausted; (2) we may use some of the cash to the credit of the unexhausted items either in No. 2 or No. 3 Account to continue the work of the exhausted items; or (3) we may determine to raise another loan.

Whether works should be stopped for which funds exhausted.

The choice thus forced upon us is not a pleasant one, and yet it must be made. With regard to the first course, the Government is of opinion that all works the stopping of which will not materially retard the progress of the country should be stopped; mere present inconvenience must not be considered; but to go further than this would, they think, be a very unwise and short-sighted policy. The Government cannot therefore recommend the adoption of the first course.

We will now consider the second course—shall we use the money allocated to one work, temporarily or permanently upon another work? If the House should so determine, it will be possible with the money at our disposal to find the funds to carry on necessary works to a moderate extent by borrowing from one account in aid of the funds exhausted in an other. And by doing this, and limiting our public works expenditure to an average of £70,000 a month for the next fifteen months, which, I am informed, it can be gradually worked down to—as compared with an average of £97,000 a month, which it has been during the last twelve months, namely from end of September, 1886, to end of September, 1887—it will be possible to find the means of carrying on our public works until the end of December, 1888. Difficulties would, however, probably arise if we postponed taking authority to borrow until next session, in the event of any serious disturbance of the English money market, for by the end of December, 1888, even if Parliament does give authority to use the balances as above suggested, we shall have run very close with the Public Works Fund, and it would then be necessary either to cease altogether to undertake anything further, or else to obtain a loan upon the best terms we could. In order to understand our real position, it is necessary that the Committee and the country should clearly recognise that by the end of December, 1888, in the absence of any further loan, and even if transfers from one fund to another are authorised, the total cash to the credit of all the loan accounts will be only about £370,000, and we should have liabilities already incurred, and rapidly accruing due, to about an equal amount; and, besides this, the works in hand would be scarcely any of them complete or in a profitable state, as the borrowing from one fund to the other, in order to keep things going, would necessarily leave every fund short of the purpose for which it was originally intended.

Whether "earmarking" should be maintained.

The second of our alternative courses is therefore a possible one, if Parliament sees fit to adopt it, though after much consideration the Government do not feel justified in recommending it; because while breaking down the safeguards which the House has set up against spending the money provided for one work upon another work, it would nevertheless fail to place us in a satisfactory position in other respects. The Government are strongly of opinion that the colony does not want such a policy, if it can be called a policy, as is involved in merely saying that "we will not borrow this year—let us wait for a year." What, in our opinion, the colony wants, and wants imperatively, is a total change of policy as to borrowing altogether. We want so to shape our public works expenditure as to be able to cease borrowing entirely at an early date. We want first and at once to reduce this expenditure, to reduce it largely, and to reduce it at a constantly increasing rate, so as practically and within a short time to reach the vanishing point. We think it quite possible to reach this desirable end, but not by the second of the proposed courses.

New loan of
£1,000,000 proposed.

The third course consequently, in our opinion, seems to be by far the most prudent, and the Government, therefore, though with great reluctance, recommend that authority should be granted for a loan during the present session of £1,000,000, to be raised at such time as under all circumstances the Government may deem most favourable. If Parliament agrees to this, we shall ask that the purpose of this loan shall be distinctly defined; that no new undertakings shall be put in hand; and, further, that we shall give a distinct pledge that no more borrowing will take place for three years from March, 1888. We must, in any case, as I have shown, place the North Island Trunk Railway Loan on the market early next year, and, as it is unadvisable to make repeated applications to London for money, the Government think it important to be in a position to place both loans on the market at the same time if they should be so advised.

We have come to this conclusion, as I have said, with extreme reluctance, but it is, we believe, in the interests of true economy. The Committee, I trust, has ample evidence before it that the Government is entirely in earnest in its intention to retrench: to stop all superfluous expenditure; to see, in homely language, that the colony lives within its means; and we should have been glad to avoid what, to a hasty judgment, may look like inconsistency in retrenching largely our ordinary expenditure while proposing to borrow further for public works. But you cannot bring such a system of public works as ours to a sudden end without absolute disaster. We believe, and I think the Committee will agree with us, that, if we at once or shortly stopped the large and important works now on hand and unfinished and comparatively useless, we should be losing far more than we should save; in other words, practising extravagance in the name of economy. My honourable friend the Minister for Public Works will, I think, be able to show in his statement that with the expenditure we propose, our principal works can be brought to what may be called a state of interim completion—where we may pause without serious loss. And the Committee will observe the safeguards we propose, and the essential condition we annex, that no further borrowing shall take place at all events for three years from March, 1888. If honourable members will add the amount of the proposed loan to the available balance left of previous loans, and divide the total by the three years and a half over which it has to be spread, they will find that it amounts to £690,913 a year as available for public works of all classes; and if they will further compare this with the actual expenditure from loan on public works for the last three years, which has been at the rate of £1,381,866 a year, they will see that the expenditure we propose is at a rate less by exactly 50 per cent. In a word, our policy is at once to reduce this expenditure largely and as rapidly as possible, and, as I have said, at a constantly increasing rate; so that by the time the proposed loan is expended we may be absolutely relieved of the necessity of borrowing further. It is, therefore, a practical application of that policy of "tapering off" which has met with general approval in the colony, and will now, I trust, receive the approval of this Committee.

If that approval should be given, it will enable our public works to be carried on without any sudden break, but at a greatly reduced rate of expenditure,

for the next three years and a half, by which time we hope to have transferred to the Consolidated Fund a large number of works hitherto charged upon loan, and to reduce to very narrow limits our expenditure on other works which are rightly charged on loan.

THE MIDLAND RAILWAY.

There is one large and important work—the Midland Railway—which I have not mentioned, and which I shall here but briefly refer to, as the Government intend to deal with the question immediately in another way. The importance of the work in a colonial sense has been repeatedly recognised by the Legislature; but the Committee will have seen from the papers laid on the table that the negotiations with the company are still incomplete in important particulars. The Government, however, hope, with the further aid of the Legislature, to bring these negotiations to a successful conclusion.

CONCLUSION.

Before I conclude honourable members will no doubt desire to be made acquainted with the probable effect of our proposals upon the position of the Consolidated Fund next year, and what prospect there is of our being able to equalise revenue and expenditure without resorting to additional taxation, except for the purposes of relieving loan of certain charges which I have already indicated should be borne upon revenue. I have no doubt they will be pleased to hear that, on the assumption that the ordinary revenue for 1888–89 comes up to the amount now estimated for the current year, and after making provision not only for half a year's interest—£20,000—on the North Island Main Trunk Railway Loan proposed to be raised in April next, but providing for the extinction of, say, £40,000 of the deficit at the end of this year in the manner already stated to the Committee, we hope to be able as nearly as can be now foreseen—and it will be our earnest endeavour—in 1888–89 to carry on the services of the colony chargeable upon the ordinary revenue without being under the necessity of proposing additional taxation. With regard to the Land Fund, if our proposals with respect to it are agreed to, we have every reason to hope that the revenue will be quite equal to the expenditure without sacrificing the public estate.

Probable effect of proposals on revenue and expenditure account next year.

And now, Sir, I have completed my task. I have laid before the Committee as clear and complete an account as I could frame of the financial position of the colony, and of the measures which, in the opinion of the Government, are best calculated to relieve it of its present difficulties, and to prevent, as far as it is possible to prevent, their recurrence in the future. The account I have given neither conceals nor exaggerates those difficulties; while it shows that it is entirely within our own power to overcome them: it needs but the will to do it. And the measures I have proposed—embodying as they do three trite but vital economic principles—of foregoing such things as we can more easily spare than pay for, of making such money as we spend produce the best possible result, and of increasing and encouraging the wealth-producers of the colony; and embodying also, last but not least, a wholesome self-reliance—these measures will, I trust, commend themselves to this Committee, as I believe they will to the country at large.

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No. 1.

CONSOLIDATED FUND for the Financial Year ended 31st MARCH, 1887.
ACCOUNT.

EXPENDITURE.					£	s.	d.	£	s.	d.	£	s.	d.
Permanent Appropriations,—													
Civil List	..	..	..	..	31,015	2	6						
Interest and Sinking Fund	..	..	..	..	1,642,876	2	1						
Under Special Acts of the Legislature	..	..	..	..	161,134	15	5						
Moiety of Subsidies payable under "The Local Bodies' Finance and Powers Act, 1885"	..	..	..	..	49,806	9	2						
One-fourth of Rents paid over to Local Bodies under "The Land Act 1877 Amendment Act, 1884"	..	..	..	..	284	19	3						
Endowments,—													
New Plymouth Harbour Board	..	..	..	..	206	4	1						
Greymouth Harbour Board	..	..	..	..	10,328	11	8						
Westport Harbour Board	..	..	..	..	10,427	18	3						
								1,906,080	2	5			
Annual Appropriations,—													
Class I.—Legislative	..	..	..	..	17,626	3	3						
" II.—Colonial Secretary	..	..	..	..	162,727	6	9						
" III.—Colonial Treasurer	..	..	..	..	54,690	17	3						
" IV.—Minister of Justice	..	..	..	..	118,570	19	7						
" V.—Postmaster-General	..	..	..	..	290,046	2	7						
" VI.—Commissioner of Trade and Customs	..	..	..	..	80,751	4	0						
" VII.—Commissioner of Stamps	..	..	..	..	30,120	2	11						
" VIII.—Minister of Education	..	..	..	..	371,602	11	11						
" IX.—Minister of Native Affairs	..	..	..	..	26,836	0	6						
" X.—Minister of Mines	..	..	..	..	32,693	7	4						
" XI.—Minister for Public Works	..	..	..	..	723,945	19	7						
" XII.—Minister of Defence	..	..	..	..	182,568	17	5						
								2,092,179	13	1			
Services not provided for	..	..	..	..	..			14,337	19	7			
											4,012,597	15	1
Redemption of Debentures issued under,—													
"The Consolidated Stock Act, 1884" (colonial issue)	..	..	..	..	..			..			164,100	0	0
Redemption of Deficiency Bills as per contra					..			..			150,000	0	0
Deficiency Bills outstanding on the 31st March, 1886, redeemed					..			..			75,000	0	0
Balance on 31st March, 1887,—													
Cash in the Public Account	..	..	..	..	..			158,176	6	9			
Advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	8,502	13	7						
In London	..	..	..	..	20,126	17	4						
								28,629	10	11			
											186,805	17	8
Total	..	..	..	..	..			..			£4,588,503	12	9

ACCOUNT.

