

1876.

NEW ZEALAND.

FINANCIAL STATEMENT,

(*In Committee of Supply, October 9, 1876.*)

BY THE COLONIAL TREASURER, THE HONORABLE MAJOR ATKINSON.

Mr O'RORKE,—

I desire, with the permission of the Committee, to take this opportunity of stating briefly the financial position of the colony, and of submitting, for the consideration of the Committee, the proposals of the Government for the current financial year.

The Financial Statement of my honorable friend the late Colonial Treasurer, and the tables accompanying that Statement, give such full information as to the position of the Public Accounts that I shall not have to trouble the Committee with much detail upon the present occasion; my object being to give a short and comprehensive statement of our financial proposals.

I will first consider the position of our Loans and Public Works Account, and then of our Revenue and Expenditure.

LOANS.

PUBLIC WORKS ACCOUNT.

Honorable members are aware that by last year's legislation the unexpended balances of the Immigration and Public Works Loan and General Purposes Loan were combined in one account, called the Public Works Account.

In Table G to the Financial Statement of last year, honorable members will find that the balance to credit of the Immigration and Public Works Loan was £2,187,088 11s. 8d., and to the General Purposes Loan £67,062 8s. 4d., which together make an available total of £2,254,151 with which we began the year 1875-76. The transactions for the year are set forth in the Table B(1) attached to the Financial Statement of Sir Julius Vogel, which shows as the result a balance of £136,605 5s. 9d. at credit of the account. I accordingly begin my

Statement of Ways and Means for Public Works with that amount... £136,605 5 9

I add to this sum the Ways and Means partly or entirely realized, but not yet brought to account; they are as follows:—

SALES OF DEBENTURES—

Immigration and Public Works Loan of 1873	...	...	£500,000	0	0
General Purposes Loan, 1873	...	...	500,000	0	0
Immigration and Public Works Loan, 1870	...	...	
Imperial Guaranteed Debentures	...	...	800,000	0	0
Colonial Issue	...	...	4,600	0	0

1,804,600 0 0

Deduct amounts chargeable thereon—

Advances Bank of New Zealand	...	200,000	0	0
Advances Guaranteed Debentures	...	140,000	0	0

340,000 0 0

					£1,464,600	0	0
Moiety of Stamp Duties (6 months)	...	...	...	...	28,750	0	0
Canterbury Branch Railways	...	...	...	...	6,477	18	8
Greymouth Corporation	...	...	...	...	1,750	11	7
Recoverable from Confiscated Lands Account	...	...	...	...	19,963	1	3

Total Ways and Means £1,658,146 17 3

Honorable members will observe that in this sum I have not included certain advances, amounting to £256,845 3s. 4d., repayable by the Provinces. These advances are not an available asset, nor can any large part of them be recovered without taking revenue which it is now proposed to devote to local uses. I do not, however, propose to abandon these claims: they will be charged as a liability against each Province; but honorable members will, I think, agree that they should be omitted as an asset from this account.

It will be seen that I have included in my available balance the proceeds of the £1,000,000 debentures recently disposed of in London. These debentures, as is shown by papers already in the possession of the House, bear interest at five per cent. and have been sold at, and a little above, par. I have also included the £800,000 of Imperial Guaranteed Debentures at their nominal value. I do not intend, at present, to sell these securities, but shall obtain advances upon them as heretofore, as occasion may require.

Of the available balance of £1,658,146 17s. 3d., a large amount is required for works already under contract; and we propose to ask for appropriations to the extent of about £2,000,000, most of which will be required within the year. We would gladly ask for a less amount, and my honorable colleague the Minister for Public Works will endeavour to restrain expenditure as far as is compatible with prudence; but, considering the urgency and importance of the works proposed to be executed, we do not think it wise to ask for less than the sum I have mentioned. Hence, it will be seen that additional Ways and Means, to the amount, in round numbers, of £350,000, will be required to carry on our Public Works and Immigration during the current year.

DEFENCE LOAN.

