

with the Control Office, to bear testimony now to the fact that the change of system has enabled the Treasury and Audit to work in harmony. I do not wish it to be understood that the Treasury is less controlled. On the contrary, it is more so. But the control is regular and even, not spasmodic and harassing. I must express my acknowledgments to the Commissioners of Audit for the immense personal exertions they have made to ensure the success of the changes, as also to the Secretary to the Treasury and the staff under him for no less arduous exertions. The change by which the duties of Receiver-General and Paymaster-General are combined in one officer—the Secretary to the Treasury—has worked most satisfactorily, and the control, as I have said, is thorough and complete. Our Treasury system is now a great success. It is economical, for it has no branches throughout the country; and it does the work of all the departments, instead of, as in other Colonies, each department, by making its payments out of advances, requiring an expensive Treasury staff of its own. I do not say that a person who sells an inexpensive article to any private individual is not likely to get paid more quickly and with less trouble than he may get paid by the Government for a like article. The payments of the Treasury have to be made according to a system, whereas an individual can pay as he likes. But those who supply the Government do not make bad debts; they know the regulations under which payments are made; and they need not furnish the supplies, if they object to the necessary delays. I think the payments of the Treasury are as prompt as is consistent with the fact that each claim, after being approved by the officer authorizing the expenditure, has to be approved by the Minister at the head of the department; has to be examined and approved by the Audit Office as correct in computation, as within the votes of the Legislature, and as properly charged, a certificate being added that there is sufficient money to satisfy it; and finally, that it has to be approved by the Treasury.

Treasury and Audit work harmoniously; control greater, but regular.

Treasury system now great success.

Payments as prompt as consistent with proper system of checks.

#### LOANS.

Table A shows accurately the amount of the public indebtedness; and I may be excused for expressing the wish that certain newspaper writers and orators would study that Table before committing themselves to incorrect statements on the subject, such as they are fond of making. The indebtedness of the Colony for Colonial Loans amounts to £6,881,261. The indebtedness of the Provinces for Provincial Loans amounts to £3,488,475. For the latter the Colony is contingently liable, and it is no doubt open to those who wish to exaggerate the Colonial indebtedness to treat this contingent liability as one that requires to be met from the Colonial Revenue. The fact is, however, that these loans are primarily charged on Provincial Ordinary Revenues, which include the revenues arising from Waste Lands, and there is no room to anticipate any difficulty in recovering the amounts. The risk the Colony runs as against the Provinces could, I think, be underwritten for a comparatively small sum. Before I conclude, it will be seen that the Government are not unmindful of the subject of increased Provincial indebtedness. In respect to that already incurred, as I have said, I do not think the Colonial contingent risk an onerous one. The liabilities of the Colony, irrespective of Provincial account are £6,881,261. From this has to be deducted £415,352 12s. 6d. for Sinking Fund, leaving a net liability of £6,465,908 7s. 6d. Last year, the same Table showed £6,502,466 as the debt, and £306,440 11s. 3d., as the Sinking Fund; leaving £6,196,025 8s. 9d. as the net debt.

Table A.

Total Colonial Loans, £6,881,261.

Total Provincial Loans, £3,488,475.

Colonial risk for Provincial Loans, could be cheaply underwritten.

Total Colonial Loans, less accrued sinking fund, £6,465,908 7s. 6d. as against £6,196,025 8s. 9d. last year.

The amount this year is reduced by £45,000 under the head of Treasury Bills. I am glad to be able to say I have so far fulfilled the pledge I gave two years ago. It was then my painful duty to announce a deficit of £136,000; but I proposed that £46,000 of the amount should be borne by the Revenue of 1871–72, and that the remainder, £90,000, should be covered by Treasury Bills, payable half in one, half in two years. During the past year, the first of these parcels of Treasury Bills was paid off; indeed, payment was made a month before the Bills were due. I shall propose that the balance be paid off during the current year; so that the deficit of 1870–71 will, by the end of June, 1874, be made good, without any addition on its account to the permanent debt.

£45,000 Treasury Bills paid off during year towards making good deficit of 1870–71; balance to be paid this year.