

## FINANCIAL STATEMENT.

By the Honorable JOHN HALL, 1st September, 1868.

On the House going into Committee of the whole,

Mr. HALL said,—Mr. Carleton, if it is usual for the person upon whom it devolves to furnish the annual statement of the financial position of the Colony to bespeak from the Committee an indulgent hearing, I think that the circumstances under which that task devolves upon me give me a claim to a more than ordinary measure of such consideration. I need hardly tell the Committee that I have to speak of financial depression—that, for the first time in the history of this Colony, its revenue exhibits a falling off, corresponding but too truly with the general commercial depression which we know to exist throughout the Colony. I labour also under personal disadvantages, having but very recently undertaken, and being but temporarily in charge of the office of Treasurer, and having had to discharge its functions at the same time with the ministerial and parliamentary duties of my own department. I feel sure, however, that I shall be aided in the discharge of the duty now before me by a large measure of that indulgence of which I have had abundant experience during the time I have occupied a seat in this House. I will promise the Committee, in return for this favour, that my statement shall be as short as I can make it, consistently with a clear explanation of the important facts of which the Committee and the Colony will be anxious to be informed.

It will probably be for the convenience of the Committee that I should recall the anticipations put before it last year by the Colonial Treasurer in his financial statement, and the proposals which he submitted, and which received the sanction of Parliament; that I should show the extent to which those anticipations and proposals have been realized and carried out; that I should then explain to the Committee the provision which the Government believes to be required for the service of the current year; the means by which that provision should be attained; and the manner in which the financial relations of the General and Provincial Governments should be adjusted.

I will refer first to that new system of keeping the Colonial Accounts, and of ascertaining the amounts payable to the Provinces, which was introduced by the Public Revenues Act of last session. That Act became law on the 10th October, 1867, but its operation extends back to the commencement of the last financial year, namely, the 1st July, 1867. We have heard in some quarters expressions of dissatisfaction at the working of this Act; it is complained that it has not placed the Provinces in possession of their accounts as soon as was promised, although it has undoubtedly done so sooner than heretofore, and that full payments of sums due have not been punctually made. I do not deny that the Act requires modification, and the Government hopes to receive, during the present session, such a report from a Departmental Commission which has been appointed on the subject of the accounts as will enable it to propose substantial amendments.

No doubt the Act has introduced improvements into the Colonial Financial System, but in doing so it has set to the Department by which it has to be administered a task of the arduous character of which the Committee is probably not fully aware. It not only imposes upon the Treasury itself a very large increase of work, to be discharged with a promptitude never before required in New Zealand Finance, but it has extended to the 420 Receivers of Revenue, and the 360 Paymasters and Sub-Paymasters scattered throughout the Colony, the duty of keeping in many cases two, and in some cases four sets of accounts, and of rendering these accounts monthly. Any failure on the part of any of these officers to keep the accounts of the several funds entirely separate, or any error in these accounts or in one of the 60,000 vouchers and receipts sent up by them, gives rise to corrections, correspondence, and loss of time. It must be obvious that the getting into complete working order so extended and complex a machinery must necessarily be a work of much time and great labour, if, indeed, considering the qualifications of a great portion of the agents by whom it has to be worked, it can ever, without considerable modifications, realize the expectations of its projectors. The difficulties I have referred to were immensely aggravated by the time at which and manner in which the Act was brought into operation. When it became law, one quarter of the financial year was already closed and a second was commenced under the old system. It was impossible to make arrangements for the adoption of the new accounts, including the preparation of books and forms, and the instruction of the various officers at head-quarters and throughout the Colony, until the 1st of January. Then the accounts for the first half-year, which had already been made up, had to be entirely reconstructed upon the system laid down in the new Act—a work of very great labour, especially as it had to be carried on simultaneously with the ordinary duties of the department. This work has only recently been completed. These difficulties were further increased by the necessity for adjusting a number of unsettled accounts extending back over several years, for which the Public Revenues Act makes no proper provision. It was only after these obstacles were overcome—which has recently been accomplished, at the cost of an amount of continuous exertion on the part of the officers of the department which I confidently assert has not been exceeded in any establishment in the Colony—that the new system can be said to have started, and since that time the monthly statements and payments have, with one exception, been furnished within the time required by law. In future there is no reason to apprehend that the required accounts will not be forthcoming with reasonable punctuality. I of course except that period of difficulty for the Treasury accountants which elapses between the expiration of one Appropriation Act and the passing of another—during which the expenditure of the Colony cannot be classified in the books of the Treasury, because no classification has been established by law. During this period the account-keeping must necessarily fall into arrear, the effects of which will be felt for some time after the passing of the Appropriation Act; but during this period payments will be made to the Provinces as nearly in accordance with the amounts which will ultimately be due as it is possible to estimate them. In spite of the drawbacks I have enumerated, I am now enabled to lay before the Committee detailed accounts (A.) of the Receipts and Expenditure Table A. of the Colony for the past financial year, within the time prescribed by law, and at a much earlier period than has ever yet been accomplished. This is the earliest date at which such accounts have ever been published, and the first occasion on which the Colonial Treasurer has ever been able to embody them in his financial statement.