

FINANCIAL STATEMENT

BY

THE HON. THE COLONIAL TREASURER.

IN COMMITTEE OF SUPPLY, 27TH SEPTEMBER, 1872.

WELLINGTON.

—
1872.

FINANCIAL STATEMENT.

By the Honorable T. B. GILLIES, 27th September, 1872.

MR. O'RORKE,—

My duty this evening is to lay before the Committee, as clearly and intelligibly as I can, the financial position of the Colony, and the position of the various funds which constitute its Public Account. It is with facts and figures I shall have mainly to deal; and so far as those are concerned, I can claim neither consideration nor indulgence—for facts and figures to be valuable, must be accurate. But I do ask, what I am sure the Committee will grant, its earnest attention, so that I may be able to impress upon the minds of honorable Members a clear and distinct view of the pecuniary position of the Colony. That view I shall endeavour to give, neither from a sanguine nor from a despondent point, but from that point of view which a mere calculating machine, without disturbing feelings, might be supposed to adopt. I need hardly assure the Committee, that no question affecting the position of parties in this House will ever lead me either knowingly to injure the credit—which means the character—of the Colony, or to retard its real progress and prosperity.

I invite the Committee first to consider

THE INDEBTEDNESS OF THE COLONY ON 30TH JUNE, 1872.

On the 30th June, 1872, the funded debt of the Colony amounted to £9,375,941; the unfunded debt, consisting of Treasury Bills, Temporary Debentures, Deficiency Bills, and Bank Overdraft, amounted to £785,000—making at that date a total indebtedness of £10,160,941. For £175,000 of that amount, provision had been made; and that sum, together with an old £5 debenture, has since been paid. On the other hand, £5,200 additional of Defence Loan Debentures have since been issued; so that the entire Colonial debt, at the present time, amounts to £9,985,936. I must observe, however, that although this is the actual existing debt, there is an asset in the shape of Sinking Fund accrued, and held or invested, to the amount of £576,848 13s. 2d. The annual charge on the Colonial revenue in respect of the total debt amounts to £616,895 7s. 5d. That, therefore, is the sum which year by year must be provided for and paid out of the Colonial revenues, General and Provincial, in some shape or way.

I will now proceed to give to the Committee what I believe to be the true position of that part of the Public Account known as the Consolidated Fund, at the 30th June, 1872—in short, a Balance Sheet at that date.

FINANCIAL STATEMENT.

CONSOLIDATED FUND, AT 30TH JUNE, 1872.

ASSETS.		Cr.
	£ s. d.	£ s. d.
By Cash in the Colony in the Bank of New Zealand ...	...	92,896 1 9
By Cash on Deposit with Loan Agents in London, to meet Interest and Sinking Fund falling due in July ...	...	68,787 10 0
By Advances repayable to Consolidated Fund:—		
In the hands of officers and others ...	7,560 10 0	
A large portion of this amount will probably be accounted for as Expenditure, to which extent it is a cross entry as against the amount set down for Liabilities on the other side.		
Due by Imperial Government ...	8,993 11 4	
Due by Provinces to Consolidated Fund on Separate Account	7,318 17 3	
Land Fund overpaid to Provinces ...	593 14 8	24,466 13 3
By Sums recoverable from Provinces in Accounts under "Payments to Provinces Act, 1871," &c. ...	34,642 9 10	
But there are several of these balances disputed by the Provinces, so that, whether ultimately recoverable or not, they cannot be calculated upon as available assets, to the extent of at least ...	5,725 0 7	28,917 9 3
By Amount recoverable from various Funds:—		
Trust Fund ...	78 16 1	
Defence Loan ...	8,358 11 4	
Public Works Account ...	21 0 0	
Consolidated Loan ...	4,995 5 4	
Wellington Municipal Corporation ...	930 0 0	14,383 12 9
These, with the exception of the last, are mere transfers, which will swell this Fund, but will accordingly diminish these other Funds, and will not increase the general cash-spending power of the Colony.		
By Reserve Account—a mere cross entry, being included on the other side as a Liability, but which, if paid as a Liability, will be recoverable from Provinces as an Asset ...	...	314 6 1
		229,765 13 1
By Dr. Balance at 30 June, 1872 ...	...	33,345 18 10
		£263,111 11 11

LIABILITIES.		Dr.
	£ s. d.	£ s. d.
To Liabilities and Engagements payable out of Consolidated Fund, existing at date:—		
Interest and Sinking Fund on Loans, due 1 and 15 July, 1872	...	109,369 14 1
Interest on Temporary Loan Debentures held by Bank, to 30 June, 1872 ...	...	592 12 6
Interest on Temporary Loan Debentures, Deficiency Bill, and Bank Overdraft, to 30 June, 1872 ...	...	1,718 18 0
Amount stated formerly as Reserve Account ...	14,540 2 5	
Additional Liabilities, formerly stated as Miscellaneous Engagements ...	13,000 0 0	
Sundry Balances at credit of Officers and Suspense Accounts	1,304 19 4	
Further Liabilities not previously estimated ...	5,000 0 0	33,845 1 9
To Bank Overdraft ...	60,000 0 0	
To Deficiency Bill held by Trust Fund Commissioners ...	40,000 0 0	100,000 0 0
To Accumulated Savings on Civil List Fund ...	5,618 17 2	
" " Armed Constabulary Reward Fund ...	2,362 13 9	
" " Native Schools Fund ...	9,603 14 8	17,585 5 7
These savings I place as a Liability, because any Government may at any time draw from Consolidated Fund on account of them without any vote of the Legislature. They will not probably be required during the current year, but they are nevertheless a liability which should always be kept in view. The Reward Fund is in reality a Trust Fund, to which I shall at once transfer it.		
		£263,111 11 11

According to this Balance Sheet, which I believe to be correct, or as nearly so as is possible, it will be seen that, at June 30th, 1872, there would be, after realizing all available assets, and paying all known liabilities, a deficit on this fund of £33,345 18s. 10d. to be provided for, instead of there being, as shown by my predecessor, a surplus of £10,562 3s. 3d., with which to commence the present year.

