

FINANCIAL STATEMENT

BY

THE HON. THE COLONIAL TREASURER.

IN COMMITTEE OF SUPPLY, 22ND AUGUST, 1867.

WELLINGTON.

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1867.

FINANCIAL STATEMENT.

By the Hon. Mr. FITZHERBERT, 22nd August, 1867.

On the House going into Committee of Supply,

Mr. FITZHERBERT said,—Mr. Carleton, it now devolves on me to make the usual annual statement, explanatory of the results of last year's financial operations, of the proposals for the present year, and of the financial policy of the Government as affecting the future of the Colony; and it so happens that this is the fourth consecutive session in which I have been called on to make such an official statement. Not, indeed, that I have been fortunate enough to hold the seals of office uninterruptedly throughout such a period, for the wisdom or fickleness of our New Zealand Parliament forbids such an excessive indulgence in the sweets of office; and, true to the colonial instinct of getting the most for its money, it has contrived to squeeze out two extras during that period of less than three years, by which means it may be supposed to have reduced the cost of budget speeches to half-price.

Notwithstanding, however, the change of *personnel* made in obedience to the impartial spirit of Parliament, which likes "just to give a turn to all round," I am happy to be able to state that the engine has not been reversed; but that, on the contrary, there has been a progressive movement of the financial policy introduced in 1864—an epoch when the Colony took the first step, at a cost of £50,000, which rendered the unity of national life in New Zealand a practicability; definitively declined to contribute to the maintenance of Imperial Troops; and, resolutely setting its back to the wall, relied on itself to maintain the internal peace of the Colony. When also, in order to enable it to accomplish these great objects, and, at the same time, maintain the credit of the Colony and continue to supply the Provinces with the funds necessary to enable them to conduct their special work of colonisation, the Colony imposed on itself heavy additional taxation.

It might be supposed that, as practice is said to make perfect, I should be able now to deliver a financial statement with much greater satisfaction to the Committee and ease to myself than on former occasions. But I am free to confess, that although in many respects our financial condition contrasts most favourably with what it was in 1864, both as regards income, resources and credit, and that so far, the path along which a financial statement has to travel has been rendered very much smoother and easier, yet the financial problems which now demand solution and cannot be avoided, unless indeed the Government is prepared to shirk its duty, are so extensive and complicated with so many and often conflicting interests; there are so many financial solecisms which have grown up in New Zealand; there are moreover so many mouths to feed, no longer belonging to nine little Oliver Twists asking for more, but to sturdy claimants, making as though they would seize whilst they seem only to solicit; that a much abler Finance Minister than I pretend to be might well shrink from the present task.

But I feel also that I have been placed at an unusual disadvantage, owing to a somewhat free use of the privilege of diffusing information on the part of my honorable colleagues; for, however interesting the circumstance may be, as an illustration of the fact that all ships, whether merchant ships or ships of State, even those classed A1, do somehow leak a little in bad

weather; it nevertheless adds to the embarrassment of one who has to deal with a subject (dull enough at the best) from which its little bloom of freshness has been rubbed off.

I am, moreover, but too well conscious (if reference for an instant to a personal question may be excused) that the anxiety which has oppressed me whilst preparing for the present occasion, has in a great measure unfitted me for the adequate discharge of the task which now lies before me. I therefore solicit consideration for myself personally; and, for the sake of the Colony, I ask for that patient hearing, that impartial suspension of judgment until the proposals of the Government shall have been carefully considered and weighed as a whole, which is absolutely necessary if the Committee regards (as it is undoubtedly its duty to do) not only the interest of every part of New Zealand, taken by itself, but also the interests of every part regarded as a portion of one whole Colony.

I now ask the Committee to pass in review the estimated ordinary expenditure as proposed by the Government for the past financial year, and contrast it with the actual expenditure for the same period. The figures are these, viz. :—

<i>Estimated Expenditure for 1866-7.</i>		£
Civil List	27,500	
Permanent Charges	266,889	
Government House and Domains	7,138	
Public Departments	36,560	
Law and Justice	64,843	
Postal	143,150	
Native	29,986	
Customs	46,320	
Miscellaneous	30,922	
Defence	70,000	
Supplementary	15,000	
Total proposed Appropriations for Colonial and Provincial Services		738,308
Payments to Provinces	318,750	
		£1,057,058

<i>Actual Expenditure, 1866-7.</i>		£	s.	d.
Civil List	27,500	0	0	
Permanent Charges	282,472	4	5	
Government Houses and Domains... ..	2,846	18	5	
Public Departments	42,567	16	2	
Law and Justice	59,409	16	8	
Postal	122,435	11	6	
Native	23,751	4	0	
Customs	40,894	7	7	
Miscellaneous	35,554	13	4	
Defence	71,436	18	3	
Supplementary (refunds of Revenue)	9,229	17	9	
Payments to Provinces	320,368	5	10	
Unauthorized Sundry Expenditure	6,558	18	4	
Payments to Provinces, June, 1866	18,356	5	10	
		£1,063,382	18	1

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

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

is to examine critically her capacity. It consists in the number and variety of the places which are sources of supply to her revenues. New Zealand in fact does not depend on one or two ports only. The consequence is that you are enabled to strike an average, and so calculate with a confidence which would be rash elsewhere. I draw the attention of the Committee to a very interesting return (No. I.) which I hold in my hand, showing the growth of the Customs Revenue of New Zealand for the last ten years, uninterrupted by a single check. The progress is as follows, viz:—

1857-8	... £138,998	1862-3	... £488,522
1858-9	... £160,830	1863-4	... £617,002
1859-60	... £178,117	1864-5	... £643,297
1860-1	... £204,612	1865-6	... £796,227
1861-2	... £339,393	1866-7	... £864,668

I believe the Committee may feel a confidence in my figures as based on such progressive returns which they would not feel if they regarded some isolated fact only, as for instance that there was a slight decrease in the Customs Revenue for the last quarter.

In further confirmation of the elasticity of the resources of the Colony, I refer to returns of imports and exports (Nos. II. and III.) which will be interesting not only to the Committee but outside the Colony; from which it appears that our export of gold for the last year was £2,605,000 as against £2,858,000 of the preceding year, and that the grand aggregate of the export of gold from New Zealand, from the commencement of the gold discoveries to the present date, has now reached upwards of thirteen millions sterling.

I remark in passing that I anticipate that there will be certain incidental receipts arising from the sale of sundry stores &c.; also from instalments falling due in respect of sales of confiscated land effected prior to 30th June, 1867, and of sale of certain confiscated lands in the Province of Taranaki. But these receipts (which are not likely to be large) will not more than suffice to provide for certain charges of a special character, including surveys, &c. I regard them as a special fund, and consequently have not included them in the estimate of the year's revenue.

The question now presents itself, how, within such limits of ordinary income, we can best propose efficiently to provide for the Colonial and Provincial services of New Zealand? We have finished with the routine statements—the data are ascertained—and we come face to face with the problem of the day. It is close work. Can we make more room? Can the data be altered? In other words, can the taxation of the country be increased? The opinion of the Government is that it cannot, and that there is no use looking for relief in that direction in order to make both ends meet. On the other hand the taxpayer puts the opposite question, "Cannot the taxation of the country be reduced?" In reply to the last question, I am not prepared to say that no alternative finance might be devised in that direction. But under present circumstances, speaking as a Government, with whom must always rest the responsibility of endeavouring to the utmost practicable extent to provide for and maintain in efficient working order all the existing institutions of the State, I have to inform the Committee that no reduction in taxation will be proposed by the Government this session.

With this observation, I pass on to state the proposed expenditure for the year 1867-8, as follows, viz:—

	£	s.	d.
Civil List	27,500	0	0
Permanent Charges	305,818	5	5
Class I.—Public Domains and Buildings	4,376	4	0
Class II.—Public Departments	45,025	10	4
Class III.—Law and Justice	69,892	4	0
Class IV.—Postal	155,241	4	0
Class V.—Customs	44,810	7	6
Class VI.—Native	24,058	17	6
Class VII.—Militia and Volunteers	28,052	8	1

Class VIII.—Miscellaneous ... 39,403 6 8

£744,178 7 6

With respect to this proposed expenditure, I remark that, notwithstanding an increase over the sum as estimated last year, of nearly £40,000, under the head "Permanent Charges," it will still be found that the total proposed expenditure for this year only exceeds that proposed for last year by the sum of £6,000.

This result has been attained mainly by removing certain items out of the ordinary estimates, and providing for them as other services of an extraordinary and emergent character may, consistently with sound principles of finance, be provided for. I am particularly referring to the item "Defence." Last year I estimated the amount for this service to be borne on the ordinary estimates at £70,000. The sum is placed down on the ordinary estimates of this year at only £28,000, and embraces the Militia and Volunteer services only.