Balance on 31st March, 1886,—													
Cash overdrawn	..	..	..	..	..			25,457	3	2			
Less advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	4,961	7	10						
In London	..	..	..	..	111	14	8						
								5,073	2	6			
											20,384	0	8
Permanent Appropriations,—													
One-third of proceeds of Land sold on Deferred Payments paid over to Local Bodies	..	..	..	..	14,568	4	2						
Amount paid under section 7 of "The Local Bodies' Finance and Powers Act, 1885"	..	..	..	..	122	1	3						
Amount paid under clause 40 of "The Special Powers and Contracts Act, 1886"	..	..	..	..	394	17	11						
New Plymouth Harbour Board Endowment	..	..	..	..	3,852	7	9						
								18,937	11	1			
Annual Appropriations,—													
Class XIII.—Minister of Lands	..	..	..	..	97,836	13	4						
" XIV.—Rates on Crown Lands	..	..	..	..	36,156	0	6						
								133,992	13	10			
Services not provided for	..	..	..	..	..			1,004	3	1			
											153,934	8	0
Total	..	..	..	..	..			..			£174,318	8	8

STATEMENT of the RECEIPTS and EXPENDITURE of the
STATE FORESTS

RECEIPTS.						£	s.	d.	£	s.	d.	£	s.	d.	
Balance on 31st March, 1886,—															
Cash in the Public Account			379	6	1				
Advances in the hands of Officers of the Government,—															
In the Colony			108	6	7				
Rents from Lands set apart			109	10	4		487	12	8
Miscellaneous			3,764	5	1				
Balance on 31st March, 1887,—													3,873	15	5
Cash overdrawn				1,478	11	2
Total				£5,839	19	3

ACCOUNTS OF

Balance on 31st March, 1886,—														
Cash in the Public Account .. .. .										..		7,357	18	2
Advances in the hands of Officers of the Government,—														
In the Colony .. .. .										..		9	4	3
Revenue appropriated to Local Bodies,—														7,367 2 5
Fees, Fines, &c. .. .. .										..		2,375	16	11
Endowments of Land, &c. .. .. .										..		8,438	9	5
Goldfields Revenue .. .. .										..		14,319	19	3
Gold Duty .. .. .										..		22,583	1	8
Counties Separate Accounts,—												47,717	7	3
Revenue of Counties in which "The Counties Act, 1876,"														
is not in full operation .. .. .										..		80	4	0
Total .. .. .										..		..		47,797 11 3
														£55,164 13 8

DEPOSIT

Balance on 31st March, 1886,—										
Cash in the Public Account .. .. .						..			41,965	6 2
Advances in the hands of Officers of the Government,—										
In the Colony .. .. .						..			100	0 0
In London .. .. .						..			16,022	15 5
									16,122	15 5
Lodgments,—										
Armed Constabulary Reward Fund .. .. .						..			80	11 0
Armed Constabulary Reward Fund Investment .. .. .						..			2,000	0 0
Emigrants' Deposits .. .. .						..			8,800	0 0
General Assembly Library Fund .. .. .						..			110	0 0
Miscellaneous .. .. .						..			40,675	19 7
Moeraki Harbour Board Fund .. .. .						..			1,725	0 0
Moeraki Harbour Board Fund Investment .. .. .						..			1,200	0 0
Native Land Act, 1878 (No. 2) .. .. .						..			162	10 0
Native Land Purchases .. .. .						..			1,778	9 0
Nelson Rifle Prize Fund .. .. .						..			66	0 0
New Zealand University Endowment, Canterbury .. .. .						..			150	0 0
New Zealand University Endowment, Westland .. .. .						..			15	5 0
Thermal-Springs Districts Act, 1881 .. .. .						..			266	5 3
Westland Loan Act, 1873, Redemption .. .. .						..			133	11 3
Total .. .. .						..			..
								</		

No. 1—continued.

CONSOLIDATED FUND for the Financial Year ended 31st MARCH, 1887.
ACCOUNT.

EXPENDITURE.					£	s.	d.	£	s.	d.	£	s.	d.
Annual Appropriations,—													
Class XV.—Minister of Lands			5,769	19	11			
Permanent Appropriations,—													
Interest on Debentures, £1,500			69	19	4			
											5,839	19	3
Total			£5,839	19	3

LOCAL BODIES.

Revenue paid over to Local Bodies,—													
Fees, Fines, &c.	..	..	..	..	2,863	1	0						
Endowments of Land, &c.	..	..	..	..	8,303	18	4						
Goldfields Revenue	..	..	..	..	15,118	9	2						
Gold Duty	..	..	..	..	23,104	6	1						
								48,889	14	7			
Counties Separate Accounts,—													
Amount distributed amongst Road Boards where "The Counties Act, 1876," is not in full operation	..	..	..	..	..			246	1	9			
Advance Accounts,—													
Net amount paid on behalf of Local Bodies	..	..	..	..	..			512	12	5			
											49,648	8	9
Balance on 31st March, 1887,—													
Cash in the Public Account	..	..	..	..	..			..			5,516	4	11
Total	..	..	..	..	..			..			£55,164	13	8

ACCOUNTS.

Withdrawals,—													
Armed Constabulary Reward Fund	..	..	..	..	..			2,351	15	8			
Auckland Museum Endowment	..	..	..	..	..			23	6	3			
Emigrants' Deposits	..	..	..	..	..			8,800	0	0			
General Assembly Library Fund	..	..	..	..	..			110	0	0			
Miscellaneous	..	..	..	..	..			23,397	4	2			
Moeraki Harbour Board Fund	..	..	..	..	..			225	0	0			
Moeraki Harbour Board Fund Investment	..	..	..	..	..			1,725	0	0			
Native Land Act, 1878 (No. 2)	..	..	..	..	..			112	10	0			
Native Land Purchases	..	..	..	..	..			1,281	18	9			
Nelson Rifle Prize Fund	..	..	..	..	..			66	0	0			
Thermal-Springs Districts Act, 1881	..	..	..	..	..			327	7	9			
Westland Loan Act, 1873, Redemption	..	..	..	..	..			147	18	9			
											38,568	1	4
Balance on 31st March, 1887,—													
Cash in the Public Account	..	..	..	..	..			62,657	13	8			
Advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	..	3	2	3					
In London	..	..	..	..	..	14,022	15	5					
											14,025	17	8
											76,683	11	4
Total	..	..	..	..	..	..		..			£115,251	12	8

STATEMENT of the RECEIPTS and EXPENDITURE of the PUBLIC
Part I.—Chargeable to the Unexpended

RECEIPTS.					£	s.	d.	£	s.	d.	£	s.	d.
Balance on 31st March, 1886,—													
Cash in the Public Account .. .. .	..	..	..	..	..			174,075	7	9			
Advances in the hands of Officers of the Government,—													
In the Colony .. .. .	..	..	..	..	16,602	15	9						
In London .. .. .	..	..	..	..	60,853	11	4						
Investments .. .. .	..	..	..	..	..			77,456	7	1			
								517,247	19	5			
											768,779	14	3
Debentures created for purchase of District Railways,—													
Duntroon and Hakateramea Railway .. .. .	..	..	..	..	61,100	0	0						
Thames Valley and Rotorua Railway .. .. .	..	..	..	..	40,187	7	11						
Waimate Railway .. .. .	..	..	..	..	33,900	0	0						
Waimoa Plains Railway (proceeds of £34,000) .. .. .	..	..	..	..	31,000	0	0						
								166,187	7	11			
Sinking Funds released, under "The Consolidated Stock Act, 1884,"—													
In respect of "The Wellington Loan Act, 1866" .. .. .	..	..	..	..	..			8,311	17	9			
Amounts transferred, in respect of expenditure of previous years,—													
From Part II., for Construction and Permanent-way Material .. .. .	..	..	..	..	137,779	15	1						
From Part III., for Permanent-way Material .. .. .	..	..	..	..	213,000	0	0						
								350,779	15	1			
											525,279	0	9
Total .. .. .	..	..	..	..	..			..			£1,294,058	15	0

Part II.—Chargeable to the £1,000,000 authorised to be raised

Balance on 31st March, 1887,—													
Temporary advances from Part I. .. .. .	..	..	..	..	..			331,383	15	10			
Less advances in the hands of Officers of the Government,—													
In the Colony .. .. .	..	..	..	..	..			5,698	13	0			
											325,685	2	10
Total .. .. .	..	..	..	..	..	..		..			£325,685	2	10

Part III.—Chargeable to the £1,325,000 authorised to

"New Zealand Loan Act, 1886,"—													
Part proceeds of Loan in 4-per-cent. Inscribed Stock .. .. .	..	..	..	..	..			..			1,176,500	0	0
Total .. .. .	..	..	..	..	..	..		..			£1,176,500	0	0

WORKS FUND for the Financial Year ended 31st MARCH, 1887.

Balance on the 31st March, 1886.