The Committee will naturally ask, how this discrepancy of £43,908 2s. 1d. arises. I will proceed to explain it.

In the first place, my predecessor took credit as an asset for £34,277 18s. 4d. recoverable from the Provinces, which I have good reason to believe will only

amount to £28,917 9s. 3d., being a difference of £5,360 9s. 1d. Then, he took credit for £13,650 16s. 11d., to be received from the Confiscated Lands Account; but he overlooked the fact that even if that amount were recovered, £9,373 9s. 11d. of it was due, not to the Consolidated Fund, but to the Special Fund from which the advance had been made. I cannot, however, treat any part of it as an asset. I have examined into the quantity and position of what remains of the Confiscated Lands; and I believe that after granting to the Natives from whom they were taken a considerable portion—as we mean to do—any balance remaining will not pay, certainly not more than pay, the expense of management and claims upon them. Thus £13,650 16s. 11d., included as an asset by my predecessor, ceases to exist. Then, Sir, he omitted to include as a liability the interest to 30th June, upon Temporary Loan Debentures, Deficiency Bills, &c., to an amount of £2,311 10s. 6d. He also omitted the liability, which I have already referred to, in respect of Savings on Civil List, Native Schools, and Armed Constabulary Reward Fund, £17,585 5s. 7d. There is also £5,000 of additional liabilities, which I have ascertained to be due and which has since 30th June last been in great part paid. These items amount to the discrepancy of £43,908 2s. 1d., thus :—

	£	s.	d.
Provincial Account differences	5,360	9	1
Confiscated Lands	13,650	16	11
Interest on Debentures, &c.	2,311	10	6
Savings on Funds, &c.	17,585	5	7
Additional Liabilities	5,000	0	0
	£43,908	2	1

Having thus explained, I trust clearly, the position of the Consolidated Fund on the 30th June, 1872, I will proceed to do the same in reference to two portions of what is called the Special Fund—viz., The Defence Loan and Public Works Account. And first as to

THE DEFENCE AND OTHER PURPOSES LOAN.

The following is a Balance Sheet showing the position of the cash raised under that Loan as at 30th June, 1872.

ASSETS.	£	s.	d.	Cr.	£	s.	d.
By Cash in the Colony in the Bank of New Zealand ... ..	...	...	...	62,653	17	6	6
By Cash on Deposit in London, being the proceeds of sale of Bonds for £150,000, after paying all charges* ... ..	...	...	...	149,764	0	6	6
By Advances in the hands of Officers ... ..	...	...	...	4,589	19	6	6
A portion of this amount is recoverable in cash; the remainder, when accounted for, will be debited as Liabilities at 30 June, to which extent it is a cross entry as against the £23,792 17s. 4d. on the other side.							
By Amount recoverable from the Province of Otago in separate account ... ..	...	...	...	1,247	0	3	3
By Amount due from New Zealand Settlements Act Account	9,373	9	11				
This amount is not realizable, and is therefore excluded from the Assets.							
				£218,254	17	9	9

* The accounts of the Loan Agents in which this sum appears, were not received until after 30th June, 1872.

LIABILITIES.	£	s.	d.	Cr.	£	s.	d.
To Liabilities and Engagements for Defence Services	23,792	17	4				
This is the unexpended Balance of the Appropriation for the Year 1871-72, reserved for this purpose.							
To Amount payable to Consolidated Fund, to replace amount expended therefrom in 1871-72 for Defence Services	8,358	11	4	32,151	8	8	8
To Temporary Loan Bonds redeemable*	30,000	0	0	69,617	1	10	10
To Advance on Temporary Loan Bonds, repayable*	39,617	1	10				
To Balance of Amount raised under this Act on account of the Province of Otago, applicable to redemption of Otago Dock Bonds ... ..	...	...	...	9,563	7	8	8
To Cr. Balance available for Defence Services of 1872-73	111,331	18	2	2
				106,922	19	7	7
				£218,254	17	9	9

* Redeemed 13 September.

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From this it will be seen that out of the £635,000 raised under this loan there remained, at 30th June last, only £106,922 19s. 7d. available for the Defence Services of the current year, instead of £158,247 5s. 4d. as stated by my predecessor. This discrepancy of £51,324 5s. 9d. requires to be accounted for. £23,792 17s. 4d. of it is accounted for by the fact stated by my predecessor, that the balance of £158,247 5s. 4d. was *inclusive* of liabilities, and therefore to that amount not available for expenditure for the services of the current year. Still there remains a discrepancy of £27,531 8s. 5d. to be accounted for. Of this, £17,921 19s. is accounted for by the fact that my predecessor, whilst taking credit in the Consolidated Fund Account for £8,358 11s. 4d. to be received from Defence, has omitted to debit it as a liability against Defence; and that he omitted to observe that £9,563 7s. 8d., raised under Schedule II. of the Loan Act, is applicable to the redemption of Otago Dock Bonds still to be redeemed, which is a liability against this fund, and which it may be called upon any day to discharge. £9,373 9s. 11d. further is accounted for by that sum (which, as formerly stated, was an advance from the Special Fund on account of Confiscated Lands) having been treated as an asset, but which I cannot recognize as such. The remainder of the discrepancy is the sum of £235 19s. 6d., charges on raising the last £150,000 of this loan, of which my predecessor was not aware when his Statement was made.