Government has decided, after a very careful consideration, to take this step, which means much more than a mere transfer from one set of estimates to another. But whilst the Government has, as I believe the Committee will agree, wisely determined to cease to place the Defence service on the estimates as an ordinary department of Government, it is my duty to declare, on the part of the Government, that whenever the occasion may arise, and to the very fullest extent such occasion may require, they are determined to put in requisition the entire resources they can command in order to maintain the peace of the country in the event of its being disturbed.

The Government simply judge it to be for the best interests of the Colony not to maintain a peace establishment of Defence as one of the permanent institutions of the country. Whilst, however, it must be admitted that this is a very large and important step to take, and whilst it is not to be imagined that the Government is prepared to make any preposterous proposal which shall aim at defining and limiting as between the different parts of the Colony that which by its very nature must be indefinite—as preposterous, indeed, as it would be for a canny bachelor to prescribe beforehand the limits of milliners' bills; the *cadeau* will be gaily bestowed and graciously accepted in token of acquiescence, but when the gift has been used up, the full weight of marital responsibility recurs, and it is discovered when "too late" that the fascination of the moment was the only substantial result obtained by the absurd bargain. I say that, although the Government is not prepared to hold out illusory promises of limitation, it is a satisfaction to be able to assure the Committee that the Defence expenditure has now become a decreasing series, and need not, therefore, be regarded with the same apprehension as formerly. This assurance is borne out by the following statement of expenditure for Colonial Defence (including advances made during the years 1866-7, but excluding advances accounted for) for the financial years from 1858-9 to 1866-7, both inclusive:—

Expenditure in year	£	s.	d.
1858-9	4,415	15	7
" " 1859-60	27,076	15	6
" " 1860-1	62,634	10	0
" " 1861-2	54,172	18	2
" " 1862-3	203,013	12	8
" " 1863-4	853,146	2	3
" " 1864-5	886,259	0	11
" " 1865-6	473,348	18	4
" " 1866-7	327,180	9	1

That is to say, the Defence expenditure was not much more than one-third of what it was in the two years 1863-4 and 1864-5, when it reached its maximum.

It is also satisfactory to note that the ratio of "Native Expenditure" is decreasing, as is shown by the following statement of expenditure for Native purposes for the financial years from 1858-9 to 1866-7, both inclusive:—

Expenditure in year	£	s.	d.
1858-9	11,109	15	4
" " 1859-60	17,140	8	7

	£	s.	d.
Expenditure in year 1860-1	17,800	14	0
„ „ 1861-2	25,372	7	11
„ „ 1862-3	53,412	19	1
„ „ 1863-4	52,599	3	2
„ „ 1864-5	60,291	6	9
„ „ 1865-6	49,547	19	0
„ „ 1866-7	30,751	4	0

That is to say, Native expenditure for 1865-6 was about one-fifth less than it was in 1864-5, when the expenditure of that class reached its maximum, and for the past it was one-third less than that of the preceding year; thus showing a rapidly decreasing ratio of expenditure. This reduction, I admit, may be attributed in some slight degree to the fact that certain services formerly charged under the class "Native" were transferred to other classes. At the same time an attempt, of the only kind which was practicable, has been made in the present estimates to introduce an element of limitation into the Defence estimates. It consists in charging locally a certain portion of the "Militia and Volunteer services," in the manner which will be best explained by a reference to the estimates themselves.

The result to which I have referred is also partly due to the careful manner in which the departmental estimates have been prepared, for otherwise an estimated expenditure could not have been submitted showing only so slight an increase over last year as appears in the following figures, viz. :—

Estimated Appropriations, 1866-7.

£738,308 0 0

Estimated Appropriations, 1867-8.

£744,178 7 6

Now, with a proposed expenditure of only £744,178 7s. 6d., and an estimated revenue of say £1,084,000, it would at first sight appear that there was no ground for the assumption which I just now made, namely, that there was very little margin, and it would seem that it could not be necessary to relieve the ordinary estimates of the charges for certain services and make provision for them elsewhere, and so indeed there would be ample margin, but for the necessity of making provision for the Provinces—a necessity, however, which I have already stated the Government recognizes. Here then is our great difficulty—the *bête noir* of New Zealand financiers—and if the present Government succeed in making such a settlement of this much vexed question as may be accepted by prudent and reasonable men, they believe they will have conferred a lasting benefit on the country, by removing a great cause of delay, uncertainty, and irritation. But this question cannot be dealt with satisfactorily merely as one of measure, it is one of manner also, and the one is only second in importance to the other, if, that is to say, any character of stability is to be stamped on our proposed arrangements.

The results of the past financial relations of the Colony and the Provinces can alone afford data on which to base safe proposals for the future. Now, I am not going to travel over the ground which I took in 1865, when I endeavoured to expose the defects of the system of distribution of surplus revenue, as settled by "The Surplus Revenue Act, 1858." The arguments I then used, to show that the effect of the system was to keep the public accounts in a chronic state of arrears, and cause sums to be distributed under the delusive character of surplus sums when in fact no available surplus existed, have not been controverted, and are, I believe, incontrovertible. But it is indispensable, before proceeding to propose any new arrangement, to take a retrospect of the past. With this object I have had a return (No. IV.) compiled, consisting of four tables, exhibiting the annual authorized expenditure for colonial and provincial services respectively; also, the annual amounts distributable to the Provinces compared with those distributed. I do not vouch for the entire accuracy of this return, but the errors, if errors there are, are proportional, and will not invalidate the conclusions I seek to deduce from it. The return extends from 1858 (the year in which the Surplus Revenue Act was introduced) to the end of last financial year. I propose to

draw the attention of the Committee to some of the points of interest in this return, which exhibits very clearly the past relationship of colonial and provincial expenditure.

It appears then, that during the period referred to, the expenditure, as borne on the civil list, which comprises the salaries of all the high officers of state in the Colony, has only grown from £19,000 to £27,500—an increase of less than one-half. I believe I may safely say that there is no colony where there has been such a system of economy (not to say parsimony) as in the Colony of New Zealand, so far as the provision for its Executive is concerned.

We next come to a charge which has grown in nine years from £20,265 to £305,365. This item is "Permanent Charges," which principally consist of interest and sinking funds; and has become fifteen times larger than it was in 1858. It is an ugly item; you have no control over it; it must be borne like the ills of life; and it is all the uglier, because it is a charge of an unproductive character; it is, in fact, the condign punishment of war—a war, however, it must be observed, which was not sought for by the General Government, but into which it was hustled, and its charges flung at the Colony no doubt with a wish for good luck, like the old shoe at the wedding.

We now come to the second table, which shows expenditure provincially charged. It consists of recognized local charges. An examination of the growth of this class of expenditure, will show that whereas the Auckland local charges have been the most economical, on the other hand those of Otago have been the most extravagant. It is only reasonable to conclude that the ultimate settlement of accounts will show a corresponding difference in results.

We next glance at the third and fourth tables, and remark that up to 1864-5 the Provinces were short paid, and that during the last two years, they have been greatly over-paid. This fact is noteworthy on two accounts. 1st. Because it is coincident with the increase of taxation. I refer to an estimate (No. V.), according to which I calculate that the additional revenue received during the last two-and-a-half years, in consequence of the increase of the Tariff in 1864, and the imposition of the Stamp Duties in 1866, has amounted to £580,000, and according to the return before us £626,000 has been distributed to the Provinces during the last two years. Now if there had been no such increase of the taxation, such a distribution could not have been effected. I doubt, therefore, the wisdom of those, who, within the recesses of their respective Provinces, declaim against the General Government, as the devourer of the proceeds of the taxation of the country. 2nd. Because the principal over-payment (which was that of the last year) was made by a Government which has been attacked on account of its alleged anti-provincial tendencies; a Government which it now appears, however, has, without authority of law, actually overpaid the Provinces (the proportion of 3-8ths of the gross customs revenue having been paid over to the Provinces for thirteen instead of only twelve months within the past year, a year which may henceforth be recorded in the almanac of the Colony as "The Provincial Leap Year"). The Committee may sanction this proceeding or it may not; but certainly this would be a droll conclusion to arrive at, viz., that a Government, which exceeds the law to aid the Provinces in their embarrassment, is at the same time seeking their destruction. I am reminded of a domestic complaint of ill-usage once brought before a police court, which, after cross-examination, was reduced to this, "Well then, your honor, he gave me such a look!" I need hardly inform the Committee that the court dismissed the case.

If fairly judged, these over-payments to Provinces ought to be regarded as the *reductio ad absurdum* of the present surplus revenue system.