EXPENDITURE.					£	s.	d.	£	s.	d.	£	s.	d.
Annual Appropriations,—													
Class	I.—Immigration	..	..	..	12,453	17	11						
"	II.—Public Works, Departmental	..	..	..	12,895	12	3						
"	III.—Railways	..	..	..	16,728	14	7						
"	IV.—Roads	..	..	..	264,716	19	10						
"	V.—Waterworks on Goldfields	..	..	..	7,665	7	8						
"	VI.—Purchase of Native Lands, North Island	..	..	..	18,457	5	10						
"	VII.—Telegraph Extension	..	..	..	18,951	14	8						
"	VIII.—Public Buildings	..	..	..	89,498	5	1						
"	IX.—Lighthouses, Harbour Works, and Defences	..	..	..	143,705	4	3						
"	X.—Contingent Defence	..	..	..	12,500	0	0						
"	XI.—Rates on Native Lands	..	..	..	25,138	18	1						
"	XII.—Thermal Springs	..	..	..	7,813	14	5						
								630,525	14	7			
Services not provided for								6,100	0	0			
Purchase of District Railways,—													
	Duntroon and Hakateramea Railway	..	..	..	61,100	0	0						
	Thames Valley and Rotorua Railway (balance)	..	..	..	40,187	7	11						
	Waimate Railway	..	..	..	33,900	0	0						
	Waimea Plains Railway	..	..	..	31,000	0	0						
								166,187	7	11			
											802,813	2	6
Balance on 31st March, 1887,—													
	Investments	..	..	..				587,643	12	3			
Advances in the hands of Officers of the Government,—													
	In the Colony	..	..	..	4,727	1	9						
	In London	..	..	..	44,298	3	4						
								49,025	5	1			
	Temporary advance to Part II..	..	..	..				331,383	15	10			
								968,052	13	2			
	Less cash drawn against Investments	..	..	..				476,807	0	8			
											491,245	12	6
	Total	..	..	..							£1,294,058	15	0

under "The North Island Main Trunk Railway Loan Act, 1882."

Annual Appropriations,—													
Class	I.—Public Works, Departmental	..	..	..				2,772	14	4			
Class	II.—Railways	..	..	..				252,533	16	2			
Class	III.—Purchase of Native Lands	..	..	..				70,378	12	4			
											325,685	2	10
	Total	..	..	..							£325,685	2	10

be raised under "The New Zealand Loan Act, 1886."

Annual Appropriations,—													
Class	I.—Railways	..	..	..				543,495	4	3			
"	II.—Charges and Expenses of raising Loan, and Contingencies	..	..	..				12,270	11	8			
											555,765	15	11
Balance on 31st March, 1887,—													
	Cash in the Public Account	..	..	..				463,546	17	5			
Advances in hands of Officers of the Government,—													
	In the Colony	..	..	..	4,541	8	7						
	In London	..	..	..	22,587	7	2						
								27,128	15	9			
	Investments	..	..	..				130,058	10	11			
											620,734	4	1
	Total	..	..	..							£1,176,500	0	0

WORKS FUND for the Financial Year ended 31st MARCH, 1887.**ACCOUNT.**

EXPENDITURE.						£	s.	d.	£	s.	d.	£	s.	d.
Debtures issued under "The Wellington Loan Act, 1866,"														
redeemed						13,500	0	0						
Five per cent. 5-30 Debtures called in for payment on 15														
January, 1885						300,800	0	0						
Four and a half per cent. 5-30 Debtures called in for pay-														
ment on 1 August, 1886						819,400	0	0	1,133,700	0	0			
Expenses Account,—														
Discount						26,500	0	0						
Commission						14,322	6	2						
Brokerage						1,520	1	7						
Stamp Duty						24,569	17	6						
Office Expenses						7,749	6	9	74,661	12	0			
Balance on 31st March, 1887,—														
Cash in the Public Account									89,874	15	6			
Advances in the hands of Stock and Crown Agents,—														
Stock Agents						15,239	18	11						
Crown Agents						86,300	0	0	101,539	18	11			
Total												191,414	14	5
												£ 1,399,776	6	5

BODIES' ACCOUNT.

Payments to,—														
Counties,—														
Manawatu						2,000	0	0						
Patangata						5,000	0	0						
Waipawa						3,500	0	0						
Wairarapa North						4,170	0	0	14,670	0	0			
Road Board,—														
Taratahi-Carterton									600	0	0			
Balance on 31st March, 1887,—														
Cash in the Public Account												15,270	0	0
Total												34,730	0	0
												£50,000	0	0

Table No. 1—continued.
SUMMARY of BALANCES on 31st MARCH, 1887.

FUNDS.	—	BALANCES.	—	CONSOLIDATED FUND.	PUBLIC WORKS FUND.	SUSPENSE ACCOUNT.	TOTAL.
		£ s. d.		£ s. d.	£ s. d.	£ s. d.	£ s. d.
CONSOLIDATED FUND:—							
Ordinary Revenue Account ..	186,805 17 8			168,631 19 4	111,344 12 3	1,688 7 1	281,664 18 8
Land Fund Account ..	Dr. 54,263 3 1			44,632 0 4	183,392 12 9	..	228,024 13 1
State Forests Account ..	Dr. 1,478 11 2			..	717,702 3 2	..	717,702 3 2
Accounts of Local Bodies ..	5,516 4 11			..			
Deposit Accounts ..	76,863 11 4						
		213,263 19 8					
PUBLIC WORKS FUND:—							
Part I. ..	491,245 12 6						
“ II. ..	Dr. 325,685 2 10						
“ III. ..	620,734 4 1						
Conversion Account ..	191,414 14 5						
Loans to Local Bodies' Account ..	34,730 0 0						
		1,012,439 8 2					
SUSPENSE ACCOUNT ..	..	1,688 7 1					
Total ..	..	1,227,391 14 11	Totals ..	213,263 19 8	1,012,439 8 2	1,688 7 1	1,227,391 14 11

Table No. 2.
STATEMENT showing the Total Ways and Means of the Public Works Fund and the Total Net Expenditure to the 31st March, 1887.

WAYS AND MEANS.		£	s.	d.	NET EXPENDITURE.		£	s.	d.	£	s.	d.
LOANS:—					Expenditure on—							
Immigration and Public Works Loan, 1870	..	4,000,000	0	0	Immigration	..	2,118,071	2	2			
Immigration and Public Works Loan, 1873	..	2,000,000	0	0	Public Works, Departmental	..	283,063	9	8			
Immigration and Public Works Loan, 1874	..	4,000,000	0	0	Railways, including Surveys of New Lines	..	12,623,942	3	4			
General Purposes Loan Act, 1873	..	750,000	0	0	Roads	..	3,124,299	6	1			
New Zealand Loan Act, 1876	..	750,000	0	0	Land Purchases	..	1,115,644	14	11			
New Zealand Loan Act, 1877	..	2,200,000	0	0	Waterworks on Goldfields	..	558,925	19	6			
New Zealand Loan Act, 1879	..	5,000,000	0	0	Telegraph Extension	..	538,978	15	8			
New Zealand Loan Act, 1882	..	3,000,000	0	0	Public Buildings	..	1,597,371	18	9			
New Zealand Colonial Inscribed Stock Loan Act, 1882	..	250,000	0	0	Lighthouses, Harbour Works, and Defences	..	745,299	11	0			
New Zealand Loan Act, 1884	..	1,500,000	0	0	Contingent Defence	..	429,718	19	3			
New Zealand Loan Act, 1886	..	1,325,000	0	0	Rates on Native Lands	..	25,138	18	1			
District Railways Purchasing Acts, 1885-86	..	354,487	7	11	Thermal Springs	..	7,813	14	5			
					Charges and Expenses of raising Loans	..	857,113	11	1			
					Coal Mines	..	10,835	8	0			
					Interest and Sinking Fund	..	218,500	0	0			
							24,254,717	11	11			
RECEIPTS IN AID:—					Purchase of District Railways,—							
Contributions of Canterbury Province for Railways	..	56,000	0	0	Dunroon and Hakateramea Railway	..	61,100	0	0			
Stamp Duties to 31st December, 1876	..	264,657	16	4	Rakata-Ashburton Forks Railway	..	73,300	0	0			
Transfer from Confiscated Lands Liabilities Account	..	19,963	1	3	Thames Valley and Rotorua Railway	..	155,187	7	11			
Proceeds of Railway Material handed over to Cook County Council	..	4,963	7	4	Weimato Railway	..	33,900	0	0			
Special Receipts under section 9 of "The Railways Construction Act, 1878"	..	60,615	3	0	Waimea Plains Railway	..	31,000	0	0			
Sinking Funds released	..	8,311	17	9			354,487	7	11			
					Balance on 31st March, 1887,—							
					Advances in the hands of officers of the Government		81,852	13	10			
					Investments		717,702	3	2			
					Balance of £1,325,000 to be credited..		135,239	16	9			
					Less cash drawn against Investments							
							934,794	13	9			
							£25,543,999	13	7			

Table No. 3.
The PUBLIC DEBT of NEW ZEALAND on 31st MARCH, 1887.

	AMOUNT OUTSTANDING.	DUE DATE.	SINKING FUNDS ACCRUED.	NET INDEBTEDNESS.	ANNUAL CHARGE.			REMARKS.
					Rate.		When payable.	
					Int.	S.F.		
	£		£	£	%	%	£	
New Zealand Loan Act, 1856	300,000	1 Jan., 1888	511,852	Cr. 11,852	..	..	..	The accumulations of the sinking fund of this loan now enable the Trustees not only to dispense with further contributions from the Treasury, but to pay the interest of the loan.
	25,000	1 Oct., 1888						
	25,000	1 Jan., 1889						
	50,000	1 July, 1889						
	50,000	1 Oct., 1889						
New Zealand Loan Act, 1860	74,100	1 July, 1891	70,563	3,537	6	2	5,928	1 Jan. and 1 July
	378,800	15 July, 1914	73,252	305,548	5	1	22,728	15 Jan.
New Zealand Loan Act, 1863	500,000	1 Nov., 1915	182,851	317,149	4	1	25,000	1 May
	1,295,800	15 Mar., 1891	315,586	101,414	6	2	12,384	15 Mar.
	154,800	15 June, 1891					15,072	15 June
	188,400	15 Dec., 1891					5,904	15 June
	73,800							
Consolidated Loan Act, 1867 .. Immigration and Public Works Loan Act, 1870 ..	1,393,700	Ann. drawing	1,475	1,392,225	5	1	+233,361	Quarterly, 15 Jan., &c.
	1,000,000	1 June, 1907	143,180	856,820	4	2	60,000	1 June and 1 Dec.
Auckland Loan Act, 1863 .. Wellington Loan Act, 1866 .. Lyttelton and Christchurch Railway Loan, 1860 .. Canterbury Loan Ordinance, 1862 .. Otago Loan Ordinance, 1862 ..	31,600	1 June, 1896	17,157	14,443	6	2	2,528	1 April
	77,700	30 years	43	Cr. 43	..	..	..	1 Oct.
	22,800	50 years	54,616	23,084	6	2	6,216	30 June
	116,700	1 July, 1898	4,549	18,251	6	1	1,596	30 June
				52,075	64,625	6	1	8,169	1 Jan.
Ordinance of Legislative Council .. Consolidated Loan Act, 1867 ..	311	Presentation	..	311	..	..	..	1 July
	64,000	1 Jan., 1893	..	64,000	5	..	3,200	1 Jan.
Immigration and Public Works Loan Act, 1870	13,000	15 April, 1913	..	13,000	4	..	520	15 April
	400,000	15 April, 1913	..	372,100	4	..	14,884	15 April
Defence and Other Purposes Loan Act, 1870	27,900	15 April, 1913	..	27,900	4½	..	1,255	15 April
	100,000	1 July, 1910	..	25,000	4½	..	1,125	30 June
Carried forward	25,000	15 April, 1913	..	75,000	4	..	3,000	15 April
	5,089,711	..	1,427,199	3,662,512	..	..	422,870	31 Dec.
								15 Oct.

