

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

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

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

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

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

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