Another striking result is, that whereas £1,597,842 was all that was distributable under the Surplus Revenue Act since its commencement to 30th June last, there has actually been distributed the sum of £1,781,531; showing an over-payment amounting to £183,689, and therefore due by the Provinces to the public revenues.

This very interesting return gives us a bird's-eye view of the whole progress and result of the relative colonial and provincial expenditure of ordinary revenues since 1858. Before quitting it, I contrast the grand totals, and if the amounts of provincial charges and surplus revenue distributed be added together it will be found that the total of provincial charges amounts to £2,762,000, and that of colonial charges to £2,348,000; thus showing an excess of provincial over colonial charges amounting to £414,000. (It will now be quite apparent to the Colony, where the proceeds of its taxation have been absorbed.) It will be seen that if the sum of £183,689, above referred to as overpaid to the Provinces, had not been so overpaid, the revenues of New Zealand (exclusive of territorial revenue) would have been nearly equally shared between the Colony on the one hand and the Provinces on the other, during the last nine years; and it is patent that the amounts hitherto appropriated for provincial services have not more than sufficed to provide for the payment of the interest and sinking funds on provincial loans and the general maintenance of provincial administration. Unless, therefore, it be decided to force on fundamental changes, which may be effected in either of two ways, according as either party holding extreme views may be dominant; that is to say, the Provinces may be cast adrift and left absolutely to take care of their own loans and credit, and brought face to face with the people, by being obliged to tax them directly for the special purposes of provincial administration (in which event the cost of the necessaries of life might be considerably diminished by a reduction of indirect taxation)—or the General Government may be cast adrift, the colonial debt be disintegrated, and the payment of its interest and sinking funds parcelled out as a charge on different portions of the Colony, and the General Government reduced to a shadow—*nominis umbra*. Unless, I say, one or the other of these extreme views be adopted, it follows that some such distribution of revenue as that indicated by the results of the investigation we have now been pursuing must be made.

The present Government, speaking as a Government, desires to steer a course between these two extremes; it seeks to preserve the unity of the Colony. It wishes to maintain existing institutions in a state of efficiency, provided those charged with their administration are willing to be controlled within prudent bounds. It does not intend to propose an alteration in the system according to which the Parliament of the country has hitherto been the great taxing medium; and it proposes to create an interest common to the Colony and the Provinces in those very considerable revenues derived from such taxation. It takes still broader views, and is unwilling that the unity of the Colony should remain a mere idle name, and desires that the powerful combination expressed in that term should be made to yield its legitimate financial results, by putting in motion the vast power of a common credit, which is now frittered away and wasted by being exercised provincially. But in order that such results may be obtained, it is indispensable that the Government of the Colony should exist as a reality with large controlling powers.

Influenced then by the above considerations, and guided by the results of the investigation which have just been traced out, the Government now proposes to the Committee that the consolidated revenues should be divided equally between the Colony and the Provinces. It only remains for me to show the precise effect of this proposal in figures. Stating then one-half the consolidated revenues at £542,000, as available on the one side for colonial, and on the other for provincial services, and taking the colonial expenditure at £540,267, it will be seen that there is only a very bare margin left. Again, taking the provincial charges at £204,173, I find a balance of £337,827 available for provincial appropriation; and comparing this amount with that which would be yielded by three-eighths Customs Revenue, viz., £324,000, the result ought to be regarded as one very favourable to the Provinces in measure, and, as will be explained presently, favourable in manner also.

This proposal of the Government I observe (and I invite the

particular attention of the Committee to my observations) was decided to be made in order that the Provinces might be placed in the position of being able themselves to make a provision for outlying and road districts of a character as permanent as that which, according to the explanation I have just given, is now contemplated by the proposals of the Government to be made for the Provinces themselves. In further support of the general exposition which I have just given of the principles on which the financial policy of the Government has been based, I proceed to develop our particular proposals, and begin with—

THE CONSOLIDATION OF PROVINCIAL LOANS.

It is almost unnecessary to say one word to prove the necessity of some such measure. Perhaps no measure has been more distinctly called for by considerate men of all parties, by the public Press, and by those friends in England who watch the financial operations of the Colony with interest. It is sufficient to say that the appearance on the London market of a great variety of paper, all secured on different parts of the revenue of the Colony, all bidding against one another with the lender of capital, has had (as it must have had) a disastrous effect on the credit of the Colony generally, and has resulted in very serious loss and embarrassment. Two years ago this House awoke to a sense of the evil, and prohibited the Provinces from exercising any further borrowing powers. But a general call has been made on the Government, to which it would fail in its duty to the Colony if it did not respond, to go still further and to deal with the outstanding engagements into which the Provinces have already entered. I do not conceal from myself that, desirable as this object has been thought, it will depend on the principle of the measure for its accomplishment whether it will meet with a general acceptance from the House. I take it that most men are agreed upon the point that the credit of the whole Colony shall, in some form or other, be impressed upon the provincial securities, but I foresee that it will be difficult to avoid awakening a very natural jealousy on the part of those Provinces which have been chary of their credit, and most economical in their expenditure, unless it be clearly provided that each Province shall still bear its own burdens; that whilst the consolidated revenues of the whole Colony are mortgaged as a security to the outside creditor, still, as between the Provinces themselves and the General Government, the charges occasioned by the provincial debts shall distinctly fall upon the Provinces by which, and in the proportions in which, these debts have been incurred. In order to see that this principle has been rigidly adhered to, it is necessary to read together the Consolidation Bill and those clauses of the Public Revenues Bill which relate to payments of revenue to Provinces.

There is another point in which the interests of the Provinces are concerned which has received much attention. Various opinions have been expressed as to the actual saving, both of principal and of annual charge, which may be effected by such measure; and some of those opinions have been sufficiently extravagant. I will not waste your time by speculation which must be of doubtful value; but I may say that by ordinary skill and prudence a very appreciable saving may probably be effected in the burdens of the Colony. The question may, however, be fairly asked, who is to have the advantage of any such savings? and I will briefly reply, that the measures of Government are framed with the object of relieving the revenues of the Provinces to the full extent to which any saving can be effected, either of principal or annual charges, and that the General Government forgoes all participation in the profits of the transaction. There were several proposals which naturally presented themselves to our minds when considering the nature of the measure it would be our duty to propose.

1. One plan was simply to affix to the provincial securities, as they stand, the *imprimatur* of the General Government—merely to give the endorsement of the Colony to provincial paper. We rejected that plan mainly for two reasons; first, because we should then merely have enhanced the value of the property in the hands of private individuals, without gaining

anything for the Colony or the Provinces; and secondly, because we should have still left that inconvenient variety of paper upon the market which perplexes the capitalist, and raises in his mind that sort of doubt which must always be paid for by so much per cent.

2. Another possible plan was that of a compulsory recall of all provincial paper and its exchange for colonial debentures. I need hardly say that we did not think it necessary, and therefore did not think it wise, to run the risk of damaging our credit by any such shock to the feelings of the creditor which he would have equally conceived it to be, even if we had forced him into a favourable bargain.

3. There remained, therefore, but one other course, and that was a voluntary purchase and exchange of provincial for colonial securities, and that is the plan which the Government has adopted. When I say voluntary I mean voluntary on both sides—on the part of the Government as well as of the holder of provincial paper. For whilst on the one hand we hope to be able to offer the holder of provincial debentures such an improved security as shall induce him to part with them either for cash or for colonial debentures, on the other hand it is necessary to take care that the Government shall not place itself in a position which may enable the creditor to force it to accept offers which are not as favourable as the Colony has a fair right to expect. We propose to raise a loan with a maximum limit, but which is to be raised only as required and to the extent required for purchasing the provincial paper; and we propose that all such purchases shall be made in cash or by exchanging colonial for provincial debentures by agents in England or elsewhere upon the best terms which can be obtained. But we do not think that, when the Colony comes forward with the offer to enlarge the security upon which these debts have been incurred, it ought to allow the holders to wait an indefinite time before availing themselves of the offer. We are not disposed to allow speculators to wait until the very offer of the Government shall have enhanced the value of their claims, and then to expect to obtain from the Government the higher price which the operations of the Government itself will have created. We therefore propose to limit the time during which holders of provincial paper can come in and avail themselves of our offer; and after that, to exclude them from all the benefits of the proposed consolidation. Three years is the time to which we propose to confine these operations, and I think we may fairly anticipate that in that time the great bulk, if not the whole, of the provincial securities will have disappeared from the market, and that the financial engagements of the Colony will be restored to an intelligible basis.

But we have not forgotten that some of the Provinces have entered into large engagements upon the faith of raising loans which have not yet been fully negotiated. We propose to place such Provinces in the same position as they would have been in had this Act not been passed. It is clearly of no use that such Provinces should be allowed to issue debentures, which will immediately afterwards have to be bought in. We therefore propose to raise money under this Bill to the extent to which any provincial loans are still unraised, and to pay over that money to the Province.

