

The foregoing Abstract differs also from that of the preceding financial year in its containing no charge against the Ordinary Revenues on account of the Unauthorized Expenditure of former years. A supplementary vote was taken to cover that expenditure, and by a provision in "The Appropriation Act, 1866," it is directed that the expenditure in excess of the sums appropriated for the years 1863-4 and 1865-6, amounting to £61,140 9s. 10d., is to be treated as expenditure authorized by "The Appropriation Act, 1865," and charged as such; but as the account for the year 1865-6 is closed, this supplementary expenditure has necessarily been charged against the Provinces in their respective Surplus Revenues Accounts, as follows:—

	£	s.	d.
Auckland	10,423	12	10
Taranaki	1,096	15	7
Wellington	5,249	13	11
Hawke's Bay	1,325	12	2
Nelson	3,555	10	9
Marlborough	818	13	7
Canterbury	15,713	5	0
Otago	21,118	6	5
Southland	1,838	19	7
	<u>£61,140</u>	<u>9</u>	<u>10</u>

(See page 89, eighth column, of printed Statement.)

As stated in the Report of the previous year, the Surplus Revenues have been increased by a fictitious sum. The Expenditure on account of the General Establishment in the Province of Marlborough exceeded the Ordinary Revenues collected in that Province by the sum of £2,852 14s. 7d. The Province of Marlborough is accordingly charged in account with this excess, and the Surplus Revenues distributed to the other Provinces are increased by a corresponding sum. (Printed Statement, page 63.)

The over issue of Surplus Revenues to the Provinces, which in the last year's Statement was shown to be £36,537 14s. 7d., is found on the 30th June, 1867, to have increased to £325,776 12s. 1d. (Printed Statement, page 89, 10th column.) "The Surplus Revenues Act, 1867," releases the Provinces from all charges on this account prior to 30th June, 1867, and closes the whole of the Provincial Surplus Revenue Accounts on that day, by providing, as an ultimate settlement, that certain fixed sums, amounting altogether to £31,053 10s. 7d., shall be paid *by* the Provinces of Hawke's Bay, Otago, and Southland, and that other fixed sums, amounting to £31,053 10s. 7d., shall be paid *to* the Provinces of Auckland, Wellington, Nelson, and Canterbury. This adjustment was based on a Statement laid before the House of Representatives (Appendix to Journals, 1867, B. 13.), which assumes that the total Surplus Revenues *distributable* under "The Surplus Revenues Act, 1858," for the period included between 1st July, 1858, and the 30th June, 1867, amounted in the gross to £1,597,842 11s. 9d., and that the sum distributed on account of the same period was £1,781,531 1s. 3d. It is found, however, on examination of the Accounts, that the sum distributable is overstated by £50,634 18s. 7d., and, besides this, that a deduction of £61,140 9s. 10d. has to be made for Supplementary Expenditure required by "The Appropriation Act, 1867-8," to be paid out of the Revenues of 1865-6, thus making the total sum distributable £1,486,067 3s. 4d. It is also found that the sums over-issued to Provinces amount to £306,887 2s. 4d., instead of £183,688 9s. 6d., as stated in "The Appropriation Act, 1867-8." In the Annual Statement of the Treasury, the over-issue is stated to be £325,776 12s. 1d.; but in this sum the Treasury has included certain moneys owing by Provinces for Interest and Sinking Fund on the Half-Million Loan, amounting altogether to £18,889 9s. 9d. These transactions are now struck out, as they do not properly belong to the Surplus Revenues Account. They are as follows:—

	£	s.	d.
Auckland	14,482	16	9
Taranaki	2,598	7	3
Wellington	1,722	1	3

They should be transferred to a separate Account as outstanding liabilities of the Provinces.

The issues of Surplus Revenues in excess appear to be as follows:—

	£	s.	d.
Auckland	39,445	8	7
Taranaki	6,132	6	5
Wellington	21,281	14	4
Hawke's Bay	7,993	9	6
Nelson	12,533	11	3
Marlborough	13,745	9	0
Canterbury	65,976	15	0
Otago	120,296	3	4
Southland	19,482	4	11
	<u>£306,887</u>	<u>2</u>	<u>4</u>

Adding, therefore, this total sum (£306,887 2s. 4d.) to the aggregate Surplus Revenues (£1,486,067 3s. 4d.), the total sum distributed to Provinces would be £1,792,954 5s. 8d. instead of £1,781,531 1s. 3d., as stated in the Parliamentary Paper.

If, now, this amended sum of £1,792,954 5s. 8d. were redistributed among the Provinces, the difference between the results which would then be obtained and those on which "The Surplus Revenues Adjustment Act, 1867," was based, would be important. But a fallacy has crept into the method by which the adjustment of 1867 was calculated. The Province of Marlborough, instead of being a sharer in the sum proposed to be divided, was mulct of an additional sum for the benefit of the other Provinces. The