A reference to the Table G attached to the statement of my predecessor will show that the Defence Loan Account was in debit on the 30th June in the sum of £125,918 10s. 2d. The sale of the £250,000 Bonds recently disposed of in London will now place that account in credit, and after repayment of the sum of £50,000 advanced by the Bank of New Zealand, will leave a balance of £74,081 9s. 10d. available for expenditure. It is proposed to apply the sum of £30,000 out of this balance to the Defence services of the year.

CONSOLIDATED FUND.

EXPENDITURE.

In accordance with my promise, the Government have carefully revised the Estimates, with a view to retrenchment, but find it impossible suddenly to make reductions to any great amount. We have, however, reduced the proposed expenditure for the Colonial Departments by the sum of £34,370, full particulars of which I shall give in Committee. The Government will, during the recess, carefully consider the organization of all the departments, with the intention of reducing the expenditure as far as is compatible with an efficient service.

The proposed expenditure for the year is as follows :—

EXPENDITURE, 1876-77.			
Civil List	...	...	£29,750 0 0
Permanent Charges	...	...	£1,075,184 2 5
Less Interest on Provincial Loans for 12 months, and on Railways for 6 months	...	...	291,765 5 11
			783,418 16 6
Class I.—Public Departments	...	...	90,104 4 6
II.—Law and Justice	...	...	162,448 15 5
III.—Postal and Telegraph	...	...	227,424 0 0
IV.—Customs	...	...	73,166 2 3
V.—Miscellaneous	...	...	62,821 0 0
VI.—Native	...	...	34,985 18 4
VII.—Militia and Volunteers, Armed Constabulary, and Contingent Defence	...	...	78,610 10 0
VIII.—Public Domains and Buildings	...	...	30,711 4 0
IX.—Railways	...	...	260,758 6 8
X.—Municipalities, Road Boards, &c.	...	...	75,000 0 0
			1,096,030 1 2
Capitation and Special Allowances (6 months)	...	...	150,000 0 0
Moiety of Stamp Duties (6 months)	...	...	28,750 0 0
			£2,087,948 17 8
Total	...	...

Provision has been here made for continuing such of the provincial services and for the employment of such of the officers of the Provincial Governments as it has been thought necessary to retain; but to avoid the possibility of embarrassment, power has been taken in the Financial Arrangements Bill to continue other services should it be found desirable to do so. The Government believe that a very large saving will be ultimately made by the amalgamation of the General and Provincial services.

As it is impossible to pass a complete Education Bill this Session, and as it is now only necessary to provide for the six months ending on the 30th June next, it has been determined to leave the charge for education upon the Land Fund, the fees where now payable to the Provincial Governments going in aid of that Fund. I hope honorable members will approve of this arrangement. The Government desire to see education, so far as it is not maintained by endowments, provided for from the Consolidated Revenue; but, looking at all the circumstances of the colony, they have come, with regret, to the conclusion that the cost of education for the present year must be a charge upon the Land Fund.

I may here state that it is intended to provide out of the Consolidated Fund for the whole cost of the administration of the gold fields, and the sum has accordingly been included in the estimated expenditure for Law and Justice. The gold fields revenue is thus released from all liability, and will be divided amongst the several counties in which it is collected.

It will be observed that only six instead of nine months' subsidies are asked for Municipalities and Road Boards. But, as it would be manifestly unfair that

these bodies should suffer by the alteration, I propose to ask for authority to charge the other three months' subsidies against the revenue receivable on account of the Provinces to the 31st December next.

REVENUE.

I now come to the consideration of the Consolidated Revenue. I shall take as my starting point the balance of £121,234 13s. 2d. with which the Treasury closed its accounts on the 30th June last. I add to this sum the assets of the year 1875-76 unrealized at that date, amounting to £19,228 15s. 2d., and deduct therefrom liabilities to the amount of £90,410 12s. 2d. then outstanding, which gives us a surplus of £50,052 16s. 2d. with which to begin the year.

But before proceeding further, I desire to say that we adhere to the policy of our predecessors with regard to taking over the railways, General and Provincial, and charging two per cent. against the District Land Fund, for the total expenditure upon the lines within each district.