In distributing the payments amongst the Provinces of the interest and sinking fund, we propose to charge against each Province the exact sum for which the General Government has made itself liable by the extinguishment of its debt. That is to say, if we can buy a £100 debenture of Otago for £80, we shall charge against Otago the interest and sinking fund on the £80 of debt which the General Government has incurred. And we propose to stop out of the provincial revenues, every month, one-twelfth part of the annual sum thus due to us.

Before, however, leaving the subject of Consolidation of the provincial loans, I must not omit to explain the provisions of the Bill, as specially affecting the Province of Southland. Whilst preparing this measure, it was impossible not to perceive that the principle of the legislation introduced two years ago, for the special relief of Southland, was, by the present measure,

made applicable to the other Provinces. The inference thus became inevitable that no greater restriction ought to be placed on the Province of Southland than that imposed on other Provinces, and it is accordingly proposed that the public lands of Southland should not be tied up to a greater extent than those of other Provinces affected by the proposed measure.

4. There was a fourth plan, which was not overlooked by us in entertaining this question. It was to consolidate the debts, not only of the Provinces, but of the Colony, and include the whole in one large loan; and there were not wanting many good arguments in favour of such a scheme. We rejected it, however, for many reasons which appeared of sufficient weight. First, we could not make such a plan complete, because a part of the debts of the Colony is guaranteed by the Home Government, and therefore could not be called in; and secondly, we do not think that this is the time to disturb our operations more than is absolutely necessary. Nor did there appear to us to be any sufficient pecuniary advantage to be gained by replacing one form of debenture by another, the security for the two being identical. It seemed not impossible that any small pecuniary advantage anticipated might be more than destroyed by the appearance of performing an operation, the object of which might not be very intelligible to the money-lender. The contingent gain might be but small, the loss from unnecessary tampering with existing securities would certainly be appreciable, and therefore we abide by the safe maxim *quieta non movere*.

I desire to point out that reading the Consolidation of Loans Bill and the Public Revenues Bill together, it will be seen that we offer to the creditors only the consolidated revenues of the Colony as a security, and we take the current payments of interest and sinking fund out of the provincial share of the consolidated revenue. These provincial loans, however, have been mostly raised on the security of the land revenue, we have therefore provided that where the provincial share of the consolidated fund falls short, the General Government may immediately come upon the land fund of the particular Province which is in default. The creditor, therefore, whilst nominally having only the security of the consolidated fund, has really that of the land fund as well. I think the Provinces generally will prefer that the repayments of interest should be taken in this manner than that the General Government should stop them out of the land fund in the first instance. Financially of course it would make no difference; but there is a strong feeling in favour of having the land fund paid over directly day by day to the provincial chest, which we do not wish to disturb, and see no necessity for disturbing.

I have explained the financial bearings of the measure, but it has political consequences which ought not to pass unnoticed; and I take the opportunity of recording my opinion that, should this measure become law, insular separation will have become well nigh impracticable.

Closely connected with the measure for the consolidation of the provincial loans is the Public Revenues Bill. The two must be read together, for they are inseparable parts of the scheme of financial policy which we propose. I shall endeavour briefly to state the objects of this measure. First, when we propose to undertake the provincial debts as a colonial liability, and to recoup the general chest out of Provincial revenues, the question is immediately forced upon us—What does provincial revenue consist of? Are we to rest satisfied with the uncertain arrangements existing under the Surplus Revenues Act? The Government has, as I have before explained, at length come to the conclusion that the system of distributing the surplus revenues requires to be reconstructed. Again, we are of opinion that the whole system under which the accounts of the Colony are kept requires to be simplified, and that the control and audit of the public moneys requires to be more effective. We have had forced on us a variety of points, in which the operation of the Comptroller's Act is inconsistent with other parts of the financial system, and these are matters which must be dealt with in order to avoid the utmost public inconvenience. The Committee will therefore perceive that the

time had arrived when it became the duty of the Government to review the machinery by which the public moneys are managed, and, if possible, to consolidate all the law upon this great subject into one comprehensive, simple, and intelligible statute. That is the purpose of the Public Revenues Bill, and which it will be my duty to propose, and which will be placed in your hands without delay.

Subsequent opportunities will present themselves for explaining in detail the provisions of this measure. The Bill may be considered as having two distinct parts. I anticipate that all that part which is principally of a technical character will meet with the unanimous approval of the House, as I am certain that its results will that of the country. The other part, which comprises what may be called the new policy introduced by the measure, will be found, and is wholly contained, in three clauses under the head of "Revenues payable to Provinces."

I need hardly say, after the elaborate explanation I have already given the Committee, that we propose to repeal the Surplus Revenues Act. No one, I am sure, will contend for the maintenance of a law, the operation of which has to be suspended whenever it acts differently from what was supposed. Such a conduct of financial affairs must end in the worst embarrassment. We, therefore, propose to replace the existing law by a new arrangement. We propose to retain one-half of the consolidated fund permanently as the revenue of the General Government, and to settle one-half, with certain deductions, permanently on the Provinces. Those deductions are:— first, for the cost of services voted by the House, but provincially charged; and, secondly, the annual charges to which the General Government will become liable on account of the purchase or exchange of provincial debentures.

We propose also to make an entire change in the manner of computing the sums payable to the Provinces, and to make the account relate solely to past cash transactions. For example, say in the month of February, as soon as the accounts arrive from various parts of the Colony, the Treasurer will make up an account of the half of the actual sums paid into the consolidated funds in each Province during the month of January, and of the actual sums expended on account of general services provincially charged during the same month, and the difference will be the sum belonging to the Provinces for the month of January. If there is anything due from the Provinces on account of interest for its debentures bought and charged under the Consolidation Act, that will be deducted also, each month, at the rate of one-twelfth of the annual charge. Now this account will absolutely close all transactions between the General Government and the Provinces up to date. No money will ever be paid in advance, no balance left unpaid. The account depending on past cash transactions, instead of on future contingencies, will be absolutely closed month by month, and I venture to say that this result will be equally acceptable to the General Government, to the Provinces, and to the public;— to the General Government, whose finance will no longer be obstructed, and its accounts mystified, by engagements difficult to be ascertained and never settled; to the Provinces, who will no longer be tempted to extravagance by the anticipation of "hearing something to its advantage" in the annual balance sheet, or irritated by the prospect of having to refund sums which it had overdrawn in enforced ignorance of its real position; and to the public, who may possibly begin to understand something of the manner in which its money is disposed of, which any one but a most accomplished accountant must despair of doing under our present system.

I have said that the Provinces are at present indebted to the General Government in a sum which somewhat exceeds £183,000. At a time when an entirely new arrangement is being introduced, and a new system of accounts inaugurated, it would be extremely embarrassing if the simplicity of the new system were destroyed, and its working spoiled by the retention on our books of engagements which cannot fail to be a subject of irritation between the General Government and the Provinces. We have, therefore, thought it wise to propose

to the House that these debts should disappear together with the Act out of which they have arisen. We propose to abandon this claim altogether on the part of the General Government. If, however, we were simply to pass a sponge over the entry, justice would not be done as between Province and Province. The Provinces have been all over paid, but not all in the same proportions. Simply to cancel the debt, therefore, would be to take from one Province in order to give to another. We propose, therefore, to abandon this claim on the part of the Government, but to require some Provinces to pay such sums as shall adjust the amount fairly between all. The General Government will stand in the position of a liquidator, and will pay to some Provinces the whole of the amounts which it receives from others, and we shall ask that a short Bill shall be passed, stating specifically the sums to be received and paid by each Province in final liquidation of the account. There is one exception to this. It is the case of Marlborough, which I think requires the special consideration of the Committee. Under the operation of the Surplus Revenues Act, Marlborough stands indebted to the General Government on the whole account from 1858 to 1867. That is to say, her share of the surplus revenues is some four or five thousand pounds less than nothing. She has been paid about £7,000 as surplus revenue, and in the proposed adjustment of the account Marlborough would have to refund about £12,000 to other Provinces. Now it is impossible that Marlborough can pay this money. The sum, therefore, for distribution will be deficient by that amount. The fairest arrangement seems to be that it should be divided equally between Wellington and Nelson, because it is owing to the fact that the customs duties on goods consumed in Marlborough are to a certain extent paid in Nelson and Wellington, that the account with Marlborough assumes a character so different from that of all other Provinces. We have, in fact, thrown upon Marlborough the same proportional charges as upon other Provinces; whilst she is accidentally or from other causes deprived of the revenues by which those charges are to be met; whilst the revenues are infringed on by two of her neighbours, the expenditure borne on those revenues is voted by the House; that is, the *pro rata* share of the general charges, and the cost of the general services provincially charged, have been larger than the total amount of the revenues received. The total sum is not large. Both Wellington and Nelson, which, if matters remain as they are, would have to refund considerable sums to the General Government, will, even after the special arrangement as regards Marlborough, have to receive instead of to pay money. Theirs will not, therefore, be a case of hardship. The total result of the operation will be as follows:—

		£
Auckland will have to receive	... ..	25,380
Wellington	" "	4,815
Nelson	" "	615
Canterbury	" "	618
		£31,428
On the other hand,		
		£
Taranaki will have to pay	... ..	376
Hawke's Bay	" "	301
Otago	" "	25,140
Southland	" "	5,611

Thus the total sums received and paid over in liquidation of this debt of £183,688 9s. 6d., will be found only to amount to £31,428.