I now come to the Immigration and Public Works Loan Account; and of it also I present to the Committee a Balance Sheet to 30th June, 1872.

BALANCE SHEET, IMMIGRATION AND PUBLIC WORKS LOAN, 30TH JUNE, 1872.

ASSETS.		Cr.	
	£ s. d.	£ s. d.	
By Cash in the Colony in the Bank of New Zealand ...	...	40,666	7 0
By Cash on Deposit in London ...	97 7 7		
By ditto, being the proceeds of sale of Bonds for £850,000, after paying all charges* ...	848,662 16 2	848 760	3 9
By Advances in the hands of the Crown Agents and Agent-General, London ...	17,790 10 5		
By Advances in the hands of Officers in the Colony ...	9,629 16 4	†27,420	6 9
By Amount advanced to and recoverable from the County of Westland ...	...	7,500	0 0
		£924,346	17 6

* The Accounts of the Loan Agents, in which this sum appears, were not received until after 30 June, 1872.

† Of this amount about £14,000 has since been repaid.

LIABILITIES.		Dr.	
	£ s. d.	£ s. d.	
To Liabilities:—			
Interest and Sinking Fund for three months to 15 April on £750,000 ...	11,250 0 0		
Ditto to 15 July on £1,600,000 ...	24,000 0 0	35,250	0 0
To Estimated Amount due and payable for services rendered to 30 June, 1872, including such advances outstanding at that date as have probably been expended ...	...	44,000	0 0
		79,250	0 0
By Cr. Balance available for 1872-73 ...	...	845,096	17 6
		£924,346	17 6

The Committee will see from this, that out of the sum of £1,600,000 raised under the Immigration and Public Works Loan, £845,096 17s. 6d. remained at 30th June last, available in cash for carrying out the works already contracted for, or which may hereafter be contracted for. Here I am happy to say that but little discrepancy exists between the accounts of myself and my predecessor, beyond this—that when he showed on this account a balance left of £925,684 1s. 4d., he did so without taking into account the then existing liabilities actually due and

payable to the amount of £79,250, or the charges on raising the last instalment of the Loan, accounts of which had not then been received in the Colony.

As to the Trust Fund, the Land Fund, &c., I shall not detain the Committee, because I believe that in regard to them the statements made by my predecessor are substantially correct.

Before passing from this branch of the subject, namely, the balances of the various Accounts at 30th June, 1872, the termination of our financial year, the Committee will permit me to recall to their recollection the results which I trust I have made clear. They are these—

	£	s.	d.
That on Consolidated Fund, which represents the Ordinary Revenue and Expenditure of the Colony, apart from Defence Purposes and Public Works and Immigration, we were, at 30th June last <i>Dr.</i>	33,345	18	10
That on Defence Loan, we had, at the same date, available for the current year's services	106,922	19	7
That on Immigration and Public Works Loan, we had, at the same date, available for expenditure on Immigration and Public Works Services	845,096	17	6

I ask the Committee to keep those results in remembrance, as I may have occasion to refer to them hereafter.

I now ask the Committee to diverge for a time from the consideration of the cash balance sheets of the various funds at 30th June, 1872—and to accompany me in investigating the position of the various funds included under the general title of the Immigration and Public Works Loan Fund Account as at the 10th September, 1872, when the present Government took office. The state of those funds I propose to examine, with a view to lay clearly before the Committee what balance, not merely of cash in hand, but of the amounts authorized by law to be raised in whole on the several accounts, remained available to the present Government, at the time of their taking office, for works hereafter to be initiated. And first, I will take

THE RAILWAYS FUND.

	£	s.	d.
The total amount authorized to be raised is	2,000,000	0	0
To which has to be added the moiety of Stamp Duties, 1871-72, less refunds	37,202	10	2
	<u>2,037,202</u>	<u>10</u>	<u>2</u>
Against this has to be debited—	£	s.	d.
Amount of accounts passed for payment by Public Works Department to 10th September, 1872	314,365	8	5
Further liabilities at that date for construction, rails, and rolling stock on Railways begun or contracted for	982,347	18	11
Estimated cost of rails ordered or contracted for on account of lines not begun or contracted for	289,168	0	0
	<u>1,585,881</u>	<u>7</u>	<u>4</u>
Leaving a balance out of the £2,000,000 authorised, of ...	£451,321	2	10

available for Departmental charges, any Interest and Sinking Fund which may be hereafter capitalized, and the construction of any other of the Railways which have been authorized by the Legislature, but not yet contracted for. It will be observed, of course, that besides the £451,321 2s. 10d. so available in cash, there will be available for the construction of further railways the stock of rails above referred to for works not contracted for, to the amount of £289,168, making a total of cash and stock (in round numbers) of £740,000.

It may be interesting to the Committee to know what the estimated cost would be of the remainder of the works authorized by Parliament, but not yet contracted for.

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9 B.—No. 2a.

