

SUPPLEMENTARY FINANCIAL STATEMENT.

By the Honorable JOHN HALL, 6th October, 1868.

SUPPLY.

CONVEYANCE OF MAILS BY SEA, £18,650.

Mr. HALL moved the above item *pro forma*, and said,—Sir, the Government stated to the House, in the Financial Statement which I delivered to it some time since, the manner in which it proposed that the finances of the Colony should be dealt with. When making that statement, I gave explanations as to the income and expenditure of the past year, on which subject I need not trouble the House further on the present occasion. I also stated our anticipations with regard to the revenue of the current year, and to the requirements of the public service which will have to be met during the same period. I will now only address the Committee on those portions of our financial proposals which require modification, and will do so in as few words as possible. The financial propositions of the Government must necessarily be modified, for two reasons: first, because the principle upon which we proposed that the financial relations of the General and Provincial Governments should be adjusted, although adopted by the House, and, I believe, accepted by the country, is not to be put into operation during the present year. The principle of the dissolution of partnership is accepted: but its operation is, for the present, suspended. This is one reason why the financial proposals of the Government will have to be modified. They will also, as we all know, have to be altered for another and more serious reason, namely, that the contest—for it must now be called one—in which we are engaged threatens to assume proportions which will require larger provision to be made for our share in it than it was necessary to contemplate when I formerly addressed the House. To the modification in our proposals proceeding from these two reasons I propose to confine myself. In the financial statement it was proposed to divide the year into two financial periods; the first from July to December, 1868, and the second from December, 1868, to July, 1869. The revenue during the first period was to be distributed between the General Government and the Provinces according to the present system, and during the second period upon the principle which I then proposed; the result was that, with an available balance at the commencement of the year of £46,000, there was left an estimated surplus at the end of the year of £384 10s. We are now necessarily thrown back for the whole of this financial year upon the old system, and I have to show to the Committee how, under that system, we shall get through the year. I will refer, first, to the ordinary income and expenditure of the year; and, secondly, to the extraordinary income and expenditure. According to the old system of an equal division of the Consolidated Revenue, the position of the Colony for 1868-69 would be as follows:—

Balance in Bank, 1st July, 1868	...	...	...	...	...	...	...	...	46,979
Colonial Moiety Consolidated Fund	...	...	...	...	...	...	...	...	500,250
Deficiency	...	...	...	...	...	...	...	...	8,877
									<u>£556,106</u>
Treasury Bills to be paid off	...	...	...	...	...	...	...	...	£25,000
Total Charges as per Estimates	...	...	...	...	...	...	...	...	£703,173
Less Provincial Charges	...	...	...	...	...	...	...	...	172,067
									<u>531,106</u>
									£556,106

The Colonial moiety of Consolidated Fund we still put down at £500,250. In the debate on the financial resolutions, some honorable members, whose opinions on this subject are worthy of consideration, stated that I had under-estimated the revenue for the year. I have carefully reconsidered the subject by the light of the most recent returns, and I am sorry that I cannot agree with those honorable members. On the contrary, in spite of the large increase in Customs duties which has taken place in the Northern part of New Zealand, the revenue for the whole Colony, by the last returns, does not quite come up to my estimate. I cannot, therefore, in justice to the Colony, however glad I should be to do so, put down a higher estimate of revenue for the Colonial moiety than £500,250; the total income is, therefore, £547,000. Out of that it is proposed, and the Committee will I am sure agree in this course, to pay off the Treasury Bills issued in the past year, in aid of revenue, to the amount of £25,000. The total charges on the Estimates submitted by the Government, deducting the Provincial Charges, are £531,106, making a total debit of £556,106. That leaves a deficiency at the end of the year of £8,777, without taking into account those extras for which the House will doubtless, as usual, be called upon to provide, in the shape of additional Estimates. Demands of this kind to a considerable amount are already upon the Notice Paper, and my honorable colleagues and myself will have to trouble the House with further items before the Estimates are closed. To some extent, the vote for Steam Services will have to be increased. We can hardly expect that altogether we shall escape without an addition of from £8,000 to £10,000 to the demands we have already made; that would leave a deficiency on the year of some £17,000 or £18,000. The Government has had to consider how that deficiency ought to be met, for met it must be. Anything in the shape of additional taxation is, of course, out of the question. We believe it to be our duty rather to reduce taxation as far as possible. In considering the various items of which the Consolidated Revenue consists, and the payments under the head of General Charges, one feature particularly struck the Government, viz., that whereas, as a general rule, the returns of the various revenue departments are divided equally between the Colony and the Provinces, and the expenses of those departments are locally charged, there are one or two remarkable exceptions to that rule—exceptions which I do not think the House fully realized when it allowed them to be made. The Post Office is locally charged, and the postal revenue is divided between the Colony and the Provinces; the expense of Resident Magistrates' Courts is locally charged, and the revenue derived from them is divided between the Colony and the Provinces; the expense of the Customs Department is locally charged, and the revenue collected by it is divided