Table No. 3—continued.
The PUBLIC DEBT of NEW ZEALAND on 31st MARCH, 1887—continued.

	AMOUNT OUTSTANDING.	DUE DATE.	SINKING FUNDS ACCRUED.	NET INDEBTEDNESS.	ANNUAL CHARGE.				REMARKS.
					Rate.		Amount.	When payable.	
					Int.	S.F.			
Brought forward	£ 5,089,711	£ 12,300	£ 1,427,199	£ 3,662,512	% ..	%	£ 422,870	15 May and 15 Nov.	
General Purposes Loan Act, 1873	£ 135,000	£ 49,500	£ ..	£ 12,300	% 4	% ..	492	15 June " 15 Dec.	
		£ 18,500	£ ..	£ 49,500	% 4	% ..	740	15 April " 15 Oct.	
		£ 54,700	£ ..	£ 18,500	% 5	% ..	2,735	15 May " 15 Nov.	
Westland Loan Act, 1873	£ 50,000	£ ..	£ ..	£ 54,700	% 5	% ..	2,500	15 April " 15 Oct.	
Nelson Loan Act, 1874	£ 15,000	£ ..	£ ..	£ 50,000	% 7	% ..	1,050	1 Mar. " 1 Sept.	
New Zealand Loan Acts, 1876-77	£ 2,207,300	£ ..	£ ..	£ 15,000	% 5	% ..	110,365	1 Mar. " 1 Sept.	
New Zealand Loan Act, 1879	£ 388,000	£ ..	£ ..	£ 2,207,300	% 5	% ..	19,400	1 May " 1 Nov.	
Colonial Inscribed Stock Act, 1882	£ 250,000	£ ..	£ ..	£ 388,000	% 5	% ..	12,500	1 May " 1 Nov.	
District Railways Purchasing Act, 1885	£ 114,687	£ ..	£ ..	£ 250,000	% 4	% ..	4,587	1 April " 1 Oct.	
Public Revenues Act, 1886	£ 150,000	£ 100,000	£ ..	£ 114,687	% 4½	% ..	4,500	10 April " 10 Oct.	
		£ 50,000	£ ..	£ 100,000	% 5	% ..	2,500	10 April " 10 Oct.	
Consolidated Stock Act, 1877	£ 22,495,255	£ ..	£ ..	£ 50,000	% 4	% ..	899,810	1 May " 1 Nov.	
Consolidated Stock Act, 1884—	£ 4,257,700	£ 4,214,100	£ ..	£ 22,495,255	% 5	% ..	210,705	Quarterly, 15 Jan., &c.	Convertible into stock at 107.
English Issue	£ 43,600	£ 43,600	£ ..	£ 4,214,100	% 5	% ..	2,180	15 Jan. " 15 July	Convertible into stock at 110.
Colonial Issue	£ 589,000	£ 313,100	£ ..	£ 43,600	% 4½	% ..	14,089	28 May " 28 Nov.	
		£ 275,900	£ ..	£ 313,100	% 5	% ..	13,795	28 May " 28 Nov.	
Totals	£ 85,741,653	£ ..	£ 1,427,199	£ 275,900	% ..	% ..	1,727,293		

The whole of the Imperial Guaranteed Loan of 1870 is included herein, although only £200,000 has actually been raised; the unsold debentures are used for the purpose of obtaining temporary advances from time to time. Deficiency bills are not included.

Table No. 4.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the CONSOLIDATED FUND outstanding on the 31st MARCH, 1881, 1882, 1883, 1884, 1885, 1886, and 1887.

	31st March, 1881.	31st March, 1882.	31st March, 1883.	31st March, 1884.	31st March, 1885.	31st March, 1886.	31st March, 1887.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
ORDINARY REVENUE ACCOUNT.							
Permanent Appropriations,—							
Civil List	300 0 0	168 0 0	165 0 0	421 0 0	350 0 0	383 0 0	430 0 0
Interest and Sinking Fund .. .. .	..	24,000 0 0	4,470 0 0	..	..	..	2,719 12 11
Under Special Acts of the Legislature	225 0 0	..	957 0 0	584 0 0	684 0 0	490 6 10	9,069 13 6
Moiety of Subsidies .. .. .	..	..	..	..	..	25,868 0 0	34,695 0 0
" Endowments .. .. .	..	..	..	..	..	4,049 7 0	..
" Land Act, 1885 .. .. .	..	..	..	..	..	1,311 13 6	..
	525 0 0	24,168 0 0	5,592 0 0	1,005 0 0	1,034 0 0	32,102 7 4	46,914 6 5
Annual Appropriations,—							
Class I.—Legislative .. .. .	..	25 0 0	719 0 0	..	..	..	112 15 8
" II.—Colonial Secretary	22,490 0 0	14,881 0 0	16,604 0 0	19,802 0 0	17,174 0 0	16,314 18 1	9,160 16 0
" III.—Colonial Treasurer	2,164 0 0	767 0 0	6,480 0 0	1,765 0 0	1,295 0 0	12,461 10 6	971 13 8
" IV.—Minister of Justice	5,110 0 0	3,395 0 0	3,016 0 0	2,610 0 0	3,111 0 0	2,686 6 6	3,172 12 5
" V.—Postmaster-General	8,166 0 0	12,939 0 0	9,920 0 0	3,856 0 0	5,862 0 0	10,134 8 2	5,352 10 1
" VI.—Commissioner of Customs	4,334 0 0	1,849 0 0	3,394 0 0	4,310 0 0	2,689 0 0	3,925 17 4	4,043 3 4
" VII.—Commissioner of Stamps	521 0 0	1,150 0 0	1,326 0 0	1,871 0 0	2,122 0 0	2,307 6 7	540 6 7
" VIII.—Minister of Education	3,550 0 0	2,340 0 0	2,500 0 0	4,686 0 0	3,578 0 0	2,251 0 0	5,780 0 0
" IX.—Minister of Native Affairs	1,267 0 0	2,737 0 0	1,939 0 0	1,415 0 0	700 0 0	1,000 0 0	657 0 0
" X.—Minister of Mines	7,820 0 0	8,550 0 0	6,805 0 0	2,437 0 0	3,270 0 0	6,284 0 0	5,977 5 10
" XI.—Minister for Public Works	86,596 0 0	71,754 0 0	82,735 0 0	103,169 0 0	106,244 0 0	87,797 10 5	86,294 19 1
" XII.—Minister of Defence	22,971 0 0	19,578 0 0	35,500 0 0	19,831 0 0	14,888 0 0	13,013 5 10	12,474 18 8
	164,989 0 0	139,875 0 0	170,938 0 0	165,752 0 0	160,933 0 0	158,176 3 5	134,538 1 4
Services not provided for .. .. .	..	351 0 0	..	..	..	5 7 10	..
Totals, Ordinary Revenue Account	165,514 0 0	164,394 0 0	176,530 0 0	166,757 0 0	161,967 0 0	190,283 18 7	181,452 7 9
LAND FUND ACCOUNT.							
Annual Appropriations,—							
Class XIII.—Minister of Lands	8,956 0 0	11,805 0 0	13,331 0 0	16,072 0 0	12,362 0 0	11,937 8 3	3,454 5 3
" XIV.—Colonial Treasurer .. .. .	..	..	..	7,610 0 0	23,258 0 0	18,700 0 0	8,556 19 0
	8,956 0 0	11,805 0 0	13,331 0 0	23,682 0 0	35,620 0 0	30,637 8 3	12,011 4 3
Special Appropriations,—							
Subsidies paid to Local Bodies, 1880-81	100 0 0	..	..	..	..	..	..
One-third of Land Sales on Deferred Payments	12,620 0 0	13,384 0 0	14,109 0 0	9,895 0 0	10,495 0 0	12,129 16 9	10,527 16 5
New Plymouth Harbour Board	15,619 0 0	..	..	..	2,054 0 0	1,582 19 7	1,498 13 9
Ellesmere and Forsyth Reclamation and Akaroa Railway Trust	267 0 0	..	..	..	1,830 0 0	244 14 3	..
Local Bodies' Finance and Powers Act, 1885, section 7 .. .. .	..	..	..	..	..	122 1 3	..
	28,606 0 0	13,384 0 0	14,109 0 0	9,895 0 0	14,379 0 0	14,079 11 10	12,026 10 2
Totals, Land Fund Account	37,562 0 0	25,189 0 0	27,440 0 0	33,577 0 0	49,999 0 0	44,717 0 1	24,037 14 5
STATE FORESTS ACCOUNT.							
Annual Appropriations,—							
Class XV.—State Forests .. .. .	..	..	..	..	..	..	850 0 0

Table No. 5.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the PUBLIC WORKS FUND outstanding on the 31st March, 1881, 1882, 1883, 1884, 1885, 1886, and 1887.