We have then an available balance of £50,052 16s. 2d. with which to commence the financial year 1876-77, and I estimate the revenue of the year as follows:—

REVENUE 1876-77.		£	s.	d.
Customs Duties, Rents, Seizures, &c.	...	1,240,000	0	0
Bonded Stores	...	5,500	0	0
Fees, Marine Act, Light Dues, &c.	...	17,350	0	0
Pilotage Rates, Harbour Dues, &c. (6 months)	...	6,667	0	0
Stamp Duties	...	115,000	0	0
Postal	...	96,000	0	0
Telegraphic	...	67,000	0	0
Judicial	...	38,000	0	0
Fees—Registration of Land	...	12,500	0	0
Registration of Deeds	...	15,500	0	0
Registration of Births	...	5,500	0	0
Crown Grants	...	6,000	0	0
Fees and Fines, Sheep Inspection (6 months)	...	5,000	0	0
Fees—Miscellaneous	...	2,500	0	0
Railways—(Colonial 12 months, Provincial 6 months)	...	345,000	0	0
Incidental Receipts	...	46,000	0	0
Miscellaneous Revenue—Provincial (6 months)	...	13,333	0	0
		<hr/>		
		£2,036,850	0	0
Transfer from State Forests Account	...	10,000	0	0
Recoveries for Interest on Railways (6 months)	...	50,000	0	0
		<hr/>		
		£2,096,850	0	0

With one exception, I have accepted the sums set down by the late Treasurer as my estimate of the revenue of the present year. From the Customs Revenue I have thought it prudent to deduct £20,000, owing to the fall in the price of wool. I hope, however, considering the improved prospects of the gold fields, that this item of revenue will yet reach the original estimate. I have added to the Receipts a sum of £10,000, which I propose to restore to the revenue out of the £15,000 transferred last year to the "State Forests Account." The estimate of receipts for services taken over from the Provinces are for six months only, as those receipts will remain provincial revenue until the 31st December next.

As I have said, the balance with which we begin the year is £50,052 16s. 2d. The total revenue of the year is £2,036,850, the transfer of £10,000 from the State Forests Account, and the recoveries for interest at two per cent. on the railway expenditure, £50,000, will bring up the receipts of the year to £2,096,850, to which I add the balance of £50,052 16s. 2d., and make up a sum of £2,146,902 16s. 2d. Deducting therefrom the estimated expenditure, amounting to £2,087,948 17s. 8d., we obtain £58,953 18s. 6d. as estimated surplus, from which, however, we shall have to provide for additional expenditure, to be submitted in the Supplementary Estimates.

The smallness of this surplus will occasion no surprise, when it is remembered that for a long time past the colony has been paying, out of revenue, interest on railway works in course of construction ; and, at the present time, although we have raised and have in course of expenditure upon railways about £7,000,000, we can only recover interest from the Land Fund on moneys expended on completed lines, and that only from the 1st of July next after their completion. Under the existing law, interest can only be charged upon £3,500,000 out of the £7,000,000; or, in other words, we are paying out of Consolidated Revenue about £180,000 a year for interest, which, according to the original scheme of Public Works, should be a charge upon the Land Fund.

The time is, however, fast approaching when the whole of our railway expenditure will become reproductive, and the Consolidated Revenue will thereupon be relieved of a considerable portion of the annual burden of interest now cast upon it. So soon as this result shall have been accomplished, the Consolidated Revenue will be in a position to bear those charges for educational and charitable services which the Government reluctantly proposes to place for the present on the Land Fund.

LAND FUND.

I now come to the consideration of the Land Fund, against which it is proposed to charge interest and sinking fund on provincial loans and liabilities, surveys, and waste lands administration, half subsidies to Counties and Road Boards ; and for the six months ending 30th June next, education and museums, and one-half the maintenance of hospitals and charitable institutions. I append tables showing the estimated receipts and charges in each Province for six months. The result is not very satisfactory, showing as it does deficiencies in most of the Provinces, amounting altogether to about £145,000, which will have to be made good from Consolidated Revenue. It is a noteworthy fact that Canterbury, which has always maintained an uniform and high price for land, will now have a surplus of about £75,000 for the six months.