THE NORTH ISLAND ROADS ACCOUNT

stood thus on 10th September, 1872 :—

<i>Cr.</i>	£	s.	d.	£	s.	d.
Amount authorized to be raised				400,000	0	0
<i>Dr.</i>						
Expenditure, 1870-71, less credits	51,909	14	9			
" 1871-72, " " " " " " " " "	68,565	14	0			
Account passed by Public Works Department from 1st July to 10th September, and Advances out- standing	14,893	10	5			
Liabilities on Contracts to date	34,247	0	1			
" Day labour and piece work	3,300	0	0			
Estimated cost of raising £400,000, at $\frac{1}{2}$ per cent. ...	2,000	0	0			
				174,915	19	3
Leaving a balance of				£225,084	0	9

for works and Departmental expenses. Of that amount, however, nearly £60,000 is pledged for works north of Auckland, and £11,000 will probably be required for maintenance of roads and contingencies during the ensuing year.

THE LAND PURCHASE, NORTH ISLAND, ACCOUNT

stood thus on 30th June. I have not been able to get it brought down with sufficient accuracy to 10th September :—

<i>Cr.</i>	£	s.	d.	£	s.	d.
Amount authorized				200,000	0	0
<i>Dr.</i>						
Expenditure, 1870 to 1872, less credits	49,662	5	6			
Liabilities	14,162	1	10			
Estimated cost of raising	1,000	0	0			
				64,824	7	4
Leaving a balance of				135,175	12	8

THE TELEGRAPHS ACCOUNT

stood thus on the 10th September :—

<i>Cr.</i>	£	s.	d.	£	s.	d.
Amount authorized to be raised				60,000	0	0
<i>Dr.</i>						
Expenditure, 1870-71, less credits	26,585	7	10			
" 1871-72	31,501	6	1			
" to 10th September, 1872	3,592	9	8			
	61,679	3	7			
Liabilities and engagements	13,704	6	7			
				75,383	10	2
Expenditure in excess of amount authorized				15,383	10	2

This amount, together with provision for further extensions, my predecessor proposed to meet by allocating the unapportioned amount of the Immigration and Public Works Loan (£40,000) to Telegraphs. In this I coincide with him— at any rate, to the extent of £30,000 for the present; for I think experience has shown that telegraphic expenditure has been fairly and progressively remunerative to the general revenues of the Colony.

The summary of these various accounts, included under the general head of Immigration and Public Works Loan, is as follows :—

	£	s.	d.
Railways—Balance of entire Loan not yet expended or hypothecated	451,321	2	10
Immigration	868,714	2	7
Gold Fields Water Supply	231,855	9	6
Roads, North Island	225,084	0	9
Land Purchase, North Island	135,175	12	8
Telegraphs and Unapportioned	24,616	9	10

These figures, depending as they do so largely on Engineer's estimates, cannot, of course, be relied upon as strictly accurate, but only as a fair approximation.

But a very disturbing item here occurs. The £100,000 last year paid to Road Boards out of this Loan was never apportioned to any particular branch of

it. That amount was ordered to "be paid out of the moneys for the time being standing to the credit of the Public Works Fund," which includes all these several branches. The question now arises, against which of these this £100,000 is to be charged. Upon a careful consideration of the subject, I am inclined to think that it ought to be charged against the Immigration portion of the Loan. The Railways Account is unable to bear it, unless we mean to largely curtail such works. No other of these accounts can bear it, save Immigration; and whilst I am fully alive to the fact that judicious Immigration is our mainstay in making this whole policy successful, I do not think that, at least for some years to come, the charging of this amount to Immigration will reduce that fund below the requirements upon it. Besides, to some extent, it may be said that the opening up of communication throughout the country is paving the way for the successful location of the immigrants to be imported.

The operation of subsidizing Road Boards out of Loan, I do not propose to repeat; for however much I would desire to aid and assist those valuable Local bodies, I believe that even they are alive to the fact that, by getting these aids from Loan, they are merely gaining a temporary benefit at the expense of a constant future taxation.

There is also the item of £10,000 authorized by the Act of last year to be expended generally out of Public Works Account for the prospecting of Coal Fields—a small portion only of which has been spent; and there is in the same Act an indefinite power given to aid the development of Coal Fields from the same account, without charging the sums to be so expended to any definite branch of the Loan Account. As the sums to be expended during the current year will probably not be very large, I propose to leave these meanwhile to go against the balance of Loan unapportioned. It will be necessary hereafter to define the special fund from which the ways and means for such payments shall be provided.

I would now ask the Committee to revert with me to the point where I diverged from the Cash Balance Sheets on the 30th June, 1872. From that point I have now to start afresh to deal with the Estimates of Revenue and Expenditure for the current year. And in reference to these, I shall differ but little from my predecessor, save in a few items. The Committee will remember that the present Government have taken these seats, not on the ground of the impropriety of the policy of their predecessors, but on the ground that those predecessors had failed in the administration of the policy agreed upon. It is, therefore, unnecessary for me to enunciate a general financial policy different from that of my predecessor. My duty will be to carry out the existing policy, subject to such Administrative Reforms as I shall indicate.

THE CONSOLIDATED FUND REVENUE FOR 1872-73

Has, on the whole, been, I think, fairly estimated by my predecessor.

There is a sum of from £8,000 to £10,000 (say £9,000) which will be received from surplus interest on Trust Fund and other accounts in the Colony, not, apparently, taken into account as revenue by my predecessor. As I propose, in the Estimates of Expenditure, to provide, from Consolidated Fund, for the payment of interest on the whole of the Colonial securities, including those held by the Trust Funds, it is only fair to calculate on the surplus interest on those Funds as Revenue. "Incidental Receipts," I therefore increase by £9,000.

With that exception, I accept the Estimates of Revenue of my predecessor; and the Estimated Revenue for 1872-73 will therefore, according to my calculation, be £1,085,000.

I will now state the

PROPOSED EXPENDITURE ON CONSOLIDATED FUND FOR 1872-73.