—		31st March, 1881.	31st March, 1882.	31st March, 1883.	31st March, 1884.	31st March, 1885.	31st March, 1886.	31st March, 1887.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
ANNUAL APPROPRIATIONS.								
PART I.								
Class	I.—Immigration ..	664 1 6	110 8 3	20,565 0 0	51,000 0 0	8,000 0 0	7,000 0 0	5,000 0 0
"	II.—Public Works, Departmental ..	647 18 3	255 11 1	302 7 5	619 6 9	778 14 3	718 16 11	56 8 2
"	III.—Railways ..	428,687 1 8	320,019 11 10	533,243 16 7	728,955 12 5	496,593 3 11	386,345 8 9	1,364 17 11
"	IV.—Surveys of New Lines of Railway ..	406 6 8	234 15 0	1,600 14 6	8,197 10 9	931 15 11	1,246 12 9	..
"	V.—Roads ..	74,411 2 5	117,840 15 2	186,365 15 8	144,397 8 7	214,124 3 2	254,350 0 11	173,630 12 6
"	VI.—Land Purchases ..	997,725 0 0	338,876 10 3	309,299 0 0	285,400 0 0	173,200 0 0	238,600 0 0	120,144 0 0
"	VII.—Waterworks on Goldfields ..	11,029 17 8	6,665 16 9	16,659 14 2	7,382 13 0	7,369 0 0	14,963 0 0	1,435 10 1
"	VIII.—Telegraph Extensions ..	..	3,500 0 0	9,000 0 0	..	6,000 0 0	3,700 0 0	3,983 0 0
"	IX.—Public Buildings ..	38,249 18 5	84,457 9 1	82,862 2 3	41,752 10 10	10,424 1 7	23,255 5 9	55,161 2 9
"	X.—Lighthouses and Harbour Works ..	100 0 0	7,554 11 8	10,661 17 2	15,138 2 4	119,220 6 11	164,410 10 3	80,724 0 0
"	XI.—Rates on Native Lands ..	..	..	..	..	..	..	10,663 0 0
"	XII.—Thermal Springs ..	..	761 0 9	..	..	..	..	2,500 0 0
"	Contingent Defence ..	..	..	..	..	..	..	..
"	Miscellaneous Public Works ..	38,591 8 10	..	..	..	..	..	..
Totals ..		1,585,512 15 5	880,276 9 10	1,171,160 7 9	1,282,843 4 8	1,036,641 5 9	1,094,589 15 4	454,767 11 5
PART II.								
Class	II.—Railways ..	..	..	..	..	..	..	158,360 5 9
"	III.—Land Purchases ..	..	..	..	..	..	..	29,621 0 0
Totals ..		..	..	..	..	..	..	187,981 5 9
PART III.								
Class	I.—Railways ..	..	..	..	..	..	..	326,290 6 0
"	II.—Costs and Contingencies ..	..	..	..	..	..	..	360 13 6
Totals ..		..	..	..	..	..	..	326,650 19 6

STATEMENT of the RECEIPTS and EXPENDITURE of the

ORDINARY REVENUE

RECEIPTS.						£	s.	d.	£	s.	d.	£	s.	d.
Balance on 31st March, 1887,—														
Cash in the Public Account .. .. .						..			158,176	6	9			
Advances in the hands of Officers of the Government,—														
In the Colony .. .. .						..	8,502	13	7					
In London .. .. .						..	20,126	17	4					
									28,629	10	11			
												186,805	17	8
Ordinary Revenue,—														
Customs .. .. .						..	596,951	12	10					
Stamps .. .. .						..	237,686	0	11					
Postal and Telegraph Cash Receipts .. .. .						..	28,037	9	0					
Property-tax .. .. .						..	6,469	11	5					
Beer Duty .. .. .						..	22,361	3	11					
Railways .. .. .						..	469,892	15	9					
Registration and other Fees .. .. .						..	12,388	9	0					
Marine .. .. .						..	7,578	0	11					
Miscellaneous .. .. .						..	16,171	12	0					
									1,397,536	15	9			
Territorial Revenue,—														
Depasturing Licenses, Rents, &c. .. .. .						..	111,161	5	8					
Miscellaneous .. .. .						..	2,165	15	11					
									113,327	1	7			
												1,510,863	17	4
Receipts in Aid,—														
Debentures issued under "The Consolidated Stock Act, 1884," for increases of Sinking Fund during 1887-88 ..						..			258,184	0	0			
Deficiency Bills issued under "The Public Revenues Act, 1878," and amending Acts .. .. .						..			320,900	0	0			
												579,084	0	0
Total .. .. .						..						£2,276,753	15	0

LAND FUND

Land Sales,—														
For Cash .. .. .						..			13,322	12	2			
On Deferred Payments .. .. .						..			21,722	2	8			
												35,044	14	10
Balance on 30th September, 1887,—														
Cash overdrawn .. .. .						..			94,741	6	2			
Less Advances in the hands of Officers of the Government,—														
In the Colony .. .. .						..	5,930	10	11					
In London .. .. .						..	99	18	4					
									6,030	9	3			
												88,710	16	11
Total .. .. .						..						£123,755	11	9

CONSOLIDATED FUND for the Six Months ended 30th SEPTEMBER, 1887.

ACCOUNT.

EXPENDITURE.					£	s.	d.	£	s.	d.	£	s.	d.
Permanent Appropriations,—													
Civil List	..	..	..	..	15,139	12	2						
Interest and Sinking Fund	..	..	..	..	866,660	0	4						
Under Special Acts of the Legislature	..	..	..	..	104,032	14	7						
Subsidies under the Local Bodies' Finance and Powers Acts, 1885-86	..	..	..	..	28,785	17	5						
Amounts paid over to Local Bodies in respect of rents under the Land Acts, 1884-85	..	..	..	..	1,933	15	5						
Endowments—													
New Plymouth Harbour Board	..	..	..	..	34	15	4						
Greymouth Harbour Board	..	..	..	..	6,853	0	6						
Westport Harbour Board	..	..	..	..	4,798	11	3						
								1,027,738	7	0			
Annual Appropriations,—													
Class I.—Legislative	..	..	..	..	7,282	0	5						
" II.—Colonial Secretary	..	..	..	..	71,984	13	1						
" III.—Colonial Treasurer	..	..	..	..	16,320	15	5						
" IV.—Minister of Justice	..	..	..	..	58,016	3	4						
" V.—Postmaster-General	..	..	..	..	136,328	9	2						
" VI.—Commissioner of Trade and Customs	..	..	..	..	36,403	4	1						
" VII.—Commissioner of Stamps	..	..	..	..	11,814	13	11						
" VIII.—Minister of Education	..	..	..	..	186,637	19	10						
" IX.—Minister of Native Affairs	..	..	..	..	8,635	17	0						
" X.—Minister of Mines	..	..	..	..	10,252	3	5						
" XI.—Minister for Public Works	..	..	..	..	321,306	14	3						
" XII.—Minister of Defence	..	..	..	..	71,778	7	3						
Services not provided for	..	..	..	..	2,404	8	9						
								938,665	9	11			
											1,966,403	16	11
Balance on 30th September, 1887,—													
Cash in the Public Account	..	..	..	..	..			133,164	9	11			
Advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	152,484	8	3						
In London	..	..	..	..	24,700	19	11						
								177,185	8	2			
											310,349	18	1
Total	..	..	..	..	..			..			£2,276,753	15	0

ACCOUNT.

Balance on 31st March, 1887,—					..			56,239	14	10			
Cash overdrawn					..								
Less Advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	1,864	1	9						
In London	..	..	..	..	112	10	0						
								1,976	11	9			
											54,263	3	1
Permanent Appropriations,—													
One-third of Proceeds of Land sold on Deferred Payments paid over to Local Bodies					4,474	5	1						
New Plymouth Harbour Board Endowment					1,915	2	5						
								6,389	7	6			
Annual Appropriations,—													
Class XIII.—Minister of Lands	..	..	..	..	54,905	3	6						
" XIV.—Rates on Crown Lands	..	..	..	..	6,965	8	3						
								61,870	11	9			
Services not provided for	..	..	..	..	..			1,232	9	5			
											69,492	8	8
Total	..	..	..	..	..			..			£123,755	11	9

STATEMENT of the RECEIPTS and EXPENDITURE of the

STATE FORESTS

RECEIPTS.						£	s.	d.	£	s.	d.	£	s.	d.
Debentures created under "The New Zealand State Forests Act, 1885" .. .. .	..	..	..	..	..	..	..	..	2,500	0	0	..	..	..
Rents from Lands set apart .. .. .	..	..	..	..	..	15	8	4	..	..	..	..	..	..
Miscellaneous Receipts .. .. .	..	..	..	..	..	3,057	13	6	3,073	1	10	5,573	1	10
Total .. .. .						..	..	..	..	..	..	£5,573	1	10

ACCOUNTS OF

Balance on 31st March, 1887,—	..	..	..	..	..	..	..	..	..	..	..	5,516	4	11
Cash in the Public Account .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Revenue appropriated to Local Bodies,—	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Fees, Fines, &c. .. .. .	..	..	..	..	..	1,624	1	10	..	..	..	..	..	..
Endowments of Land, &c. .. .. .	..	..	..	..	..	2,305	19	2	..	..	..	..	..	..
Goldfields Revenue .. .. .	..	..	..	..	..	6,032	6	2	..	..	..	..	..	..
Gold Duty .. .. .	..	..	..	..	..	9,473	10	7	19,435	17	9	..	..	..
Advance Accounts,—	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Recoveries .. .. .	..	..	..	..	..	..	..	..	3,223	14	9	22,665	12	6
Total .. .. .						..	..	..	..	..	..	£28,181	17	5

DEPOSIT

Balance on 31st March, 1887,—	..	..	..	..	..	..	..	..	62,657	13	8	..	..	..
Cash in the Public Account .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Advances in the hands of Officers of the Government,—	..	..	..	..	..	..	..	..	..	..	..	..	..	..
In the Colony .. .. .	..	..	..	..	..	3	2	3	..	..	..	..	..	..
In London .. .. .	..	..	..	..	..	14,022	15	5	14,025	17	8	76,683	11	4
Lodgments,—	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Emigrants' Deposits .. .. .	..	..	..	..	..	..	..	..	4,550	0	0	..	..	..
General Assembly Library Fund .. .. .	..	..	..	..	..	..	..	..	95	0	0	..	..	..
Hospitals and Charitable Institutions Act, 1885 .. .. .	..	..	..	..	..	..	..	..	29	0	0	..	..	..
Miscellaneous .. .. .	..	..	..	..	..	..	..	..	23,649	8	10	..	..	..
Native Land Act, 1878 (No. 2) .. .. .	..	..	..	..	..	..	..	..	162	10	0	..	..	..
Native Land Purchases .. .. .	..	..	..	..	..	..	..	..	1,136	7	0	..	..	..
North Island Main Trunk Railway Loan Application Act, 1886 .. .. .	..	..	..	..	..	..	..	..	518	8	0	..	..	..
Nelson Rifle Prize Fund .. .. .	..	..	..	..	..	..	..	..	33	0	0	..	..	..
New Zealand University Endowment, Auckland .. .. .	..	..	..	..	..	..	..	..	373	10	0	..	..	..
New Zealand University Endowment, Westland .. .. .	..	..	..	..	..	..	..	..	15	5	0	..	..	..
Thermal-springs Districts Act, 1881 .. .. .	..	..	..	..	..	..	..	..	56	0	0	..	..	..
Trustee Act, 1883 .. .. .	..	..	..	..	..	..	..	..	49	18	0	..	..	..
Westland Loan Act 1873 Redemption .. .. .	..	..	..	..	..	..	..	..	35	7	6	30,703	14	4
Total .. .. .						..	..	..	..	..	..	£107,387	5	8

CONSOLIDATED FUND for the Six Months ended 30th SEPTEMBER, 1887.