Altogether, Mr. Carleton, I think this may be considered an unusually pretty transaction, for every party to it comes out satisfied. The General Government assumes the dignified attitude of Paterfamilias hushing the clamour of his nine children, who were expecting to be punished, by a judicious distribution of sweetmeats, which he himself disdains to taste. Each of the nine Provinces must needs be pleased with the share allotted to it, when it regards the following statement

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9 B.—No. 1A

of sums due by the Provinces, under the Surplus Revenues Act, viz. :—

Dr.	£	s.	d.
Auckland	17,954	15	11
Taranaki	4,026	7	10
Hawke's Bay	4,657	7	7
Wellington	10,297	18	10
Nelson	4,526	12	11
Marlborough	12,063	12	6
Canterbury	36,006	15	6
Otago	80,445	4	2
Southland	13,709	14	3

£183,688 9 6

This transaction will close the whole of the operations under the Surplus Revenues Act.

Before I proceeded to the explanation of the proposal for division of the ordinary revenues of the Colony, I alluded to an arrangement for relieving those revenues of certain charges and observed in effect that unless some arrangement of the sort were made a system of retrenchment alone would not suffice to enable such a scheme of division to be put in practice this year. The Committee will have anticipated from the tenor of those observations that it would be necessary to take up a further sum of money. I am now going to explain the exact proposal of the Government in this respect. With reference to the loan of 1863, it may be here stated broadly that when the whole of the temporary 8 per cent. bonds are taken up, the Colony will have issued three millions of debentures, on which the discount is upwards of £260,000.

Now the Government do not propose asking for a new Loan Act; for the Act of 1863 is held to confer the legal authority necessary to raise three millions sterling. But it will ask for a further Loan Appropriation Act to provide for the following extraordinary services; which I may observe are of a character consonant with the original appropriations of moneys to be raised under that Act, viz. :—

	£
Telegraph Extension	47,412
Marine (Lighthouses)	19,725
Defence	109,025
Taranaki Debentures	38,750
Contingent Defence	45,000

Amounting to £259,912

When the proposed Loan Appropriation Bill is introduced estimates will be brought down showing the estimated expenditure in detail, but I take the present opportunity of stating that one-half of the sum of £109,000, set down against the item "Defence," is for liabilities, and, therefore, not a recurring charge.

I also take this occasion of giving explanations of the proposals of the Government with regard to Taranaki. There are two financial matters to be adjusted with regard to that Province.

1. With regard to the Taranaki Debentures, I may state that they form part of the compensation already awarded; the interest has always been paid by the Colony, but the existence of those debentures is an obstruction to further operations of the Province with the Bank which holds them. It is proposed to take them up.

2. In 1856 a sum of £36,000 was allocated to that Province out of the half million loan. Of this, £20,000 without interest and £16,000 with interest. To the present date a subsidy has been paid of £2,200 per annum by the Colony to the Province of Taranaki in lieu of land revenue. On final adjustment of the question of handing over the confiscated lands, this subsidy would cease, and the interest and sinking fund on £16,000 become chargeable to the Province, leaving on the transaction a relief to the Colony of £3,160.

If the Committee accede to our proposed loan appropriations, I believe that it will not be necessary to attach the £150,000 Treasury Bills authorized to be issued last year, to

the permanent debt of the Colony. On the contrary, when it is borne in mind that under the provisions of the Loan Consolidation Act power will be taken to recoup to the Colony the sum of say £43,000 advanced to the Province of Southland; also, that there is every reason to hope that the amount put down for contingent defence will not be required, for it is only an emergency vote (although one that must be provided for), and when it is further borne in mind that there are sums amounting to £34,000 which appear on the estimates of this year, but are of an exceptional character, and therefore, not likely to recur every year, I think it may be fairly anticipated that if the Committee consents to our proposal that the sum of three millions sterling should be raised under the Act of 1863, the Treasury Bills to which I have referred can be provided for without still further increasing our permanent debt. At any rate, I do not see how otherwise the contemplated provision for the Provinces can be effected this year; and if it be not, I do not see how the Provinces can meet their engagements, an event which must re-act disastrously, for a time at least, on the whole Colony.

From the consideration of the losses sustained by the Colony in the negotiation of the loan of 1863, I naturally pass on to that of the position of the Colony as regards the claim of the Imperial Government, for the two questions are dependent on each other.

It is well known to the Committee that the Imperial Government have from time to time been most urgent in their desire to adjust outstanding accounts, in which they have been met by a like anxiety on the part of successive Colonial Governments. An attempt was made towards such adjustment by the appointment of Mr. Crosbie Ward as agent in 1863, and Mr. Reader Wood subsequently, who placed themselves in personal communication with the home authorities. These attempts were not successful, and the Colonial Government, finding the Imperial Treasury persistently urging a settlement of past and accruing claims, determined to evince the readiness of the Colony to meet these demands, and instructed the Crown Agents to hand over to the Imperial authorities £500,000 in New Zealand Colonial Securities. Before long, however, the necessity of appointing a Commission to examine into these accounts became apparent. At the close of last year Mr. Commissary-General Jones was appointed on the part of the Imperial Government, and my honorable friend Major Richardson, a member of the Executive Government, was commissioned to represent the Colony. I lay upon the table a report of the Colonial Commissioner on the claims of the Imperial Treasury, and also copies of correspondence which has taken place in connection with this subject.

It will not be necessary that I should do more than just summarize the results, as honorable members will immediately be in possession of the documents themselves. The claims of the Imperial Treasury stretching back to 1848 amount to the sum of £1,304,963 9s. 3d., composed as follows :—

	£	s.	d.
Capitation Charge for Imperial Troops	353,817	10	0
Compound Interest Capitalized Annually	167,278	7	1
Advances for Colonial Troops	582,156	17	7
Miscellaneous	201,710	14	7

£1,304,963 9 3

The Colonial Commissioner, after carefully considering these charges, and the grounds on which they rested, was of opinion that the sum of £516,130 12s. 5d. was inadmissible, thus reducing the claim to £759,621 14s. 7d., up to September, 1866. A few weeks prior to the forwarding of the Colonial Commissioner's report on these claims, the Imperial Commissioner returned to England, for reasons which may be found in the correspondence above referred to; and in consequence it was not possible to proceed any further in the investigation. I may here mention, however, that the counter claims of the Colony, with schedules attached, have been forwarded to the Secretary

FINANCIAL STATEMENT.

of State for the Colonies. The amount of these counter claims is as follows, viz. :—

	£	s.	d.
Colonial Debentures sold at par ...	500,000	0	0
Military Roads	102,875	9	10
Proportion of River Transport Charges	97,329	0	11
Miscellaneous	206,652	4	11
	<hr/>		
	£906,856	15	8

It will now appear that, on the supposition that the sums comprising that counter claim will not be much, if at all, affected by examination in the Imperial Treasury department, there will remain due by the Imperial Government, on a final adjustment, the sum of £147,235 ls. 1d., and here the question would rest, viewed as a mere matter of account; but, as the Colonial Commissioner has very properly observed, there are claims which the Colony may justly prefer, and which I am sure Great Britain will not be slow to recognize, arising out of the peculiar connection which existed between the Crown, the Colony, and the Native race, at the time when these liabilities were incurred. The nature and extent of these liabilities are dealt with in the report of my honorable friend, which I commend to the attention of the Committee as a monument of patient and impartial research.

But I must be allowed to draw attention to the fact that the Colony has expended and become charged with in aid of the suppression of the rebellion against the sovereignty of the Crown, the following sums :—

	£	s.	d.
The Colony has actually expended	2,725,660	18	8
Is charged by the Imperial Treasury with	£1,304,963	17	1
	<hr/>		
	£4,030,624	15	9

It is a duty incumbent on me that I should make this public statement, whilst I at the same time express a belief on the part of New Zealand that the Imperial Government will, upon a careful review of the whole circumstances, extend that consideration to the Colony which would materially aid it in the struggle it is now making to get out of the embarrassments created by the war.