There are three points under this head in which my proposals vary from those of my predecessor. In the first place, I do not propose to continue the charging of Interest and Sinking Fund on the Immigration and Public Works Loan to the loan itself; giving a grant-in-aid to that fund of one-half of the Stamp Duties, and a further contribution towards interest from the Consolidated Fund. I propose to

charge the Interest and Sinking Fund on that Loan to Consolidated Fund direct, as the law requires; to retain the one-half Stamp Duties to assist in meeting that charge, amending the law to enable that to be done; and to charge against the Public Works Loan for this year only such balance of interest as I find the Consolidated Fund is unable to bear. The cash result will be much the same for this year as was proposed by my predecessor; but in the one case it will be done directly—in the other it would have been done in an indirect and misleading way. In the second place, I propose to increase the Capitation Allowance to the Provinces, by recognizing the fact that the Native population are large consumers of dutiable articles, and by giving—instead of, as formerly, an arbitrary allowance—a capitation in respect of the Natives in each Province, to the amount of 10s. per head, according to a table which will be appended to this Statement as printed. In the third place, whilst accepting, and asking the Committee to pass, the estimates of the Ordinary Expenditure, Class I. to VIII. inclusive, as they have already been brought down—because there has not been time to have them recast and reprinted, and further, because to alter the mode in which the votes are stated would confuse the accounts of both the Treasury and the Controller—I propose to calculate on a reduction in expenditure upon those Classes of at least £10,000. The Committee will remember that such reduction can only be over six months of the year, inasmuch as three months have already nearly gone, and that reductions of officers cannot take place without giving the holders some months' notice, so that the proposed reduction of £10,000 for six months of this year really represents a reduction of £20,000 on a year's expenditure.

The proposed expenditure will, with these alterations, stand thus:—

	£	s.	d.
Civil List	27,500	0	0
Interest and Sinking Fund	399,384	18	2
Permanent Charges	33,258	6	8
Classes I. to VIII., as per Estimates	383,531	3	0
Redemption Treasury Bills	45,000	0	0
Capitation Allowance	220,241	2	6
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Giving a gross Estimated Expenditure of	£1,108,915	10	4
From this falls to be deducted the savings to be made on the Estimates	10,000	0	0
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Giving a Net Expenditure for the year, of	£1,098,915	10	4
To this, however, has to be added the debit balance on the Balance Sheet of Consolidated Fund, previously stated	£33,345	18	10
Less the Civil List and Native School savings, which will not, probably, be required to be paid within the year	15,222	11	10
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	18,123	7	0
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Giving thus a Total Estimated Expenditure of Consolidated Fund (including the whole Interest and Sinking Fund on Public Works Loan of £96,000) for the year 1872-73, of	£1,117,038	17	4

being £32,038 17s. 4d. in excess of the Estimated Revenue for that year. This I propose to meet by debiting the Immigration and Public Works Fund with £34,500 of the Interest and Sinking Fund on that Loan for this year only. The difference between these two amounts will probably be required by the Supplementary Estimates, which it may be necessary to bring down.

Should I in another year have the honor of laying financial proposals before this Committee, I shall set my face entirely against charging any portion of the Interest and Sinking Fund of the Immigration and Public Works Loan to the Loan itself. It is true, that in calculating what our railways and other works will cost us, we ought to capitalize interest as a matter of account; but it is not prudent finance, that we should evade payment of current and annually recurring burdens, by placing them upon loan. By so doing, we are dealing unfairly by the public creditor who lent us the money on the faith of the Loan Act, which declared that the interest was to be paid out of Consolidated Fund

Revenue, and that the entire money borrowed was to be spent on certain reproductive works; and we are dealing unfairly by the Colony by limiting the amount of public works which the money authorized to be borrowed should produce. If a year hence I find the Consolidated Revenue unable to bear these annual charges, I shall be prepared to meet the difficulty by an augmentation of revenue which would properly involve changes in the incidence of taxation rather than that the Colony should be deceived by the idea that it is getting public works for its borrowed money, whilst it is in reality spending its loans in paying interest upon the loans themselves. But before resorting to any augmentation of revenue, this Government would greatly fail in its duty to the country, and to those whose votes have placed its members on these benches, if it did not meanwhile strain every nerve to economize, and to reduce the expenditure of the Government. I believe that reductions to at least £25,000 per annum can be made upon the General Estimates; and the Committee will have reason to find fault, if, when I bring down the Estimates next year, that reduction is not effected.

The Public Works Estimates will be laid before you by the Public Works Minister, although I hope that on future occasions the Treasurer will take the responsibility of bringing down to the House all the Estimates for the various departments.

Permit me, Sir, only to say further, that, recognising as I do the important reforms instituted by my predecessor in the department over which I have now the honor to preside, it will be my duty, as well as my pleasure, freed from the cares of any other office, to devote myself during the recess to reducing those intended reforms into such a practical shape as will simplify the Public Accounts, reduce the existing circumlocution and conflict between the various departments, and enable both the public and the Public Service to be better served at a reduced cost. The whole subject of the financial relations of the Provinces and the Colony will also have my most careful attention; and, however difficult the task may be, I do not despair of arriving at such a solution of this much-vexed question as will, on the one hand, terminate entirely the uncertainty from year to year of those relations, and, on the other, do justice between the respective sections of the Colony.

TABLES REFERRED TO IN THE FINANCIAL STATEMENT.

Table A.

