

FINANCIAL STATEMENT.

9 B.—No. 1A.

	£
Customs	800,000
Bonded Warehouses	6,500
Stamps	63,000
Telegraph	15,000
Post Office	60,000
Miscellaneous	56,000
	1,000,500

The principal item in this estimate, namely, the proceeds of Customs duties, is put down at but little more than the amount which it realized during the past year. Many members of the Committee will doubtless consider that more sanguine anticipations would have been justifiable, and it is undeniable that the extraordinary richness of the Northern gold fields furnishes a strong argument for such an opinion. It is however but prudent to anticipate, from the increasing attractiveness of the Northern district, some diminution in the population and revenue of other parts of the Colony. We have estimated the Customs revenue of Auckland at £25,000 in excess of last year, but we must expect a corresponding reduction in Westland, North and South, and the same may be expected in the case of Otago. The Stamp Duties may fairly be estimated to yield a larger sum than has been realized during the preceding year, as a considerable amount of legacy duty, the payment of which could not be enforced before the present time, will be received during the current twelve months.

I have next to state the amount of money which, after the practice of that resolute economy with which, as already stated, the estimates for the current year have been prepared, appears to the Government indispensable for the efficient maintenance of the Public Service of the Colony. The estimates are as follows:—

	£		£	
<i>Authorized Ordinary Expenditure, 1867-68.</i>		<i>Estimated Ordinary Expenditure, 1868-69.</i>		
Civil List	27,500	27,500	
Permanent Charges	314,265	320,542	<i>increase 6,277</i>
Class I. Public Domains	4,076	2,880	<i>decrease 1,196</i>
Class II. Public Departments	43,567	37,863	" 5,704
Class III. Law and Justice	69,148	55,587	" 13,561
Class IV. Postal	148,579	106,401	" 42,178
Class V. Customs	44,471	41,781	" 2,690
Class VI. Native	23,544	12,384	" 11,160
Class VII. Miscellaneous, Special & Temporary	48,083	30,029	" 18,054
Class VIII. Militia and Volunteers	24,538	22,183	" 2,355
Total	747,771			
Defence (charged on loan in 1867-68)	109,025	47,497	
	£856,796		£704,647	

The only item in which there is any increase, is that of "Charges on Public Loans." This is accounted for by the interest, &c., on the additional sum of £260,000, which, as I have already explained, has been raised for the several services enumerated in the Public Debts Act of last session.

In nearly every other class of expenditure there is a decrease, the amount being in many cases considerable. This has not been arrived at without much care and exertion, not merely in the preparation of these estimates, but by a constant endeavour on the part of the Government during the recess to effect reductions and combination of offices whenever and wherever this could be done, and public money could be saved, without real injury to the public service. I have no faith in the economy which is merely attempted during the sitting of Parliament. The largest savings which these estimates exhibit are in the Postal Service, in the departments of Law and Justice, and in the Native and Defence Departments. The diminution in the sum proposed for Postal Services is caused in a great measure by the smaller contribution which, owing to the establishment of the Panama Mail Service, is now made by New Zealand to the cost of that by way of Suez, causing a saving of not far from £20,000 a year. The other steam mail services maintained by the Colony are also fewer in number than formerly; and I have been compelled, though reluctantly, to diminish to some extent the accommodation hitherto furnished by the inland mail services. The savings on Postal Services amount altogether to £42,178.

In the department of Law and Justice a considerable number of district magistrates have been dispensed with, and other reductions have been effected as opportunities presented themselves.

The sum asked for Native purposes is reduced from £23,544, as voted for 1867-68, to £12,384 for the present year. In both cases this is in addition to the £7,000 provided by the Civil List, and to the permanent appropriation of £4,000 contained in the Native Schools Act. It is only fair to state that a portion of the sum provided on the Civil List for Native purposes remains unexpended, and will be drawn if required. The following statement of the outlay on Native purposes during the past ten years will show that this expenditure has been reduced to an extent which will, I think, elicit the approval of the most ardent economist:—

	£	s.	d.
Expenditure in year 1858-59	11,109	15	4
" " 1859-60	17,140	8	7
" " 1860-61	17,800	14	0
" " 1861-62	25,372	7	11
" " 1862-63	53,412	19	1
" " 1863-64	52,599	3	2
" " 1864-65	60,291	6	9
" " 1865-66	49,547	19	0
" " 1866-67	30,751	4	0
" " 1867-68	21,200	19	8

As has been already stated to the Legislature, steps have been taken for abolishing the Defence Office as a separate Ministerial Department. The office of Under-Secretary for Defence has been done away with, and that of Defence Minister will also be dispensed with within a very short time after the operations at present being carried out are brought to a close. The reductions effected last year in the provisions for Militia and Volunteer services were so considerable, that no further savings of large amount have been found practicable. The capitation grant for