I approach another disagreeable sequence of the loan of 1863. It was within the original scope of the policy of 1863 to charge certain expenditure locally. This intention was carried out by the Legislature of 1865 and 1866. During the past financial year it was incumbent on the Treasurer to recoup certain interest and sinking funds from the Provinces of the North Island. I regret to have to inform the Committee that I have to a great extent failed in my endeavours to enforce these recoveries. I can also assure the Committee that this failure did not arise from any want of efforts on my part. The Provinces of Auckland, Taranaki, and Hawke's Bay, pleaded their inability to make the payments; and the Government, not being prepared to drive those Provinces into embarrassment, decided not to enforce the claim until Parliament should have considered the question. I have now to state that it is one of the proposals of the Government to relieve the Provinces of the North Island from the payment of this special debt. I am ready to admit that, so far as the Province of Wellington is concerned, the reasons why she should be released from this allocated debt are not so cogent as they are in the case of the other three Provinces. The Government, however, believes that the Committee would not be disposed to make any exception (and the amount is comparatively inconsiderable); if, that is to say, it should approve of the general scope of the financial policy of the Government which is intended to be one of final provincial adjustments.

There still remains one more subject to bring under the consideration of the Committee. It is also a legacy of the policy of 1863. I refer to the confiscated lands. Great expectations were once entertained, but these have been disappointed. I wish I could say that the administration had been altogether satisfactory, either to the Colony or the Government.

It must be confessed, however, that the whole affair has, from the very first, being surrounded with great and special difficulties, and I very much doubt whether any other administrators could have effected more. Much, indeed, has been achieved; and had the original calculations been less sanguine, the subsequent disappointment would have proportionately diminished. Nevertheless, on large grounds of policy, the Government has, after a very careful consideration of this subject, decided to propose to the Committee that the confiscated lands should, with certain limited exceptions, and subject to conditions as to fulfilment of engagements with Natives and others, be handed over as speedily as possible to the respective Provinces for their beneficial administration, and free of all claims for past special expenditure. In a colonizing point of view, I believe this proposal will be hailed with satisfaction by the Provinces of the North Island. In a financial point of view, I am not going to pretend that any great boon is being proffered. There are some who are sufficiently sanguine to believe that a considerable revenue will be derived from this territory. For my own part, I candidly confess that, judging from the past (during which the cost has far exceeded the proceeds), I cannot arrive at the same conclusion. Nevertheless, the colonizing opportunities which will be thus afforded to the Provinces, cannot, I think, be valued too highly. A Bill on this subject will accordingly be introduced to give effect to this proposal.

I cannot however dismiss the consideration of this and the two preceding topics without adverting to the policy of 1856; and I particularly ask those who may be inclined to regard our proposals as over favourable to the North to give their attention for a short time. In 1856 the Colony adopted the policy of localizing the land revenues, and declined to reserve for itself even such a proportion of that revenue as might be regarded as a royalty. In this respect, no less than in others, there is a fundamental difference between the financial policy adopted in the United States of America and that pursued in New Zealand. In America, not only do they regard the customs duties as general revenue (and if any tax is of a general character it is certainly customs duties) but also territorial revenue; whereas in New Zealand we have localized customs revenue as well as territorial revenue. As this is a very interesting subject I will cite before the Committee a high authority; I quote from *Kent on American Law*. "By the Act of Congress of September 4th, 1841, c. 16, ten per cent. of the net proceeds of the sales of the public lands to be made subsequent to the 31st December, 1841, within the limits of the States of Ohio, Indiana, Illinois, Alabama, Missouri, Mississippi, Louisiana, Arkansas, and Michigan, are to be paid to those states respectively; and the residuum of these net proceeds, subject to certain provisos, divided half-yearly among the twenty-six states of the Union, and the district of Columbia, and the territories of Wisconsin, Iowa, and Florida, according to their respective federal representative population, as ascertained by the last census, to be applied by the Legislatures of the said states to such purposes as they should direct."

But in order to ascertain what has been the financial effect of the policy of 1856, I refer to a very interesting comparative Return (No. VI) of the Imports and Exports, and Territorial and Ordinary Revenues of the North and Middle Islands respectively. There is not time now to do more than just glance at this statement. But when I inform the Committee that the figures show that from the year 1856-7 to the 30th June last, the Middle Island has received as territorial revenues in excess of that of the North Island (I repeat the words, "in excess of that of the North Island,") £3,154,635, the full effect of that policy is perceived; and the South would do well to recollect these figures when proposals are made to hand over certain territories (all encumbered as they are) to the Provinces of the North Island, and to relieve those Provinces of the charges of certain allocated debts arising out of the transactions under the loan of 1863; and also when it is proposed to raise the full amount of three millions

sterling. For it is necessary to take the discount into consideration, to bring up the figures to an equation. I mean, that the amount of territorial revenue received by the South, in excess of that received by the North, will (if three millions sterling be borrowed) about equal the amount of the debt that will then have been incurred on account of the war in the North Island. The figures are significant, and the following question forces itself on our notice, "But for the policy of 1856, would the loan of 1863 have been necessary?" The imports and exports and ordinary revenue tables of this statement also contain an instructive lesson, for they show that during the first half of the period under examination, up to the era of gold discoveries in the South, the North not only kept pace with the South, but, for the greater part of that period, contributed much the largest share of the revenues of the country. It would be well to bear in mind that prudent people act as though "what has been may be again."

Let me not, however, be misunderstood. I guard myself against being supposed to have raised this question, either on behalf of the Government or independently with any *arriere*

pensee. A bargain is a bargain, all the world over. But, when questions cognate to, and arising out of a former bargain come to be settled it is not only competent but often necessary to trace the effects of such a bargain.

Sir, I have nothing more to add; I am afraid I have by this time wearied the Committee—I am quite sure I have wearied myself—without, however, exhausting the various important subjects which have come under consideration, and certainly without doing them justice. I can only commend the financial proposals of the Government as a whole to the favourable consideration of the Committee; believing them to be just and conciliatory, and therefore wise; and moreover calculated, if accepted in the same spirit in which they are intended to be submitted by the Government, to impart a substantial character to the credit of New Zealand which it has never yet attained. It only remains, Mr. Carleton, for me to move, "That a sum not exceeding £5,000 be granted to Her Majesty to provide for the reception of His Royal Highness the Duke of Edinburgh, on the occasion of his visit to the Colony of New Zealand."

Return I.

RETURN of the GROSS CUSTOMS REVENUE for each Quarter, from September Quarter, 1857, to the Quarter ended the 30th June, 1867, inclusive.

FINANCIAL YEAR 1857-8.				FINANCIAL YEAR 1862-3.			
September Quarter	...	£31,251	} £138,998	September Quarter	...	£94,754	} £488,522
December	"	34,730		December	"	118,526	
March	"	31,126		March	"	127,465	
June	"	41,891		June	"	147,777	
FINANCIAL YEAR 1858-9.				FINANCIAL YEAR 1863-4.			
September Quarter	...	£40,420	} £160,836	September Quarter	...	£145,594	} £617,002
December	"	38,199		December	"	171,001	
March	"	41,884		March	"	147,778	
June	"	40,333		June	"	152,629	
FINANCIAL YEAR 1859-60.				FINANCIAL YEAR 1864-5.			
September Quarter	...	£41,491	} £178,117	September Quarter	...	£140,872	} £643,297
December	"	44,607		December	"	150,995	
March	"	46,298		March	"	167,690	
June	"	45,721		June	"	183,740	
FINANCIAL YEAR 1860-1.				FINANCIAL YEAR 1865-6.			
September Quarter	...	£45,790	} £204,612	September Quarter	...	£180,160	} £796,227
December	"	51,359		December	"	198,418	
March	"	52,236		March	"	208,794	
June	"	55,227		June	"	208,855	
FINANCIAL YEAR 1861-2.				FINANCIAL YEAR 1866-7.			
September Quarter	...	£66,935	} £339,393	September Quarter	...	£199,452	} £864,668
December	"	86,466		December	"	227,253	
March	"	98,050		March	"	220,183	
June	"	87,942		June	"	217,780	

Custom House, Wellington,
16th August, 1867.

WILLIAM SEED,
Secretary and Inspector.

FINANCIAL STATEMENT.

Return II.

RETURN showing AMOUNT and VALUE of GOLD EXPORTED during the Financial Years from 1856-7 to 1866-7.