STATEMENT showing the DEBENTURES in CIRCULATION at 30th JUNE, 1872, under the several Loans of the New Zealand Government, the Amount of Sinking Fund Accrued, the Balance of Indebtedness, the Amount of the Annual Charge, and the Proportions in which the several Loans are chargeable against the Colonial and Provincial Governments. Also, of all TREASURY BILLS in CIRCULATION at the same date; also of all OVERDRAFTS or other MONEYS borrowed from the Bank or otherwise at the same date, with alterations in liability up to the 10th September noted.

NEW ZEALAND GOVERNMENT.

Act authorizing the Loan.	Due Date of Debentures.	In Circulation.	Sinking Fund accrued.	Total Debt, after deducting Sinking Fund.	Annual Charge.		
					Interest.	Sinking Fund.	Total.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Ordinance of Legislative Council ...	On Presentation.	(a) 316 0 0	...	316 0 0	...	...	...
"New Zealand Loan Act, 1856" ...	...	156,000 0 0	51,292 1 0	104,707 19 0	6,240 0 0	3,120 0 0	9,360 0 0
£500,000 {	£300,000 ... 31st Dec., 1887						
	25,000 ... 30th Sept., 1888						
	25,000 ... 31st Dec., 1888						
	50,000 ... 30th June, 1889						
	50,000 ... 30th Sept., 1889						
"New Zealand Loan Act, 1860" ...	1st July, 1891	93,100 0 0	26,328 3 1	66,771 16 11	5,586 0 0	1,862 0 0	7,448 0 0
"New Zealand Loan Act, 1863" ...	15th July, 1914	488,000 0 0					
	1st Nov., 1915	500,000 0 0					
	15th Mch., 1891	201,500 0 0					
	15th June, 1891	236,000 0 0					
	15th Dec., 1891	93,900 0 0					
		1,519,400 0 0	134,052 5 11	1,385,347 14 1	76,284 0 0	20,508 0 0	96,792 0 0
"New Zealand Debentures Act, 1864," and Amendment Act, 1865 ...	31st Dec., 1867	150 0 0	...	150 0 0	...	...	...
"Taranaki Loan Ordinance, 1863" ...	1st April, 1873	14,300 0 0	...	14,300 0 0	1,001 0 0	...	1,001 0 0
Consolidated Loan, 1867 ...		2,047,200 0 0	...	...	102,360 0 0	20,472 0 0	122,832 0 0
1st issue, £3,780,000, 15 June, 1868							
2nd " 201,100, 15 Sept., 1868							
3rd " 209,900, 15 Jan., 1869							
4th " 262,100, 15 April, 1870							
£4,453,100							
"Immigration and Public Works Loan Act, 1870" ...		1,600,000 0 0	94,768 1 3	33,979,431 18 9	80,000 0 0	16,000 0 0	96,000 0 0
1st issue, £750,000							
2nd " 850,000							
£1,600,000							
"Defence and Other Purposes Loan Act, 1870" ...		427,000 0 0	...	...	21,350 0 0	4,270 0 0	25,620 0 0
1st issue, £450,000							
2nd " 150,000							
£600,000							
Scrip Certificates ...	30th Sept., 1872	(b) 2,000 0 0	...	2,000 0 0	120 0 0	...	120 0 0
"Defence &c. Loan, 1870" ...	31st Dec., 1878	(c) 35,600 0 0	...	35,600 0 0	1,958 0 0	...	1,958 0 0
		5,895,066 0 0	306,440 11	35,588,625 8 9	294,899 0 0	66,232 0 0	361,131 0 0

PROVINCIAL GOVERNMENTS.

AUCKLAND,—							
"Auckland Loan Act, 1863" ...	33 years from date of issue, or 1st June, 1896.	31,600 0 0	1,475 10 5	30,124 9 7	1,896 0 0	632 0 0	2,528 0 0
"New Zealand Loan Act, 1856" ...	<i>Vide supra.</i>	90,000 0 0	29,591 11 4	60,408 8 8	3,600 0 0	1,800 0 0	5,400 0 0
"Consolidated Loan Act, 1867" ...	"	510,150 0 0	21,701 19 1	538,448 0 11	25,507 10 0	5,101 10 0	30,609 0 0
"Defence &c. Loan Act, 1870" ...	"	50,000 0 0			2,500 0 0	500 0 0	3,000 0 0
Total, Auckland ...		681,750 0 0	52,769 0 10	628,980 19 2	33,503 10 0	8,033 10 0	41,537 0 0

(a) £5 paid off 19th August, 1872.

(b) Issued in anticipation of moneys to be raised under "The Consolidated Loan, 1867."

(c) £5,200 issued in addition between 1st July and 10th September, 1872. Annual Charge, £286.

Table A—continued.

STATEMENT showing DEBENTURES in CIRCULATION, &c.—continued.

PROVINCIAL GOVERNMENTS—continued.

