

I allowed for a deficiency in the Customs receipts of over £55,000. This has, however, been exceeded by the amount I have just mentioned. It became apparent, some few months before March last that importers were narrowing their orders to the smallest possible margin, and the caution and hesitation exhibited by them were quite natural in the face of an adjustment of the tariff in the near future, to say nothing of the very low and unremunerative prices for produce which regulate business transactions in most parts of the colony. Besides this, two of our largest importing dry-goods firms closed up their businesses and disposed of their duty-paid goods at auction, thus supplying by forced sales large parcels of goods, the market for which it is not unreasonable to suppose would otherwise have been replenished by importations duty-paid within the year. I find also a considerable shrinkage in the duties derived from the consumption of spirits and wines. The reduction in receipts under this head, however, is not a matter for regret, for it goes to prove that our people are progressively temperate in their habits.

I also allowed for a falling-off in our railway receipts, but my estimate was not large enough, as I have already stated. The incidents of trade which affected our Customs duties also operated in the direction of diminished railway revenue. It is no news for me to tell you that the grain traffic fell off enormously. The exports were two million bushels less than the previous year: and this, coupled with damage done to the lines by floods, made more marked the falling-off in revenue which I am endeavouring to explain.

It is much more pleasant to turn to the items of revenue which show an increase over the amounts I had estimated. The largest items are represented by revenue derived from sale of stamps, from the land- and income-tax, and from the territorial revenue. The increase of £39,225 over my estimate of stamp revenue contains some large sums for succession duties; hence we must deplore the loss of some very worthy colonists from our midst. At the same time the ordinary receipts derived from the usual business of the country show an increase, thus proving that the colony is not so commercially depressed as many pessimists would lead us to believe. Land- and income-tax combined show an increase of over £20,000—or £4,000 for the land-tax, and £16,000 for the income-tax. Although the territorial receipts show an increase of £26,166 over the estimate, they are only £3,107 over the previous year's actual revenue. As long as such low prices obtain for our staple products, we must not hope for any increase of revenue under this head; indeed, I shall be surprised if the receipts under this head are maintained during the current year. The other items of revenue require no special comment.

I can now pass on to the results of the expenditure of last year, and I find that, as compared with my estimates, the amount underspent was £83,487.

Of this sum, £27,787 was not required for interest and Sinking Fund charges. On looking into this large sum I notice that of the £50,000 set down for interest on Treasury bills only £38,985 was required. The difference of nearly £11,000, I think, can be fairly claimed as a saving, arising out of the fact that, in consequence of the earlier collection of the land-tax, it became unnecessary to issue Treasury bills to the extent we had originally contemplated. Over £11,000 of interest on the 3½-per-cent. Consolidated Stock held by the Agent-General was repaid to credit of the interest account of that loan, and several other classes of security were not drawn upon to the extent originally contemplated, and therefore interest was not required to be paid. The satisfactory results of the interest account show that hostile critics who professed to know more than I did committed an error of judgment.

On examining the annual appropriations, the largest items which call for explanation are under the respective heads of "Postmaster-General" and the "Department of Lands and Survey." Nearly £14,000 less than the estimate was spent under the former, and £15,000 under the latter heading. On referring to the particulars of the balance of the Consolidated Fund at the end of the year, it will be seen that the sum of £11,428 remained in the hands of the Postmaster-General. This money was advanced by the Treasury in order that the department might make the usual payments for the departmental services, but at the