	1866-7.		1857-8.		1858-9.		1859-60.		1860-1.		1861-2.		1862-3.		1863-4.		1864-5.		1865-6.		1866-7.		TOTAL.		
	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	Ozs.	Value.	
Auckland
Nelson
Otago
Marlborough
Canterbury
Southland...
TOTAL...	976	3,784	17,220	66,730	9,482	36,747	6,147	23,818	6,341	24,568	449,279	1,740,956	504,896	1,953,354	559,727	2,165,672	420,598	1,631,179	738,816	2,858,078	674,545	2,605,789	3,388,027	£13,110,675	

The year 1862-3 is the first in which the produce of the several gold fields is shown separately.

J. WOODWARD,
Assistant Treasurer.

Treasury, 17th August, 1867.

Table III.

RETURN of the VALUE of IMPORTS and EXPORTS for each PROVINCE for the Year ending 30th June, 1867.

PROVINCE.	VALUE OF IMPORTS.	VALUE OF EXPORTS.
	£ s. d.	£ s. d.
Auckland	1,109,641 0 0	268,894 0 0
Taranaki	50,622 0 0	1,116 0 0
Wellington	720,409 0 0	239,643 0 0
Hawke's Bay	75,075 0 0	73,300 0 0
Marlborough*	12,655 0 0	52,556 0 0
Nelson	429,959 0 0	243,162 0 0
Canterbury	1,759,748 0 0	2,470,964 0 0
Otago	1,825,700 0 0	1,086,164 0 0
Southland	196,003 0 0	142,948 0 0
Chatham Islands	257 0 0	95 0 0
	£6,180,069 0 0	£4,578,842 0 0

* This does not include the Wairoa returns of last Quarter, which have not yet been sent in.—W. S.

Office of the Commissioner of Customs,
Wellington, 31st July, 1867.

WILLIAM SEED,
Secretary and Inspector.

RETURN of the VALUE of IMPORTS and EXPORTS for each PORT of NEW ZEALAND for the Year ending 30th June, 1867.

PORTS.	VALUE OF IMPORTS.	VALUE OF EXPORTS.
	£ s. d.	£ s. d.
Auckland	1,085,489 0 0	247,023 0 0
Wangarei ... ..	...	160 0 0
Russell	1,068 0 0	175 0 0
Mongonui	740 0 0	2,761 0 0
Hokianga	6,634 0 0	16,314 0 0
Kaipara	15,710 0 0	2,461 0 0
New Plymouth	50,622 0 0	1,116 0 0
Wanganui	57,088 0 0	11,749 0 0
Wellington	663,321 0 0	227,894 0 0
Napier	75,075 0 0	73,300 0 0
Wairau	6,992 0 0	43,020 0 0
Picton	5,658 0 0	7,922 0 0
Havelock	5 0 0	1,614 0 0
Nelson	426,701 0 0	69,109 0 0
Westport	3,258 0 0	106,564 0 0
Brighton ... ..	...	67,489 0 0
Greymouth... ..	237,507 0 0	614,060 0 0
Hokitika	661,928 0 0	1,191,529 0 0
Okarito	8,452 0 0	14,150 0 0
Lyttelton and Christchurch	800,422 0 0	496,818 0 0
Akaroa	7,423 0 0	...
Timaru	44,016 0 0	154,407 0 0
Oamaru	15,990 0 0	90,746 0 0
Dunedin	1,809,710 0 0	995,418 0 0
Invercargill... ..	148,679 0 0	139,574 0 0
Bluff Harbour	20,944 0 0	3,374 0 0
Riverton	26,380 0 0	...
Chatham Islands	257 0 0	95 0 0
	£6,180,069 0 0	£4,578,842 0 0

Office of the Commissioner of Customs,
Wellington, 31st July, 1867.

WILLIAM SEED,
Secretary and Inspector.

Return IV.

RETURN showing the ANNUAL EXPENDITURE authorized by the General Assembly for COLONIAL SERVICES, out of the ORDINARY REVENUE, for the Financial Years from 1858-9 to 1866-7.

	1858-9.		1859-60.		1860-1.		1861-2.		1862-3.		1863-4.		1864-5.		1865-6.		1866-7.		TOTALS.		GRAND TOTAL.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Civil List ...	19,000	0 0	19,000	0 0	19,000	0 0	19,000	0 0	25,000	0 0	27,500	0 0	27,500	0 0	27,500	0 0	27,500	0 0	211,000	0 0		
Permanent Charges, Interest, &c. ...	20,565	19 1	21,591	8 3	20,901	2 10	35,473	0 11	79,139	8 4	96,055	4 5	108,196	1 2	186,451	8 8	305,365	17 9	873,739	11 5		
Annual Appropriations	27,717	12 0	30,207	18 1	65,772	9 7	92,226	17 8	108,437	7 5	152,242	6 8	120,794	1 1	329,623	9 6	336,458	13 1	1,263,480	15 1		
TOTAL ...	67,283	11 1	70,799	6 4	105,673	12 5	146,699	18 7	212,576	15 9	275,797	11 1	256,490	2 3	543,574	18 2	669,324	10 10	£2,348,220	6 6		

RETURN showing the ANNUAL EXPENDITURE authorized by the General Assembly for PROVINCIAL SERVICES, out of the ORDINARY REVENUE, for the Financial Years from 1858-9 to 1866-7.

Auckland ...	11,972	15 11	11,960	3 6	14,783	1 10	18,261	0 8	19,521	3 7	24,428	1 9	28,954	8 10	39,704	13 0	30,334	18 2	199,920	7 3		
Taranaki ...	1,341	12 5	1,445	14 4	1,482	3 8	1,967	6 4	2,552	15 1	2,696	3 7	3,344	0 10	4,547	7 3	3,436	10 2	22,818	13 8		
Hawke's Bay ...	747	14 3	1,529	1 1	2,320	2 1	2,737	10 8	3,643	3 6	3,872	17 0	4,726	7 8	5,685	7 8	4,726	0 11	28,895	15 6		
Wellington ...	7,891	7 10	6,816	0 7	8,270	2 3	10,306	13 8	10,324	2 7	11,152	4 7	12,258	17 6	16,753	13 2	15,882	9 6	99,155	11 6		
Nelson ...	6,229	14 11	5,410	16 9	4,862	2 0	6,852	14 3	6,067	13 3	7,007	7 0	6,843	16 4	9,329	3 10	8,343	10 4	60,946	18 8		
Marlborough ...	...	...	395	6 9	1,064	7 2	1,501	5 3	2,280	18 8	3,535	16 10	3,462	19 10	9,341	17 6	5,205	5 11	26,790	17 11		
Canterbury ...	5,915	19 6	6,130	3 1	8,340	1 2	12,321	17 6	16,166	18 2	22,485	11 5	23,852	6 10	43,396	16 6	45,387	1 0	183,997	5 2		
Otago ...	3,868	1 4	3,651	0 3	4,592	4 1	18,289	3 2	44,832	2 9	57,252	6 11	48,815	18 3	76,850	11 2	43,662	1 2	303,029	9 1		
Southland ...	...	...	...	...	452	9 8	1,995	13 2	4,626	1 9	17,256	3 0	10,228	6 1	14,097	15 10	7,484	17 11	56,141	7 5		
TOTAL ...	37,467	6 2	37,338	6 4	47,372	13 11	74,233	4 8	110,014	19 4	149,696	12 1	141,394	12 10	219,710	5 11	164,463	5 1	£981,691	6 4		

RETURN showing the ANNUAL AMOUNT distributable out of the ORDINARY REVENUE as SURPLUS REVENUE, to the credit of the PROVINCES, for the Financial Years from 1858-9 to 1866-7.

Auckland ...	20,643	6 2	31,620	13 7	22,672	15 3	36,960	10 5	43,758	3 11	62,387	7 11	103,216	5 3	28,098	1 8	27,601	8 1	376,958	12 3		
Taranaki ...	2,069	7 6	2,557	1 7	4,005	16 9	2,692	14 0	2,746	2 6	4,823	15 9	8,129	3 1	2,651	8 1	2,070	19 11	31,746	9 1		
Hawke's Bay ...	1,442	7 0	3,721	7 4	1,855	6 0	3,566	14 7	2,898	14 11	4,813	12 3	9,236	5 1	5,533	8 9	4,825	2 1	37,892	18 0		
Wellington ...	20,664	3 9	17,656	3 1	12,237	17 7	16,586	11 3	18,130	19 8	21,061	1 6	31,410	15 2	24,690	19 7	23,606	1 11	185,997	13 6		
Nelson ...	4,553	3 6	7,168	4 6	6,375	6 11	8,860	13 4	9,967	17 7	11,476	14 0	16,637	6 5	15,550	15 7	18,663	18 2	99,254	0 0		
Marlborough ...	...	...	118	10 2	111	4 2	633	7 2	60	16 11	Dr. 18	13 10	3,592	1 2	Dr. 6,623	13 11	Dr. 4,115	19 10				
Canterbury ...	14,653	12 11	17,874	14 10	13,599	13 2	20,007	8 9	28,362	19 10	39,820	9 6	50,701	18 8	72,979	0 9	60,591	14 11	318,591	13 5		
Otago ...	6,533	15 1	14,270	18 5	15,733	8 7	76,388	17 8	103,832	11 1	114,235	5 2	103,016	5 8	Dr. 310	19 4	47,376	19 1	481,077	1 5		
Southland ...	...	...	...	...	338	16 7	3,605	15 8	20,027	11 3	24,931	6 5	15,203	7 9	Dr. 2,494	4 6	8,827	10 9	70,440	3 11		
TOTAL ...	70,559	15 11	94,987	13 7	76,930	5 0	169,252	12 10	229,785	17 7	283,533	18 8	341,143	8 3	140,074	16 8	191,574	3 3	£1,597,842	11 9		

RETURN showing the ANNUAL AMOUNT distributed out of the ORDINARY REVENUE as SURPLUS REVENUE, to the credit of the PROVINCES, for the Financial Years from 1858-9 to 1866-7.

