

deficit reduced to
£9,377 18s.

All liabilities
of year met, and
£46,000 provided
towards deficit of
1870-71.

reduced to £9,377 18s.—some £300 less than the expected deficiency. With it we commenced the year 1872-73. But, in testimony to 1871-72, I should add, that, as far as it is possible to ascertain, the results stated cover every payment due on account of the year, as well as a sum of £46,000 on account of the deficit of 1870-71.

THE TREASURY AND AUDIT.

Changes in Treasury
and Audit, most
successful.
Now, a real pre-audit.

Treasury and Audit
Accounts made
identical.

To secure identity,
Revenue Accounts
closed on 30th June ;

and £4,500, actually
collected, not in-
cluded in statement
of year's receipts.

Apparent loss cannot
occur again ; and
advantage gained has
been great.

Treasury and Audit-
made law, should be
legalized ;

but there should be
delay before propos-
ing fresh legislation.

Last year, I proposed to the Committee to make certain changes whereby the Controller-General and the Auditor-General would be associated as Commissioners of Audit, and to provide at the same time a thorough system of pre-audit. I introduced a Bill to authorize the required alterations. During the time the honorable Member for Auckland West held office, he was good enough to approve of what I proposed, and the Bill passed through this House before I resumed office. That measure has done all that I expected ; indeed, I may say it has been more successful than I ventured to anticipate. There is now really a pre-audit of the expenditure. The Treasury cannot spend money without the authority of the law ; and the Treasurer has the satisfaction of knowing that it is the duty of the Auditors to see that the expenditure is restrained within legal limits. The so-called Unauthorized Expenditure is paradoxically authorized by the law ; and the law has considerably limited the Advance system. Amongst the most pleasing results of the new system is, that we have been able to secure a thorough identity between the accounts in the Treasury and the accounts in the Audit Office ; but that result has not been achieved without some sacrifice on the part of the Treasury. It is gratifying, of course, to one who has to perform the task which devolves on me to-night, to be able to announce as large a credit balance as possible. It has been the custom to keep the accounts open after the end of the financial year, so as to admit of revenue, up to the 30th June, being received from all parts of the country and brought to account in Wellington. But the Auditors' balances are the actual balances in Wellington ; and to preserve that unison of the two departments to which I attach so much importance, I agreed that the Revenue Accounts should be closed on the 30th June, and only those receipts brought to account which, having arrived in Wellington, the Audit, equally with the Treasury, could take cognizance of. Some of the receipts in different parts of the country were remitted by telegraph ; nevertheless, the actual receipts for the year amounted to £4,500 more than was brought to account, so that in my statement of receipts I am a loser to that amount. Such a loss will, of course, only accrue one year. The balance of last year's receipts, which will pass into this, will compensate for any balance of next year which passes to the succeeding one. In fact, henceforth a twelvemonth's revenue at the Treasury will represent a twelvemonth's receipts there. It is true that the statements of the receipts of the various departments during the twelve months will not exactly tally with the Treasury receipts ; but I see no difficulty that can arise in consequence. The Customs receipts of the year will be the receipts at the various ports during the twelve months from the 1st July to the 30th June. The Customs receipts at the Treasury will be the Customs Revenue that reaches Wellington from the 1st July to the 30th June—a very slight difference in amount, but a great advantage in fact, considering that by the change the books have not to be kept open for a fortnight for retrospective entries, and that the Treasury and Audit Accounts will agree. A great deal of the success of the new system depends upon agreement between the Treasury and the Audit as to modes of procedure within the law but not made incumbent by the law—upon what may be termed Treasury and Audit-made law. It would be better that the results of this agreement should be legalized, because, although not inconsistent with the law they are such as any other Treasurer and any other Commissioners of Audit might refuse to acknowledge. But before proposing a measure which, besides consolidating the existing finance laws, would take cognizance of the improvements to which I have referred, it will be well, I think, to allow a little more time to elapse to determine what, if any, other alterations or improvements might be engrafted on the system. It is a source of much pleasure to me, having so often complained of the difficulty experienced by the Treasury in working