

penditure of the General Government moiety. I shall have occasion to separately refer to an over-payment made to the Province of Southland. In using the term "moiety," and in saying that the Provinces are entitled to one-half of the revenue, I have not been quite exact. Stated exactly, the Provinces are entitled to one-half the revenue collected within the Provinces: for there is a class of revenue, such as Interest on Trust Funds and Sales of Stores—not amounting to much—which is strictly General Government revenue, and which is not divided amongst the Provinces. With this explanation, I will proceed to analyze the expenditure on General Government account. The total expenditure on account of the General Government will be £823,236 11s. 1d., against a total estimate of £737,128 10s. 9d. There are savings on various votes, which are estimated to amount to £12,761 11s. 6d.; excesses on other votes, which are estimated to amount to £74,512 1s. 6d.; leaving a balance of expenditure over votes of £61,750 10s.

Savings and excesses of Expenditure.

Unauthorized Expenditure.

Special Order.

Advance system, as affecting apparent Defence Expenditure.

Defence Expenditure.

Last year's resolutions concerning it.

Table E gives the expenditure in the aggregate to the 31st March; but if you care to analyze the separate votes, you will be able to do so, as each vote is carried out separately, and the respective saving or excess is stated opposite to each in Return B. In a separate Statement, C, a list is given of the items of Unauthorized Expenditure on services not provided for, which, in the Return B, we are now considering, appears as an aggregate of £19,853 19s. 5d. There is also a list of the Unauthorized Expenditure in excess of the several votes. I have not thought it advisable to exercise the power which the Public Revenues Act confers, to make transfers from vote to vote to cover excesses, preferring that the House should see how they have arisen. One item of excess can hardly be called unauthorized expenditure, however, since it comes under an Act of the Assembly, by which the Governor is empowered, by an Order in Council, to sanction an excess to the amount of £40,000. A few days before the meeting of the Assembly, it was found necessary to issue that special order; and that brings me to the consideration of the question of Defence Expenditure. Had it not been for the alteration of the system of accounting which was sanctioned by the House last Session, by which advances have to be brought to account and all liabilities estimated, I might easily have met the House this Session with a statement that there had been a considerable saving upon the vote for Defence purposes. You will observe that, up to the 31st March, there was only an expenditure of £115,757 11s. 8d. for Defence purposes. Did we not bring to account the advances at the end of the year, and also estimate for the liabilities, the Defence expenditure would appear to be considerably within the votes of last Session. Including liabilities up to the end of the year, the expenditure for Defence services, which we estimated at £230,799 for Provincial and General services, will, I believe, amount to £273,361. Table D will afford honorable Members information concerning the Defence expenditure. I must, however, say that since that table has been prepared, the Defence liabilities indicate an increase on the estimate; and I should not be surprised if, when all payments are made, there is found to be another £10,000 required. In the figures I have mentioned, I have not taken into account the recoveries under the head of "Credit to Votes," which, if taken into account, would reduce the excess of expenditure by a considerable sum.

Honorable Members will no doubt recollect that, early in the last Session, some Resolutions were brought down by the Government, expressive of the opinion that the expenditure upon Colonial forces, exclusive of ordinary charges for Militia and Volunteers, within the year, should not exceed £150,000. I am free to confess that, as far as the Government were concerned, those Resolutions were a mistake—that is to say, the Government, in a self-sacrificing and unselfish manner, needlessly imposed restrictions upon itself. But the Resolutions were brought down in perfect sincerity: they were brought down at a time when there was almost a panic with respect to the then large Defence expenditure—when an idea prevailed throughout the House and the country, that a very large amount would be required to be expended upon Defence purposes, and that recourse to a very large loan would be necessary. The Government, in bringing down those Resolutions, did not, perhaps, sufficiently bear in mind the