Auckland ...	18,466	16 3	21,780	14 9	34,617	12 11	28,780	12 1	42,120	13 0	57,457	16 4	74,208	7 1	63,325	14 10	53,955	0 11	394,913	8 2		
Taranaki ...	1,825	8 10	2,045	17 10	4,237	6 11	2,846	6 9	3,169	16 3	4,088	5 5	6,470	12 2	5,669	8 2	5,419	14 7	35,772	16 11		
Hawke's Bay ...	1,258	9 2	2,676	2 5	2,551	9 0	3,179	14 5	3,376	16 0	4,752	9 8	7,065	8 2	8,225	1 11	9,464	14 10	42,550	5 7		
Wellington ...	15,801	2 5	14,614	17 10	18,274	9 2	14,273	2 8	15,779	7 6	17,766	16 8	31,694	4 5	29,381	1 7	38,710	10 1	196,235	12 4		
Nelson ...	5,671	3 9	5,547	16 7	7,305	6 4	7,847	17 5	8,925	11 4	11,359	8 3	13,397	13 10	18,254	14 5	25,471	1 0	103,780	12 11		
Marlborough ...	...	...	229	14 4	601	18 0	399	15 2	...	...	1,918	16 4	1,918	16 4	2,126	16 5	2,670	12 5	7,947	12 8		
Canterbury ...	11,854	14 6	12,919	11 9	20,698	16 3	16,806	16 6	26,496	18 5	37,151	8 5	43,463	2 9	83,773	4 9	101,433	15 6	354,598	8 11		
Otago ...	5,737	6 6	9,066	15 7	19,687	2 1	51,804	5 4	100,414	19 7	121,239	3 9	98,635	10 4	67,325	14 3	87,551	8 2	561,522	5 7		
Southland ...	...	...	...	...	...	...	3,439	17 7	14,247	10 1	29,145	12 10	12,359	11 0	10,900	6 2	14,048	0 6	84,149	18 2		
TOTAL ...	60,615	1 6	68,881	11 1	108,174	0 8	129,378	7 11	214,531	12 2	282,961	1 4	289,273	6 1	288,991	2 6	338,724	18 0	£1,781,581	1 3		

J. WOODWARD,
Assistant Treasurer.

Treasury, 17th August, 1867.

Return V.
RETURN showing the INCREASE to the CUSTOMS REVENUE by the New Customs Act of 1864.

	1865.	1866.	(3) 1867.	TOTAL.
	£	£	£	£
Spirits	81,332	90,100	44,391	215,823
Cigars and Snuff	4,445	4,291	2,716	11,452
Tobacco	33,636	42,234	20,451	96,321
Wine	14,630	11,986	4,832	31,448
Ale, Beer, &c.	17,478	16,869	8,067	42,414
Tea... ..	19,706	23,265	9,806	52,777
Coffee, &c....	3,062	2,903	2,114	8,079
Sugar, &c.	34,005	37,770	16,664	88,439
TOTAL	208,294	229,418	109,041	546,753

Return VI.

STATEMENT exhibiting the ANNUAL IMPORTS, EXPORTS, ORDINARY REVENUE, TERRITORIAL REVENUE, and ORDINARY and TERRITORIAL REVENUE united, of the NORTH ISLAND and MIDDLE ISLAND respectively, for the Financial Years 1853-4 to 1866-7.

		1.—IMPORTS.														
		1853-4.	1854-5.	1855-6.	1856-7.	1857-8.	1858-9.	1859-60.	1860-1.	1861-2.	1862-3.	1863-4.	1864-5.	1865-6.	1866-7.	TOTAL.
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	
North Island	...	555,806	622,664	531,164	544,054	636,265	733,981	787,197	852,736	1,105,339	1,380,508	1,916,826	2,456,958	2,285,658	1,874,230	16,283,386
Middle Island	...	188,707	229,666	230,145	306,808	429,888	611,406	762,485	1,168,336	2,464,607	4,444,817	4,845,536	3,590,543	3,459,096	3,990,379	26,712,409
TOTAL	...	£744,513	852,330	761,309	850,862	1,066,153	1,345,387	1,549,682	2,021,072	3,559,946	5,825,325	6,762,352	6,047,501	5,744,754	5,864,609	42,995,795
		2.—EXPORTS.														
		1853-4.	1854-5.	1855-6.	1856-7.	1857-8.	1858-9.	1859-60.	1860-1.	1861-2.	1862-3.	1863-4.	1864-5.	1865-6.	1866-7.	TOTAL.
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	
North Island	...	271,429	264,102	230,028	204,876	208,697	237,057	253,529	231,474	239,508	320,693	506,539	536,308	475,025	668,276	4,647,541
Middle Island	...	40,642	79,263	109,488	135,787	202,436	265,737	316,690	748,126	1,656,982	2,683,361	2,936,645	3,020,747	3,641,437	4,585,853	20,373,194
TOTAL	...	£312,071	343,365	339,516	340,663	411,133	502,794	570,219	979,600	1,896,490	2,954,054	3,443,184	3,557,055	4,116,462	5,254,129	25,020,735
		3.—ORDINARY REVENUE.														
		1853-4.	1854-5.	1855-6.	1856-7.	1857-8.	1858-9.	1859-60.	1860-1.	1861-2.	1862-3.	1863-4.	1864-5.	1865-6.	1866-7.	TOTAL.
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	
North Island	...	75,452	86,485	88,165	92,082	110,111	120,560	127,224	142,916	165,496	190,812	256,480	345,639	381,618	362,717	2,540,757
Middle Island	...	19,893	24,428	26,250	38,841	56,535	73,174	93,512	135,669	250,614	434,447	522,449	530,535	629,881	745,645	3,581,903
TOTAL	...	£95,345	110,913	109,415	130,923	166,646	193,734	220,736	278,585	416,140	625,259	778,929	876,174	1,011,499	1,108,362	6,122,660
		4.—TERRITORIAL REVENUE.														
		1853-4.	1854-5.	1855-6.	1856-7.	1857-8.	1858-9.	1859-60.	1860-1.	1861-2.	1862-3.	1863-4.	1864-5.	1865-6.	1866-7.	TOTAL.
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	
North Island	...	88,419	73,192	80,907	33,535	44,084	53,159	58,655	67,993	61,017	47,538	63,983	80,024	71,153	58,995	827,604
Middle Island	...	40,368	48,372	38,331	50,150	82,462	148,682	170,166	213,564	411,074	513,080	555,603	527,384	567,084	555,472	3,921,792
TOTAL	...	£128,787	121,564	69,238	83,685	126,496	201,841	228,821	281,557	472,091	560,618	619,586	607,408	638,237	614,467	4,749,396
		5.—REVENUE—ORDINARY AND TERRITORIAL.														
		1853-4.	1854-5.	1855-6.	1856-7.	1857-8.	1858-9.	1859-60.	1860-1.	1861-2.	1862-3.	1863-4.	1864-5.	1865-6.	1866-7.	TOTAL.
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	
North Island	...	158,871	159,677	114,072	125,617	154,145	173,719	185,879	210,909	226,513	238,350	320,463	425,663	452,771	421,712	3,868,361
Middle Island	...	60,261	72,800	64,581	88,991	138,997	221,856	263,678	349,233	661,718	947,527	1,078,052	1,057,919	1,196,965	1,301,117	7,503,795
TOTAL	...	£219,132	232,477	178,653	214,608	293,142	395,575	449,557	560,142	888,231	1,185,877	1,398,515	1,483,582	1,649,736	1,722,829	10,872,156

J. WOODWARD,
Assistant Treasurer.

Treasury, 17th August, 1867.