EXPENDITURE.						£	s.	d.	£	s.	d.	£	s.	d.
Balance on 31st March, 1887,—														
Cash overdrawn									72	15	6	1,478	11	2
Interest on Debentures														
Annual Appropriations,—														
Class XV.—Minister of Lands									3,072	7	7			
Services not provided for									100	0	0	3,245	3	1
Balance on 30th September, 1887,—														
Cash in the Public Account									742	5	1			
Advances in the hands of Officers of the Government,—														
In the Colony									107	2	6	849	7	7
Total												£5,573	1	10

Revenue paid over to Local Bodies,—								
Fees, Fines, &c.	1,596 18 0			
Endowments of Land, &c.	2,539 1 4			
Goldfields Revenue	5,007 4 3			
Gold Duty	8,250 8 1			
						17,393 11 8		
Advance Accounts,—								
Amount paid on behalf of Loca Bodies	3,264 4 10	20,657 16 6	
Balance on 30th September, 1887,—								
Cash in the Public Account	7,251 13 10		
Advances in the hands of Officers of the Government	272 7 1	7,524 0 11	
Total						..	£28,181 17 5	

Withdrawals,—								
Emigrants' Deposits	3,800	0	0
Miscellaneous	16,496	19	4
Native Land Act, 1878 (No. 2)	157	10	0
Native Land Purchases	675	9	9
Nelson Rifle Prize Fund	41	0	0
Receiver-General's Deposits	5,000	0	0
Thermal-springs Districts Act, 1881	3	1	3
Westland Loan Act 1873 Redemption	31	5	0
								26,205 5 4
Balance on 30th September, 1887,—								
Cash in the Public Account	58,128	0	7
Advances in the hands of Officers of the Government,—								
In the Colony	1,081	4	4
In London	22,022	15	5
								23,053 19 9
								81,182 0 4
Total	£107,887 5 8

STATEMENT of the RECEIPTS and EXPENDITURE of the PUBLIC

Part I.—Chargeable to the Unexpended

RECEIPTS.					£	s.	d.	£	s.	d.	£	s.	d.
Balance on 31st March, 1887,—													
Investments .. .. .					..			587,643	12	3			
Advances in the hands of Officers of the Government,—													
In the Colony					4,727	1	9						
In London					44,298	8	4						
Temporary advances to Part II. .. .. .					..			49,025	5	1			
								331,383	15	10			
								968,052	13	2			
Less cash drawn against Investments								476,807	0	8			
											491,245	12	6
Total .. .. .					..			..			£491,245	12	6

Part II.—Chargeable to the £1,000,000 authorised to be raised

Temporary advance on Security of Debentures .. .. .					..			..			300,000	0	0
Balance on 30th September, 1887,—													
Temporary advances from Part I. .. .. .					..			123,419	17	4			
Less Cash in the Public Account					22,561	11	3						
Advances in the hands of Officers of the Government,—													
In the Colony					16,116	2	0						
								38,677	13	3			
											84,742	4	1
Total .. .. .					..			..			£384,742	4	1

Part III.—Chargeable to the £1,325,000 authorised to

Balance on 31st March, 1887,—													
Cash in the Public Account .. .. .					..			463,546	17	5			
Advances in the hands of Officers of the Government,—													
In the Colony					4,541	8	7						
In London					22,587	7	2						
Investments .. .. .					..			27,128	15	9			
								130,058	10	11			
											620,734	4	1
New Zealand Loan Act, 1886,—													
Balance of Loan in 4-per-cent. Inscribed Stock .. .. .					..			..			391,300	0	0
Total .. .. .					..			..			£1,012,034	4	1

No. 6—continued.

WORKS FUND for the Six Months ended 30th SEPTEMBER, 1887.**Balance on the 31st March, 1886.**

EXPENDITURE.					£	s.	d.	£	s.	d.	£	s.	d.
Annual Appropriations,—													
Class	I.—Immigration	..	..	..	..			5,701	13	5			
"	II.—Public Works, Departmental	..	..	..	..			13,262	1	5			
"	III.—Railways	..	..	..	..			503	11	4			
"	IV.—Roads	..	..	..	..			111,495	1	2			
"	V.—Waterworks on Goldfields	..	..	..	..			305	18	10			
"	VI.—Purchase of Native Lands, North Island	..	..	..	..			7,069	6	1			
"	VII.—Telegraph Extension	..	..	..	..			13,874	5	10			
"	VIII.—Public Buildings	..	..	..	..			37,936	0	4			
"	IX.—Lighthouses, Harbour Works, and Defences	..	..	..	..			37,987	18	3			
"	X.—Contingent Defence	..	..	..	..			6,250	0	0			
"	XI.—Rates on Native Lands	..	..	..	..			7,438	17	9			
"	XII.—Thermal Springs	..	..	..	..			2,528	5	1			
Services not provided for					..			100	0	0			
											243,952	19	6
Balance on 30th September, 1887,—													
Investments					..			234,223	12	3			
Advances in the hands of Officers of the Government,—													
In the Colony					..	29,107	4	2					
In London					..	31,206	16	3					
											60,314	0	5
Temporary advances to Part II.					..			123,419	17	4			
											417,957	10	0
Less cash drawn against investments					..			170,664	17	0			
											247,292	13	0
Total					..						£491,245	12	6

under "The North Island Main Trunk Railway Loan Act, 1882."

Balance on 31st March, 1887,—													
Temporary advances from Part I.					..			331,383	15	10			
Less Advances in the hands of Officers of the Government,—													
In the Colony					..			5,698	13	0			
											325,685	2	10
Annual Appropriations,—													
Class	II.—Railways	..	..	..	..			53,512	13	8			
"	III.—Purchase of Native Lands, North Island	..	..	..	..			5,544	7	7			
											59,057	1	3
Total					..						£384,742	4	1

be raised under "The New Zealand Loan Act, 1886."

Annual Appropriations,—													
Class	I.—Railways	..	..	..	..	155,962	1	0					
"	II.—Charges and Expenses and Contingencies	..	..	..	..	56,627	7	1					
											212,589	8	1
Net proceeds of District-Railway Debentures for £242,800 converted into 4 per cent. Inscribed Stock, and sold with Loan of £1,325,000 now paid over					..	232,505	10	2					
Proportion of Charges and Expenses					..	10,294	9	10					
											242,800	0	0
											455,389	8	1
Balance on 30th September, 1887,—													
Cash in the Public Account					..			117,937	13	5			
Advances in the hands of Officers of the Government,—													
In the Colony					..	11,665	8	6					
In London					..	32,291	14	1					
											43,957	2	7
Investments					..			394,700	0	0			
											556,644	16	0
Total					..						£1,012,034	4	1

No. 6—continued.

WORKS FUND for the Six Months ended 30th SEPTEMBER, 1887.

ACCOUNT.

EXPENDITURE.						£	s.	d.	£	s.	d.	£	s.	d.
Four-and-a-half-per cent. 5-30 Debentures called in for payment on 1st August, 1886, now paid off .. ..						..			233,100	0	0			
Expenses Account,—														
Commission .. .. .	..	..	..	..	..	3,496	6	8						
Brokerage .. .. .	..	..	..	..	..	1,639	10	4						
Stamp Duty .. .. .	..	..	..	..	..	1,201	5	6						
Interest .. .. .	..	..	..	..	..	3,958	11	5						
Office expenses .. .. .	..	..	..	..	..	877	17	7						
									11,173	11	6			
												244,273	11	6
Total .. .. .						..			..			£244,273	11	6

BODIES' ACCOUNT.

