

By "actual" I mean expenditure inclusive of advances made during the year, but exclusive of advances made prior to that period, and observe that the excess of actual over estimated expenditure, under the head "Permanent Charges," arises from the circumstance that the Colony had to make advances during the past year for payment of interest and sinking fund on allocated debts, which have not yet been refunded by the Provinces.

The Committee will next please to compare the estimated extraordinary expenditure of the past year with the expenditure of that class actually incurred during the same period. The result appears in the following figures, viz. :—

Estimated Extraordinary Expenditure, 1866-7.

Cook Strait Cable and Telegraph Extension to Auckland	£	38,000
Treasury Bills (removal of Seat of Government)	£	11,500
Military Settlers	£	207,000
Liabilities on account of Settlement of Military Settlers	£	50,000
	£	306,500

Actual Extraordinary Expenditure, 1866-7.

Cook Strait Cable and Telegraph Extension to Auckland	£	s. d.	14,852	7	0
Treasury Bills (removal of Seat of Government)	£	s. d.	11,775	0	0
Military Settlers, and liabilities on account of settlement	£	s. d.	255,743	10	10
	£	s. d.	282,370	17	10

These statements may therefore be regarded so far satisfactory, as showing that the total actual ordinary and extraordinary expenditure incurred for the year 1866-7, did not reach the expenditure as estimated for that year by the sum of £17,805.

The next point is to compare last year's ordinary revenue, as estimated to provide for the estimated ordinary expenditure, with the income actually received. The following is the result of the comparison, viz. :—

Estimated Ordinary Revenue, 1866-7.

Customs	£	850,000
Bonded Warehouses	£	4,500
Stamps	£	50,000
Miscellaneous	£	154,000
	£	1,058,500

Ordinary Revenue Actually Received, 1866-7.

Customs	£	s. d.	865,032	8	0
Bonded Warehouses	£	s. d.	5,325	0	0
Stamps	£	s. d.	34,688	12	5
Less stamps used	£	s. d.	843	15	10
	£	s. d.	33,844	16	7
Miscellaneous	£	s. d.	123,804	1	3
	£	s. d.	1,028,006	5	10

This shows an over-estimate of revenue amounting to upwards of £30,000. In explanation, I would observe that if we bracket the two main sources of revenue on which the Colony now relies for its ordinary income, viz., Customs and Stamps, it will be found that my estimate of last year was singularly exact, for it will be seen that I estimated the revenue derivable from Customs and Stamps at £900,000; and it now appears that the actual receipts have reached the sum of £898,876: a closer approximation could not well, I conceive, have been made; and I think I am fairly entitled to call the attention of the Committee to the accuracy of the estimates of the Government, because it will be remembered that an opinion was very generally expressed, both by the opponents and supporters of the Stamp Duties, that the revenue to arise

from them would yield a very much larger amount than that stated by the Government, and that I was strongly urged to amend my estimate in that respect, some false prophets even foretelling that the income from that source would flow in at the rate of £200,000 per annum. It will now be conceded, I suppose, that the Government took the prudent view. The deficiency of actual income will then be discovered under the item "Miscellaneous," wherein the most noticeable decreases attach to the following services, viz.—Postal, Marine, and Crown Grants. Fuller departmental explanations on these points will be offered at the proper time.

I next compare the estimate of Extraordinary Ways and Means with the proceeds actually realized from those sources for the year 1866-7, with this result, viz. :—

Estimated Proceeds, Extraordinary Ways and Means, 1866-7.

Treasury Bills	£	150,000
Unexpended Balance of Loan	£	170,000
	£	320,000

Actual Proceeds of Extraordinary Ways and Means, 1866-7.

Treasury Bills	£	s. d.	125,000	0	0
Proceeds of Loan	£	s. d.	173,000	0	0
Incidental Receipts	£	s. d.	17,489	10	9
	£	s. d.	315,489	10	9

The amount opposite the item "Incidental Receipts" arises from sales of confiscated lands, which I last year declined to estimate for as a source of revenue, and I think I was fully justified by the result; for although I have thought it would be more satisfactory to the Committee to disclose the amount actually received from these sales, yet it cannot be regarded as net proceeds, inasmuch as the special attendant expenses, which are included in the expenditure side of the year's account, exceed the proceeds.

When I inform the Committee that I hold Treasury Bills to the amount of £25,000 ready for delivery at par, but which I did not find it necessary to issue to the purchaser during the past financial year, I hope the announcement will be regarded as an indication not only that these estimates have turned out remarkably exact, but that the Government resisted a temptation to which governments are in general supposed to yield, viz., that of spending as much money as they can lay their hands upon.

I anticipate that the Committee will now be able to follow me with a greater degree of clearness as I present a balance sheet showing the result of the past year's transactions of the Colony, than they would if left to gather these results presently from the published accounts. For although any one who has studied the accounts of the Colony as published annually in the Blue Book must admit that the information it contains is at once voluminous and detailed, yet at the same time he may be excused if he rises from that interesting study with but a dim vision of results. The purchaser of a stack of hay could not be more disappointed if taken into a field and confidentially shown the process of haymaking as exhibited in cocks and windrows, than I imagine the student of New Zealand Finance would be who wends his way through advances, reserves, savings, transfers, &c., and arrives at last opposite a column of figures under "receipts and transfers" exceeding in amount by several millions sterling the possible income of the Colony. In sympathy with such disappointment I have taken some pains to have the accounts for the past year analysed; and I now present them divested of the processes by which the same figures are first marched past, and then counter-marched back by way of review. No Treasurer, I venture to affirm, has yet been able to attempt such a task within a few weeks after the close of any financial year with any great confidence in his figures; and it is much to the credit of all the officers of the Treasury department that the accounts of the past year have