Act authorizing the Loan.	Due Date of Debentures.	In Circulation.		Sinking Fund accrued.		Total Debt, after deducting Sinking Fund.		Annual Charge.															
		£	s. d.	£	s. d.	£	s. d.	Interest.		Sinking Fund.		Total.											
TARANAKI,—																							
"Consolidated Loan Act, 1867"	<i>Vide supra, Preceding page.</i>	25,000	0 0	1,096	3 11	29,903	16 1	1,250	0 0	250	0 0	1,500	0 0										
"Defence &c. Loan Act, 1870"		6,000	0 0											300	0 0	360	0 0						
Total, Taranaki ...	...	31,000	0 0	1,096	3 11	29,903	16 1	1,550	0 0	310	0 0	1,860	0 0									
WELLINGTON,—																							
"New Zealand Loan Act, 1856"	<i>Vide supra.</i>	27,000	0 0	8,877	9 5	18,122	10 7	1,080	0 0	540	0 0	1,620	0 0										
"Consolidated Loan Act, 1867"		133,379	0 0											5,715	10 10	144,663	9 2	6,668	19 0	1,333	15 9	8,002	14 9
"Defence &c. Loan Act, 1870"	17,000	0 0	850	0 0	170	0 0	1,020	0 0															
"Consolidated Loan Application Act, 1869"	1st Jan., 1873	72,000	0 0	...	...	72,000	0 0	4,320	0 0	...	...	4,320	0 0						
"Wellington Loan Act, 1862"	1st July, 1877	2,000	0 0	1,472	9 7	527	10 5	160	0 0	80	0 0	240	0 0										
"Wellington Loan Act, 1866," No. 3	1st July, 1886	10,327	10 0	2,169	19 2	8,157	10 10	826	4 0	206	11 0	1,032	15 0										
"Wellington Debts Act, 1871"	31st Dec., 1876	75,000	0 0	...	...	75,000	0 0	3,750	0 0	...	...	3,750	0 0						
Total, Wellington ...	...	336,706	10 0	18,235	9 0	318,471	1 0	17,655	3 0	2,330	6 9	19,985	9 9									
HAWKE'S BAY,—																							
"New Zealand Loan Act, 1856"	<i>Vide supra.</i>	27,000	0 0	8,877	9 5	18,122	10 7	1,080	0 0	540	0 0	1,620	0 0										
"Consolidated Loan Act, 1867"		83,171	0 0											3,459	10 1	79,711	9 11	4,158	11 0	831	14 3	4,990	5 3
"Wellington Loan Act, 1866"	1st July, 1886	3,172	10 0	...	...	3,172	10 0	253	16 0	63	9 0	317	5 0								
Total, Hawke's Bay ...	...	113,343	10 0	12,336	19 6	101,006	10 6	5,492	7 0	1,435	3 3	6,927	10 3									
NELSON,—																							
"New Zealand Loan Act, 1856"	<i>Vide supra.</i>	*39,351	5 0	12,938	10 1	26,412	14 11	1,574	1 0	787	0 6	2,361	1 6										
"Consolidated Loan Act, 1867"		27,821	7 7											1,158	16 10	26,662	10 9	1,391	1 5	278	4 3	1,669	5 8
"Nelson Waterworks Loan Act, 1864"	Not determinable	14,200	0 0	2,440	16 1	11,759	3 11	1,136	0 0	284	0 0	1,420	0 0										
½ Loan due 1st January, 1876.																							
½ Loan due 1st January, 1881.																							
Total, Nelson ...	...	81,372	12 7	16,538	3 0	64,834	9 7	4,101	2 5	1,349	4 9	5,450	7 2									
MARLBOROUGH,—																							
"New Zealand Loan Act, 1856"	<i>Vide supra.</i>	*5,648	15 0	1,857	5 8	3,791	9 4	225	19 0	112	19 6	338	18 6										
"Consolidated Loan Act, 1867"		7,878	12 5											327	14 2	7,550	18 3	393	18 7	78	15 9	472	14 4
Total, Marlborough ...	...	13,527	7 5	2,184	19 10	11,342	7 7	619	17 7	191	15 3	811	12 10									
CANTERBURY,—																							
"New Zealand Loan Act, 1856"	<i>Vide supra.</i>	51,230	15 5	16,844	8 7	34,386	6 10	2,049	4 7	1,024	12 4	3,073	16 11										
"Consolidated Loan Act, 1867"		561,650	15 4											23,363	2 11	538,317	12 5	28,084	0 9	5,616	16 2	33,700	16 11
"Canterbury Loan Ordinance, 1856"	28th Sept., 1872	830	15 5	830	15 5	...	...	66	9 3	33	4 8	99	13 11								
"Canterbury Railway Loan Act, 1860"	Not determinable	53,792	6 2	...	...	53,792	6 2	3,227	10 9	1,075	16 11	4,303	7 8								
¼ of Loan due 30 June, 1893.																							
"Canterbury Loan Ordinance, 1862"	2nd Jan., 1915	15,784	12 4	...	...	15,784	12 4	947	1 6	157	16 11	1,104	18 5								
Total, Canterbury ...	...	683,319	4 8	41,038	6 11	642,280	17 9	34,374	6 10	7,908	7 0	42,282	13 10									
WESTLAND,—																							
"New Zealand Loan Act, 1856"	<i>Vide supra.</i>	22,769	4 7	7,486	8 3	15,282	16 4	910	15 5	455	7 8	1,366	3 1										
"Consolidated Loan Act, 1867"		153,369	4 8											6,379	8 1	146,939	16 7	7,668	9 3	1,533	13 10	9,202	3 1
"Canterbury Loan Ordinance, 1856"	28th Sept., 1872	369	4 7	369	4 7	...	...	29	10 9	14	15 4	44	6 1								
"Canterbury Railway Loan Act, 1860"	<i>Vide supra.</i>	23,907	13 10	...	...	23,907	13 10	1,434	9 3	478	3 1	1,912	12 4								
"Canterbury Loan Ordinance, 1862"	2nd Jan., 1915	7,015	7 8	...	...	7,015	7 8	420	18 6	70	3 1	491	1 7								
Total, Westland ...	...	207,430	15 4	14,235	0 11	193,195	14 5	10,464	3 2	2,552	3 0	13,016	6 2									
OTAGO,—																							
"New Zealand Loan Act, 1856"	<i>Vide supra.</i>	81,000	0 0	26,632	8 3	54,367	11 9	3,240	0 0	1,620	0 0	4,860	0 0										
"Consolidated Loan Act, 1867"		903,450	0 0											38,520	19 9	964,929	0 3	45,172	10 0	9,034	10 0	54,207	0 0
"Defence &c. Loan Act, 1870"	100,000	0 0	...	...	...	...	5,000	0 0	1,000	0 0	6,000	0 0							
"Consolidated Loan Application Act, 1869"	1st Jan., 1873	7,000	0 0	...	...	7,000	0 0	420	0 0	...	...	420	0 0						
"Otago Loan Ordinance, 1861-62"	Not determinable	40,100	0 0	12,970	14 2	27,129	5 10	3,208	0 0	1,203	0 0	4,411	0 0										
¾ of Loan due 31 Dec., 1874.																							
¾ of Loan due 31 Dec., 1875.																							
"Otago Loan Ordinance, 1862"	1st July, 1898	116,700	0 0	11,349	4 5	105,350	15 7	7,002	0 0	1,167	0 0	8,169	0 0										
"Otago Harbour Loan Ordinance, 1862"	1st Nov., 1874	44,100	0 0	12,740	2 3	31,359	17 9	3,528	0 0	1,323	0 0	4,851	0 0										
"Otago Public Buildings Loan Ordinance, 1862"	1st Oct., 1875	40,075	0 0	9,760	9 2	30,314	10 10	3,206	0 0	1,202	5 0	4,408	5 0										
Total, Otago ...	...	1,332,425	0 0	111,973	18 0	1,220,451	2 0	70,776	10 0	16,549	15 0	87,326	5 0									
TOTALS OF FUNDED DEBT,—																							
Colonial ...	...	5,895,066	0 0	306,440	11 3	5,588,625	8 9	294,899	0 0	66,232	0 0	361,131	0 0									
Provincial ...	...	3,480,875	0 0	270,408	1 11	3,210,466	18 11	178,537	0 0	40,660	5 0	219,197	5 0									
		9,375,941	0 0	576,848	13 2	8,799,092	6 10	473,436	0 0	106,892	5 0	580,328	5 0										