Payments to,—														
Counties,—														
Amuri .. .. .	..	..	..	..	..	2,300	0	0						
Ashburton .. .. .	..	..	..	..	..	3,500	0	0						
Bruce .. .. .	..	..	..	..	..	1,550	0	0						
Geraldine .. .. .	..	..	..	..	..	1,000	0	0						
Grey .. .. .	..	..	..	..	..	1,250	0	0						
Hawke's Bay .. .. .	..	..	..	..	..	4,000	0	0						
Inangahua .. .. .	..	..	..	..	..	5,890	0	0						
Piako .. .. .	..	..	..	..	..	1,650	0	0						
Selwyn .. .. .	..	..	..	..	..	4,500	0	0						
Southland .. .. .	..	..	..	..	..	2,380	0	0						
Thames .. .. .	..	..	..	..	..	5,400	0	0						
Waipawa .. .. .	..	..	..	..	..	1,500	0	0						
Wairarapa South .. .. .	..	..	..	..	..	1,250	0	0						
									36,170	0	0			
Road Boards,—														
Alfredton .. .. .	..	..	..	..	..	340	0	0						
Clive .. .. .	..	..	..	..	..	2,000	0	0						
Egmont .. .. .	..	..	..	..	..	740	0	0						
Howick Township .. .. .	..	..	..	..	..	48	0	0						
Kiwitea .. .. .	..	..	..	..	..	1,968	0	0						
Manganui .. .. .	..	..	..	..	..	300	0	0						
Maungaataua .. .. .	..	..	..	..	..	1,000	0	0						
Mangawhero .. .. .	..	..	..	..	..	500	0	0						
Mangare .. .. .	..	..	..	..	..	50	0	0						
Masterton .. .. .	..	..	..	..	..	350	0	0						
Manawatu .. .. .	..	..	..	..	..	3,000	0	0						
Moa .. .. .	..	..	..	..	..	3,000	0	0						
Upper Wangaehu .. .. .	..	..	..	..	..	400	0	0						
Waipipi .. .. .	..	..	..	..	..	350	0	0						
Waiuku .. .. .	..	..	..	..	..	300	0	0						
Waiwahako .. .. .	..	..	..	..	..	800	0	0						
Waipawa .. .. .	..	..	..	..	..	1,000	0	0						
									16,146	0	0			
River Boards,—														
Henley .. .. .	..	..	..	..	..	1,000	0	0						
Winton .. .. .	..	..	..	..	..	500	0	0						
									1,500	0	0			
Town District Boards,—														
Inglewood .. .. .	..	..	..	..	..	300	0	0						
Waipawa .. .. .	..	..	..	..	..	300	0	0						
									600	0	0			
Unauthorised,—														
Road Boards,—														
Eden Terrace .. .. .	..	..	..	..	..	1,000	0	0						
Mount Eden .. .. .	..	..	..	..	..	1,000	0	0						
									2,000	0	0			
Balance on 30th September, 1887,—												56,416	0	0
Cash in the Public Account .. .. .						..			..			28,314	0	0
Total .. .. .						..			..			£84,730	0	0

Table No. 7.

PUBLIC DEBT and SINKING FUND from the 31st MARCH, 1884, to the 31st MARCH, 1887.

	Three Years Transactions.				Gross Debt at 31st March, 1887.	Sinking Fund Accretions. Three Years.				Sinking Funds disbursed. Three Years.				Sinking Funds at 31st March, 1887.	Net Debt, 31st March, 1887.		
	Conversions.		Deben- tures re- deemed.	New Loans.		Contri- butions from Consoli- dated Fund.	Produce of Invest- ments.	Total.	Applied in redemp- tion of De- bentures for increases of Sinking Fund.	Total Sinking Fund accrued to 31st March, 1887.	Applied in redemp- tion of Deben- tures.	Paid to Consoli- dated and Public Works Funds.					
	Old Debt.	New Debt.															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
New Zealand Loan Act, 1856 ..	500,000	481,406	18,594	..	..	..	..	500,000	..	30,446	30,446	511,852	..	..	..	511,852	Cr. 11,852
New Zealand Loan Act, 1860 ..	93,100	79,006	14,094	19,000	..	..	..	74,100	5,896	11,161	16,557	95,563	..	..	..	70,563	8,537
New Zealand Loan Act, 1863 ..	1,519,400	586,868	932,532	223,600	..	..	..	1,295,800	58,144	70,053	128,197	715,065	38,610	..	(*) 104,766	571,689	724,111
Consolidated Loan Act, 1867 ..	5,915,000	106,804	5,808,196	4,252,800	..	269,000	..	1,393,700	462,278	3,993	466,271	573,075	302,600	269,000	..	1,475	1,392,225
Immigration and Public Works Loan Act, 1870 ..	1,000,000	71,153	928,847	..	..	..	..	1,000,000	60,000	12,027	72,027	143,180	..	..	..	143,180	856,820
Auckland Loan Act, 1863 ..	31,600	13,147	18,453	..	..	..	..	31,600	1,896	2,114	4,010	17,157	..	..	..	17,157	14,443
Wellington Loan Act, 1866 ..	13,500	8,590	4,910	13,500	..	..	..	..	675	1,280	1,955	10,545	2,190	..	(b) 8,312	43	Cr. 43
Lyttelton and Christchurch Railway Loan Ordinance, 1860 ..	77,700	42,867	34,833	..	..	..	..	77,700	4,662	7,087	11,749	54,616	..	..	..	54,616	23,084
Canterbury Loan Ordinance, 1862 ..	22,800	3,329	19,471	..	..	..	..	22,800	684	536	1,220	4,549	..	..	..	4,549	18,251
Otago Loan Ordinance, 1862 ..	116,700	41,779	74,921	..	..	..	..	116,700	3,501	6,795	10,296	52,075	..	..	..	52,075	64,625
Consolidated Stock Act, 1884,— For increases of Sinking Fund ..	..	..	..	..	..	..	(c) 407,500	407,500	..	..	..	..	..	..	..	..	407,500
Ordinance of Legislative Council Consolidated Loan Act, 1867 ..	311	..	311	..	..	..	..	311	..	..	..	..	..	..	..	..	311
Defence and Other Purposes Loan Act, 1870 ..	77,000	..	77,000	..	..	..	..	77,000	..	..	..	..	..	..	..	..	77,000
Immigration and Public Works Loan Act, 1870 ..	150,000	..	150,000	50,000	..	..	..	100,000	..	..	..	..	..	..	..	..	100,000
General Purposes Loan Act, 1873 ..	400,000	..	400,000	..	..	..	..	400,000	..	..	..	..	..	..	..	..	400,000
Westland Loan Act, 1873 ..	250,000	..	250,000	115,000	..	..	..	135,000	..	..	..	..	..	..	..	..	135,000
New Zealand Loan Acts, 1876-77 ..	50,000	..	50,000	..	..	..	..	50,000	..	..	..	..	..	..	..	..	50,000
New Zealand Loan Acts, 1876-77 ..	3,500,000	..	3,500,000	1,292,700	..	..	..	2,207,300	..	..	..	..	..	..	..	..	2,207,300
New Zealand 5-per-cent. 5-30s ..	745,600	..	745,600	745,600	..	..	..	..	..	..	..	..	..	..	..	..	..
New Zealand 4½-per-cent. 5-30s ..	2,946,100	..	2,946,100	2,946,100	..	..	..	..	..	..	..	..	..	..	..	..	..
New Zealand Loan Act, 1879 ..	524,000	..	524,000	136,000	..	..	..	388,000	..	..	..	..	..	..	..	..	388,000
New Zealand Colonial Inscribed Stock Act, 1882 ..	250,000	..	250,000	..	..	..	..	250,000	..	..	..	..	..	..	..	..	250,000
Nelson Loan Act, 1884 ..	18,000	..	18,000	3,000	..	..	..	15,000	..	..	..	..	..	..	..	..	15,000
District Railways Purchasing Acts, 1885-86 ..	..	..	..	..	..	..	114,687	114,687	..	..	..	..	..	..	..	..	114,687
Consolidated Stock Act, 1884,— English issue ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Colonial issue ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Public Revenue Act, 1886 ..	..	..	..	..	4,257,700	..	..	4,257,700	..	..	..	..	..	..	..	..	4,257,700
New Zealand Consolidated Stock Act, 1877 ..	..	..	..	..	181,500	..	..	181,500	..	..	..	..	..	..	..	..	181,500
Totals ..	12,870,771	..	12,870,771	..	5,556,684	..	4,067,800	22,495,255	..	..	..	..	..	..	..	..	22,495,255
	31,071,582	1,434,949	29,636,633	9,796,800	9,995,884	269,000	4,739,987	35,741,653	597,236	145,492	742,728	2,177,677	343,400	269,000	138,078	1,427,199	34,814,454
Explanation of increase:—																	
				New loans ..				..				..				£4,739,987	
				Less issued for increases of Sinking Fund ..				..				..				407,500	
				Increase arising out of Conversions,— Old Debt ..				..				..				£9,796,800	
				New Debt..				..				..				9,995,884	
				Sinking Funds paid over to revenue, &c. ..				..				..				199,084	
				Debentures issued in excess of accretions of Sinking Fund ..				..				..				138,078	
				Net increase ..				..				..				£4,677,821	
(a) Paid to Consolidated Fund under Public Debt Sinking Fund Act, 1863.																	
(b) Paid to Public Works Fund under Consolidated Stock Act, 1884.																	
(c) Issued for estimated increases of Sinking Fund for three years																	
Redeemed out of Sinking Fund																	
Net debt on 31st March, 1884 ..																	
Net debt on 31st March, 1887 ..																	

(*) Paid to Consolidated Fund under Public Debt Sinking Fund Act, 1863.

(**) Paid to Public Works Fund under Consolidated Stock Act, 1884.

(***) Issued for estimated increases of Sinking Fund for three years

Redeemed out of Sinking Fund

Net debt on 31st March, 1884

Net debt on 31st March, 1887

Table No. 8.

TABLE showing the Estimates of the Late Government for the Current Financial Year as revised, with the Reductions estimated to be made by the Present Government during the remainder of the Year.

—	Estimates of the late Government.	Services insufficiently or not provided for.	Total.	Revised Departmental Estimates.	Reductions during remainder of Year.	Estimates to 31st March, 1888.
ORDINARY REVENUE ACCOUNT.	£	£	£	£	£	£
Permanent Charges,—						
Civil List	29,750	..	29,750	29,750	..	29,750
Interest and Sinking Fund ..	1,764,793	6,000	1,770,793	1,770,793	..	1,770,793
Under special Acts	177,867	28,000	205,867	205,867	..	205,867
Subsidies	55,000	..	55,000	55,000	..	55,000
Annual Appropriations,—						
Legislative Departments ..	17,000	9,000	26,000	26,000	..	26,000
Colonial Secretary	130,515	22,015	152,530	151,513	..	151,513
Colonial Treasurer	30,003	7,600	37,603	33,903	..	33,903
Stamps and Deeds	27,476	..	27,476	26,460	..	26,460
Postal and Telegraphic ..	275,925	..	275,925	274,437	..	274,437
Customs and Marine	74,434	604	75,038	71,213	4,800	66,413
Justice	110,170	695	110,865	110,865	2,200	108,665
Education	381,509	..	381,509	379,624	19,000	360,624
Native Affairs	17,828	..	17,828	16,878	..	16,878
Mines	28,983	..	28,983	22,888	2,000	20,888
Working Railways	748,000	..	748,000	730,000	5,000	725,000
Public Domains and Buildings	35,850	600	36,450	28,109	..	28,109
Defence	183,701	1,394	185,095	185,095	7,000	178,095
						4,078,395
Reductions not allocated ..	..	..	..	..	16,000	16,000
	4,088,804	75,908	4,164,712	4,118,395	56,000	4,062,395
LAND FUND ACCOUNT.						
Permanent Charges—						
Payments to Local Bodies ..	24,000	..	24,000	13,000	..	13,000
Annual Appropriations—						
Lands and Survey	113,307	..	113,307	113,307	15,000	98,307
Rates on Crown lands	33,600	8,400	42,000	42,000	..	42,000
	170,907	8,400	179,307	168,307	15,000	153,307
Total Consolidated Fund	4,259,711	84,308	4,344,019	4,286,702	71,000	4,215,702

Table No. 9.
STATEMENT OF ESTIMATED RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED FUND for the Financial Year ending 31st March, 1888.
ORDINARY REVENUE ACCOUNT.

