

INTRODUCTORY REMARKS.

I HAVE endeavoured in the following pages to tell in a brief and intelligible form the financial history of New Zealand from its first settlement to the end of the last financial year.

Public accounts are of necessity more or less complicated, and are not readily understood except by those who have made them a study. This arises partly from the necessity of showing the expenditure as balanced not only with the receipts, but also with the authority under which the expenditure is made—that is, with the votes of Parliament; and partly from the fact that the expenditure is not charged against the receipts as a whole, but different classes of expenditure are charged upon different sources of revenue; so that several accounts are required to show the whole transactions of the Government.

In England various kinds of expenditure were formerly charged upon particular receipts. Pensions, for example, were frequently made payable out of a particular duty or tax: and it was not until towards the close of the last century that all the ordinary revenue was made payable into one fund called the Consolidated Fund, upon which all expenditure was jointly charged. In New Zealand the term Consolidated Fund was first introduced by the Public Revenues Act of 1867. It was intended to comprise all the ordinary revenue, but three other funds, the Land Fund, the Public Works Fund, and the Public Trust Fund were constituted by the same Act. By the Public Revenues Act of 1878 these were reduced to two, the Consolidated Fund, and the Public Works Fund. The Land Fund was merged in the Consolidated Fund, and the Trust Funds were handed over to the Public Trust Office, which had been previously established. The Public Works Fund consisted solely of moneys raised by loan: but this has again been divided practically into three separate funds, each of which is credited with the produce of separate loans, and is charged with the expenditure upon different services. The public accounts have been rendered additionally obscure by the frequent occurrence of advances and transfers from one account to another.

The object of the following tables is to present in the simplest form an account of the moneys actually received and expended in each year by the Government of New Zealand, from the year 1840 to the 31st March, 1888, arranged under a few heads, which are, as far as possible, the same throughout the whole series; so that the figures under any head, arranged in a table of successive years, may suggest the history and progress of the colony in respect of each class of expenditure. Thus, the expenditure on military services should tell the tale of our Native wars; and the expenditure on the charges of the Public Debt, and on the Legislative or Civil services, would form an interesting record of the advance of the colony in various directions.

The form of account adopted is that in which the quarterly account of the Exchequer is published in England. Until the year 1856 sufficient information to complete the form was wanting; but, after that year, it will be observed that each year's account comprises two balance-sheets. The first shows on the receipt side the whole of the money received from all sources except from loan—that is to say, the total revenue raised annually within the colony; and, on the disbursement side, the total payments made within each year: and the account is balanced by the excess of revenue over expenditure, or of expenditure over income, as the case may be. In the second balance-sheet the excess as above is brought down, and the debt created and paid off, with the cash in hand at the beginning and end of the period, complete the account.

I have adopted this form in order to avoid raising any question in which matters of opinion may be involved. If the ordinary expenditure is contrasted with the ordinary revenue, and the extraordinary expenditure with the loans raised, the question immediately arises, What should be regarded as ordinary expenditure, and what such as might legitimately be charged against loans? That some expenditure of an ordinary kind has been paid for out of borrowed money is evident from the fact that a part of our debt, that raised by Treasury and Deficiency Bills (a large part of which has since been funded and added to the permanent debt), has been created to supplement the ordinary revenue. Again, the