

been brought up so as to enable me to submit the results of an analysis of the accounts for the year ending 30th June, 1867, so closely approximate as I believe the one which I now present to be. I would merely observe that the brevity of the statement is not to be regarded as any measure of the time taken to arrive at it.

The following is an abstract of results, viz. :—

<i>Receipts.</i>		£	s.	d.
Ordinary Revenue ... ..	...	1,028,006	5	10
Incidental ... ..	...	17,489	10	9
Extraordinary ... ..	...	298,000	0	0
		£1,343,495 16 7		
<i>Expenditure.</i>		£	s.	d.
Ordinary ... ..	...	1,063,382	18	1
Extraordinary ... ..	...	282,370	17	10
		£1,345,753 15 11		

Showing an excess of expenditure over income of very trifling amount indeed, considering the dimensions of the figures.

Outside, however, these figures, there have been transactions to which I must refer, and which indeed are of a character deserving special explanation. I need, perhaps, scarcely inform the Committee (for the question has been raised in various forms from time to time) that the use of money, in deposit with the Government, has insensibly grown up into a habit in New Zealand; and however the exigencies of the public service may have induced the custom, it is one which I shall not pretend to uphold; and the Government has accordingly decided to propose its discontinuance. There are, indeed, certain deposits of a current character which may, I think, be fairly employed as a working balance; whilst there are others of such a character as to require that they should be held aloof in trust. The practice, however, has not hitherto been in accordance with this opinion, and considerable sums belonging to intestate estates and other funds have been, from time to time, employed for the purposes of revenue. As an instalment of reform of this abuse, and in anticipation of legislative action being taken, I have to state that I have caused the following refunds to be made from the Treasury, viz. :—

	£	s.	d.
Intestate Estates	15,667	15	8
Real Estates Administration	1,047	16	6
Supreme Court Account	385	10	8
Justices Relief Act	225	7	9
Estates of Deceased Soldiers	904	10	5
Native Reserves, Wellington	168	2	5
Dunedin Disputed Reserves	6,031	18	9
		£24,431 2 2	

This sum has been placed in deposit at interest with the Bank of New Zealand.

I have said that this amount is not included in the expenditure side of the statement which I have just submitted to the Committee; as, therefore, the expenditure is shown in that statement to exceed somewhat the income, the question of course arises, where did the money come from to enable the refund to be made? I proceed to explain, and at the same time take the opportunity of pointing out the source from which not only this sum but a further amount was derived, whereby the Treasurer was enabled to effect other repayments as well. My predecessor (the honorable member for Gladstone) informed the Committee last year that "there had been expenditure provided for from other sources than the loan itself, and which must be returned by the loan;" and, therefore, he first allowed for such refunds, and then stated the balance of the loan as available at £178,000. I subsequently stated it at £170,000; and the proceeds have, in fact, amounted to £173,000. Out of the reserve, then, allowed for such refunds, as stated to the Committee last year, and therefore not affecting the amount set down as available for appropriation, and consequently outside the statement of receipts and expenditure

which I have given—I say it is out of that source that I have, during the past financial year, derived the funds with which to effect the following refunds—refunds which, I have no doubt, my predecessor would also have effected had he been in office, viz. :—

	£	s.	d.
Amount of Overdrawn Account at Bank of New Zealand, in July, 1866	26,361	15	4
Intestate Estates, &c. (as particularized before)	24,431	2	2
		50,792 17 6	

Making the total of refunds and payments from the Treasury, effected during the year, outside the statement of expenditure which I have already submitted

and I have now disclosed (presented I hope in an intelligible shape) all the transactions of the year, so far as I am aware.

When, therefore, I am thus enabled to inform the Committee that not only have the funds belonging to intestate estates and certain other trusts been refunded by the Treasury during the past financial year, and placed *ad interim* in deposit at interest with the Bank of New Zealand, awaiting their final disposal by the Legislature, but also that the overdrawn account of the Government with the Bank of New Zealand, which, in 1864, culminated to £818,000, and in July, 1866, stood at £26,361 15s. 4d., has, on the 1st July, 1867, wholly disappeared, and that the Government of New Zealand is now in the course of receiving instead of paying interest on its balances, I think the Committee will concur that it is a satisfactory announcement, and affords a practical illustration of the prudence with which our finances must necessarily have been conducted. Still, an exchequer system which permits such transactions as the indiscriminate use of trust funds, and the indulgence in unlimited overdrafts, is not, it must be confessed, a sound one, and if any argument were necessary, in addition to those which I hope to adduce, in support of an amendment in our revenue laws (to which subject I shall presently recur, as one of the proposals of the Government), the present instances certainly afford such argument.

We have now done with the past and its comparisons, and proceed to the immediate future, which does not allow of comparisons, although it must be admitted that the opprobrious epithet usually attached to comparisons is, fortunately, not applicable in the present instance. It will become, perhaps, the duty of my successor to institute such at the proper time and pass a judgment. What a fine opportunity the future, although it be only the immediate future—the *paulo post futurum*—affords the financier, especially if he be of a sanguine temperament. All the financier wants—all anybody wants—is time. The great battles of the world were lost, and the bankruptcy lists are filled up, because the losers and defaulters are not "up to time." But although the future is glorious because unknown, the Government does not propose to avail itself of the elastic margin it affords. It points to the past with a pardonable satisfaction as proof that its anticipations and estimates were reliable, and the resultants of prudent and careful calculations. In accordance with this spirit I content myself with a moderate estimate of the revenue for the year 1867-8, which I particularize thus, viz. :—

	£
<i>Estimated Revenue, 1867-8.</i>	
Customs	870,000
Bonded Stores	5,000
Stamps	75,000
Miscellaneous	134,000
£1,084,000	

Whilst however I believe that I have not presented to the Committee a sanguine estimate, I wish equally to guard myself against submitting our estimates below par, under the depressing influence of any local commercial crisis. There is a peculiarity in New Zealand which distinguishes her from most other Colonies, and cannot fail to strike the financier, whose duty it