ESTIMATED REVENUE—	£	ESTIMATED EXPENDITURE—	£	£
Customs	1,250,000	Permanent Appropriations—		
Stamps (including Postal and Telegraph cash receipts) ..	582,323	Civil List	29,750	
Property-tax	310,000	Interest and Sinking Fund	1,770,793	
Beer Duty	54,000	Under Special Acts of the Legislature	205,867	
Railways	1,050,000	Subsidies	55,000	
Registration and other Fees	38,500			2,061,410
Marine	16,500	Annual Appropriations—		
Miscellaneous	38,000	Legislative Departments	26,000	
Depasturing Licences, Rents, &c.	191,000	Colonial Secretary	151,513	
Sinking Fund Accretions .. .. .	..	Colonial Treasurer	33,903	
		Stamps and Deeds	26,460	
		Postal and Telegraphic	274,437	
		Customs and Marine	71,213	
		Justice	110,865	
		Education	379,624	
		Native Affairs	16,878	
		Mines	22,888	
		Working Railways	730,000	
		Public Buildings and Domains	28,109	
		Defence	185,095	
Deficiency of Revenue .. .. .	..			2,056,985
				£4,118,395

LAND FUND ACCOUNT.

Land Sales—					
For Cash	39,745	Permanent Appropriations—			
On Deferred Payments	69,145	Payments to Local Bodies .. .. .	..	..	13,000
		Annual Appropriations—			
		Lands and Surveys .. .. .	..	..	113,307
		Rates on Crown Lands .. .. .	..	..	42,000
Deficiency of Revenue .. .. .	..				155,307
					£168,307

Expenditure in excess of Revenue, 1877–88—	£
Ordinary Revenue Account	329,888
Land Fund Account	59,417
	389,305
Reducible under Government proposals by—	
Reductions of Expenditure	71,000
Raising Property-tax to one penny	65,000
	136,000
	253,305
Add Deficit, 31st March, 1887—	
Ordinary Revenue Account	92,293
Land Fund Account	54,263
	146,556
Probable Deficit, 31st March, 1888	£399,861

Table No. 10.

TABLE showing PROPOSED REDUCTIONS in ESTIMATED EXPENDITURE of the CONSOLIDATED FUND, amounting to £300,000.

Revised Departmental Estimates for 1887-88.				Expenditure under proposals of the present Government.	Reductions for a year.
Amount.	Deduct for non-recurrent services.	Net amount.			
ORDINARY REVENUE ACCOUNT.					
PERMANENT CHARGES,—	£	£	£	£	£
Civil List	29,750	..	29,750	26,300	3,450
Interest and Sinking Fund	1,770,800	..	1,770,800	*1,790,800	..
Under Special Acts	205,900	28,000	177,900	167,900	10,000
Subsidies	55,000	23,000	32,000	32,000	..
ANNUAL APPROPRIATIONS,—					
Legislative Department	26,000	9,000	17,000	15,500	1,500
Colonial Secretary	151,000	12,100	138,900	138,900	..
Colonial Treasurer	33,900	7,600	26,300	26,300	..
Stamps and Deeds	26,450	..	26,450	26,450	..
Postal and Telegraph	274,400	..	274,400	274,400	..
Customs and Marine	71,200	..	71,200	65,200	6,000
Justice	110,900	..	110,900	106,900	4,000
Education	379,600	..	379,600	319,600	60,000
Native Affairs	16,900	..	16,900	14,900	2,000
Mines	22,900	..	22,900	20,900	2,000
Working Railways	730,000	..	730,000	710,000	20,000
Public Domains and Buildings	28,100	..	28,100	15,100	13,000
Defence	185,100	..	185,100	139,100	46,000
Reductions not allocated .. .. .	..	..	..	3,880,250	74,050
	†4,117,900	79,700	4,038,200	3,816,200	242,000
LAND FUND ACCOUNT.					
PERMANENT CHARGES,—					
Payment to Local Bodies	13,000	..	13,000	13,000	..
ANNUAL APPROPRIATIONS,—					
Land and Surveys	113,300	..	113,300	89,300	24,000
Rates on Crown Lands	42,000	8,000	34,000	..	24,000
	168,300	8,000	160,300	102,300	58,000
TOTAL CONSOLIDATED FUND	4,286,200	87,700	4,198,500	3,918,500	300,000

* Includes additional interest being for half-year on North Island Main Trunk Railway Loan. † Round numbers are given in this table.

Table No. 11.

APPROXIMATE STATEMENT OF PROBABLE RECEIPTS AND EXPENDITURE OF THE CONSOLIDATED FUND FOR THE FINANCIAL YEAR ENDING THE 31ST MARCH, 1889, UNDER THE RETRENCHMENT PROPOSALS, TO ILLUSTRATE REMARKS ON PAGE XVII. OF FINANCIAL STATEMENT.

ORDINARY REVENUE ACCOUNT.

ESTIMATED REVENUE—	£	£	ESTIMATED EXPENDITURE—	£	£
Customs	1,250,000		Permanent Appropriations—		
Stamps (including Postal and Telegraph cash receipts) ..	582,300		Civil List	26,300	
Property-tax	375,000		Interest and Sinking Fund	1,790,800	
Beer Duty	54,000		Under Special Acts of the Legislature	167,900	
Railways	1,050,000		Subsidies	32,000	2,017,000
Registration and other Fees	38,500				
Marine	16,500		Annual Appropriations—		
Miscellaneous	38,000		Legislative Departments	15,500	
Depasturing Licenses, Rents, &c.	191,000		Colonial Secretary	138,900	
Sinking Fund accretions.. .. .	..	3,595,300	Colonial Treasurer	26,300	
		260,000	Stamps and Decds	26,450	
		3,855,300	Postal and Telegraphic	274,400	
			Customs and Marine	65,200	
			Justice	106,900	
			Education	319,600	
			Native Affairs	14,900	
			Mines	20,900	
			Working Railways	710,000	
			Public Buildings and Domains	15,100	
			Defence	139,100	
			Less reductions not allocated	1,873,250	1,799,200
			Redemption of short-dated debentures issued for deficit on 31st March, 1887	74,050	40,000
		£3,855,300			£3,856,200

LAND FUND ACCOUNT.

Land Sales—			Permanent Appropriations—		13,000
For Cash	39,750		Payments to Local Bodies .. .. .	..	..
On Deferred Payments	69,150		Annual Appropriations—	..	89,300
		108,900	Lands and Surveys .. .. .	..	..
		£108,900			£102,300

NOTE.—The revenue for the purpose of this statement is assumed to be the same as that estimated for the year 1887–88.

Table No. 12.

ESTIMATES of EXPENDITURE of the CONSOLIDATED FUND for the CURRENT YEAR as Revised and Reduced, and showing the PROBABLE EXPENDITURE for TWELVE MONTHS under the Retrenchment Proposals.

CONSOLIDATED FUND.	Estimates as brought down by the late Government, with supple- mentary requirements added.	Revised Estimates for the Current Year, Reductions only being possible during the last quarter.	Revised Estimates for Twelve Months, after giving full effect to proposals of the present Government.
	1.	2.	3.
ORDINARY REVENUE ACCOUNT.	£	£	£
Permanent Charges,—			
Civil List	29,750	29,750	26,300
Interest and Sinking Fund	1,770,793	1,770,793	1,790,800
Under special Acts of the Legislature	205,867	205,867	167,900
Subsidies	55,000	55,000	32,000
	2,061,410	2,061,410	2,017,000
Annual Appropriations,—			
Legislative Departments	26,000	26,000	15,500
Colonial Secretary	152,530	151,513	138,900
Colonial Treasurer	37,603	33,903	26,300
Stamps and Deeds	27,476	26,460	26,450
Postal and Telegraphic	275,925	274,437	274,400
Customs and Marine	75,038	66,413	65,200
Justice	110,865	108,665	106,900
Education	381,509	360,624	319,600
Native Affairs	17,828	16,878	14,900
Mines	28,983	20,888	20,900
Working Railways	748,000	725,000	710,000
Public Buildings and Domains	36,450	28,109	15,100
Defence	185,095	178,095	139,100
	2,103,302	2,016,985	1,873,250
Less reductions to be effected throughout the Departmental Estimates .. .. .	..	16,000	74,050
	2,103,302	2,000,985	1,799,200
Total Ordinary Revenue Account	£4,164,712	£4,062,395	£3,816,200
LAND FUND ACCOUNT.			
Permanent Charges,—			
Payments to Local Bodies	24,000	13,000	13,000
Annual Appropriations,—			
Lands and Surveys	113,307	98,307	89,300
Rates on Crown Lands	42,000	42,000	Nil.
	179,307	153,307	102,300
TOTAL CONSOLIDATED FUND	£4,344,019	£4,215,702	£3,918,500
STATE FORESTS ACCOUNT.			
State Forests and Agricultural Department	£10,465	£5,611	Nil.

[Approximate Cost of Paper.—Preparation, nil; printing (2,000 copies), £61 12s.]

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