* These are the estimated proportions chargeable.

Table B.

STATEMENT showing the AMOUNT of TREASURY BILLS in CIRCULATION, the Dates at which such Bills mature, and the Annual Charge for Interest thereon; also of Debentures and other Securities deposited against Temporary Advances, &c.

—	Amount in Circulation.			Due Date.	Rate of Interest.	Annual Charge for Interest.				
	£	s.	d.			£	s.	d.		
TREASURY BILLS—										
"Treasury Bills Act, 1869," No. 2...	150,000	0	0	1 Nov., 1874	4d. $\frac{1}{2}$ ct. per diem		9,125	0	0	
"Treasury Bills Extended Currency Act, 1870" ^a	315,000	0	0	"	3 $\frac{1}{2}$ d. $\frac{1}{2}$ cent.	}	22,194	8	1	
"Treasury Bills Act, 1871"	45,000	0	0	30 June, 1873			"	4,961	14	4
	45,000	0	0	30 June, 1874	"					
							<u>£36,281</u>	<u>2</u>	<u>5</u>	
DEBENTURES—										
"Temporary Loan Act, 1870"— In hands of Controller on account of Trust Fund ...	b 30,000	0	0	30 Sept., 1873	6 $\frac{1}{2}$ cent.	{	Due June 30, 1872	448	15	4
						{	" to Sept. 13...	369	17	3
								<u>£818</u>	<u>12</u>	<u>7</u>
Hypothecated to Bank of New Zealand to secure an advance of £40,000 (reduced by a credit to £39,617 1s. 10d) ...	b*45,000	0	0	"	"	{	Due June 30, 1872	592	12	6
						{	" to Sept. 13...	488	8	8
								<u>£1,081</u>	<u>1</u>	<u>2</u>
DEFICIENCY BILL—										
Issued April 23.—In hands of Controller on account of Trust Fund }	c 40,000	0	0	30 Sept., 1872	5 $\frac{1}{2}$ cent.	{	Due June 30, 1872	372	12	0
						{	" to Aug. 23 ...	295	17	10
								<u>£668</u>	<u>9</u>	<u>10</u>
Overdraft, Bank of New Zealand ...	c*60,000	0	0	"	6 $\frac{1}{2}$ cent.	{	Due June 30, 1872	897	10	8
						{	" to Aug. 23 ...	532	12	0
								<u>£1,430</u>	<u>2</u>	<u>8</u>
	785,000	0	0							

^a £20,000 payable out of money to be received under the New Zealand Settlements Acts.

^b Redeemed September 13, 1872.

^c Paid off August 23, 1872.

* 3 per cent., or half this interest, will be credited in the Bank Interest account.

Treasury, September 18, 1872.

J. WOODWARD,
Assistant Treasurer.

Table C.

PROPOSED PAYMENTS TO PROVINCES.

PROVINCE.	POPULATION.		Capitation Allowance : At 15s. for European, and 10s. for Native Population; with 2s. 6d. extra to Westland.		
	European.	Native.	£	s.	d.
Auckland	64,337	23,227	59,866	5	0
Taranaki	4,599	2,355	4,626	15	0
Wellington	25,015	5,322	21,422	5	0
Hawke's Bay	6,212	3,102	6,210	0	0
Nelson	23,062	483	17,538	0	0
Marlborough	5,384	369	4,222	10	0
Canterbury	48,906	607	36,988	0	0
County of Westland	15,381	68	13,492	7	6
Otago	73,956	826	55,880	0	0
	266,852	36,359	220,241	2	6

