

## FINANCIAL STATEMENT.

The Committee will, doubtless, agree with me that the comparatively advanced period of the session to which it has hitherto been found necessary to defer the Financial Statement is a source of considerable public inconvenience, which ought, if possible, to be obviated. It may be done in two ways—namely, either by postponing the meeting of Parliament to a later time of the year, or by making the financial year terminate sooner, and in either case making provision in the Appropriation Act for carrying on the service of the Government for six weeks after the termination of the financial year. The Government will, hereafter, submit a proposition on this subject.

The next point to which I will ask the attention of the Committee is the subject of the claims and counter-claims of the Imperial and the New Zealand Governments. At the time the last financial statement was made there were large disputed accounts outstanding. The mother country claimed from the Colony £1,304,963. The Colony claimed from the mother country £906,856. There did not appear much probability of either claim being paid, but their existence was a source of dissatisfaction, and of serious injury to the Colony. The Committee is aware that these claims are now settled by each party giving to the other a release from all further demands. This settlement cannot, in my opinion, be looked upon as any concession on the part of the Imperial Treasury. It is no doubt an advantage to the Colony to have cleared out of its way a large and formidable claim, consisting though it did of charges which in many instances were quite untenable, and in some actually preposterous, but still a claim urged with all the weight and authority of the Imperial Government, and one the continued existence of which could not but seriously affect the financial credit of the Colony. For these reasons I think it is a source of satisfaction that these accounts can now be considered finally closed on the terms I have mentioned, although I believe that, if the case could have been referred to an independent and impartial tribunal for determination upon considerations of equity and good conscience, and upon a comprehensive review of all the circumstances of the case, New Zealand would have been pronounced a creditor of the mother country to a very large amount. I cannot leave this subject without referring to those persons who have chiefly contributed to the settlement which has been arrived at—to Mr. Weld, who, by the transmission of £500,000 of Debentures, when we had nothing else to send, satisfied the Imperial Authorities of the anxious desire of the Colony to discharge to the utmost its honorable obligations; to my honorable friend the Colonial Secretary, to whom is due the credit of having first asserted the counter-claims of the Colony; to the Hon. Major Richardson, for having, in his valuable and elaborate report, supplied an array of facts and evidence in support of the Colonial claim, without which that claim would doubtless never have been successful; and finally to Mr. Fitzherbert, for the judgment, perseverance, and tact with which he combatted the serious opposition which our claims encountered, and for the success with which his efforts were ultimately attended. Our acknowledgments are also due to the present Secretary of State for the Colonies for the considerate and liberal manner in which he has dealt with the question, and which forms a remarkable contrast to the conduct of the Imperial Treasury. The Committee will doubtless be as glad as is the Government to bid a final adieu to this unpleasant and unprofitable subject.

I now come to the Estimates submitted to the Committee last year of the ordinary revenue of the Colony, and have to show to what extent those estimates have been realized. In doing this I quote from the Public Accounts of the Colony for the financial year 1867-68, already laid upon the Table. It is well known that the revenue has fallen short of the Colonial Treasurer's anticipations. The case stands as follows:—

<i>Estimated Consolidated Revenue,</i> 1867-68.			<i>Actual Consolidated Revenue,</i> 1867-68.		
		£			£
Customs	...	870,000	Customs	...	789,814
Bonded Warehouses	...	5,000	Bonded Warehouses	...	4,851
Stamps	...	75,000	Stamps	...	58,405
Miscellaneous	...	134,000	Miscellaneous	...	127,637
					980,707
			Raised by Treasury Bills	...	25,000
		£1,084,000			£1,005,707

This is a deficiency on Customs of £80,198, and on Stamps of £16,595.

The occurrence of an actual decrease in the revenue of the Colony is so novel, I believe so unprecedented a feature in New Zealand finance, that it may be apt to create a more unfavourable impression than a careful study of the circumstances under which it has occurred will at all justify. The year in which this falling-off has taken place has been one of general depression, not only for this Colony, but for the neighbouring settlements, for the mother country, and indeed for the whole commercial world. It has been a year in which the expenditure occasioned by the presence of large bodies of Her Majesty's troops has been almost entirely withdrawn, and in which the Colony has ceased to feel the stimulating effects of the disbursement of those large sums of money raised by loans, General and Provincial, which only now remain to be paid. When these circumstances and others affecting this Colony in particular, such as the reduction to the extent of nearly one-third in the value of wool, which is one of our main articles of export, are considered, I think the result which I now state to the Committee, so far from being a cause for gloom and despondency, is valuable testimony to the extent and elasticity of the various resources of New Zealand. The returns to be attached to this statement will show that trade, although depressed, is intrinsically sound, the total exports being almost on a par with the imports of the Colony.

There are one or two features in the revenue receipts for the year which appear to deserve the notice of the Committee. The departments with which I am more immediately connected, namely, the Post Office and Telegraph, have not only not shared the general depression, but show an increase both in their gross earnings and in the amount of business transacted by them. This is eminently satisfactory, as the business of those departments is considered to furnish a more correct index to the general condition of the people than any other branches of the public service. The proceeds of Stamps have fallen very short of the amount estimated. To some extent this is no doubt to be attributed to the same causes which have lessened our receipts from other sources, but there is also reason to believe that the use of stamps, in cases where the law requires it, is to a great extent neglected. The Government has under consideration measures for repressing this evil, and has given directions for prosecutions to be instituted whenever and wherever an evasion of the law is discovered. I lay upon the Table a detailed Return of the Duty Stamps sold during the past year; it shows results both curious and instructive.

From the comparison of estimated and actual receipts, I turn to the subject of the expenditure which has been incurred. The actual ordinary expenditure of the Colonial Government for 1867-68, exclusive of payments to Provinces amounting