To make good the deficiencies to which I have referred, there will be the surplus of the Consolidated Revenue, and for the balance it will be necessary to issue Treasury bills, as contemplated in the Abolition Act of last session. This is not to my mind a satisfactory method of finance, but, much as I may dislike the mode by which I propose that the exigency shall be met, I am encouraged by the conviction that the necessity is but temporary, and that the expedient adopted is justified by the peculiar circumstances of the case.

It is but right that the Land Fund, where able, should bear its legitimate burden ; and although in many cases it is at present unequal to the charge, it is reasonable to expect that under an amended land law the fund will materially improve. I hope, also, for the reasons I have given, that the Consolidated Revenue will shortly be in a position to relieve the fund of the temporary charges cast upon it.

In providing for the impending changes, the Government has to face the difficulties arising from the fact that for some time past, the expenditure of many of the Provinces has been considerably in excess of their ordinary income, and that the colonial expenditure has been greatly augmented by the demands of the Provinces.

It will be the endeavour of the Government to remedy those errors in finance which have been the natural outcome of our partnership with the Provinces. The remedy must, however, be applied gradually, and the cure will no doubt take time. We have not only to redeem the errors of the past, but to mark out a wiser course

for the future. Our unproductive expenditure must be kept strictly within our ordinary income, and the several sources of our revenue must each be made to bear its own legitimate burden. The Consolidated Fund should be liable for the cost of those services which minister to the "peace, order, and good government" of the community, and the Land Fund should be responsible for those charges which provide for the acquisition, settlement, and development of our real estate.

PROPOSALS.

I wish, Mr. O'Rorke, I could inform the Committee that it was unnecessary to ask for further borrowing power this year, but that, I regret to say, is practically impossible. It would be so manifestly unwise to stop at this juncture the important works now approaching completion that I do not hesitate to ask for further funds to continue them.

Our proposals are, to ask authority to raise £1,000,000 for the following purposes:—£350,000 additional Ways and Means required for Public Works to June next; £250,000 to provide for probable contract and other liabilities of the Provinces requiring to be met between December and June next, the actual amount of which I have no means at present of ascertaining, and which I hope I may have over-estimated; and £400,000 for such expenditure as the House may direct between the close of the present year and the date at which funds for the continuance of our Public Works can be provided. I do not intend, as was proposed by the late Government, to borrow moneys to make good the large sum, amounting to over £500,000, due by the Provinces to the colonial revenue and to the Public Works Account, but shall hold that indebtedness as a direct liability of the Provinces concerned to the colony. We have reason to believe that all the funds we shall require can be obtained without having recourse to the open market. If our expectations on this point are realized, we shall not attempt to place the loan before next session, unless it should be found advisable, for other reasons, to adopt that course.

I shall next session submit for the consideration of the House a scheme based upon carefully prepared professional estimates, showing definitely and in detail what works are required to complete our railway system, and the cost of such completion; and shall then ask the House to consider the arrangements necessary for completing the scheme. I shall propose to spread over a series of years the raising and expenditure of the moneys required, and thus to keep the annual charge for interest on the debt, within the compass of our growing income.

In conclusion, Mr. O'Rorke, there is much on which I can congratulate the country. In the social and moral condition of our population we have reason for contentment. Notwithstanding the serious fall in the price of wool, our material prosperity is steadily advancing, and I am convinced that our commercial operations were never conducted on a sounder basis. We have passed the most trying period of the year without difficulty, employment being plentiful throughout the winter, and at good wages. The gold fields, not only on the West Coast, but in Otago and Auckland also, show the most satisfactory signs of an increasing productiveness. No one now can reasonably doubt the success of the Immigration and Public Works scheme; but in order to reap the full benefit of that scheme, now within our reach, we must exercise a moderate self-restraint in our future operations.

I trust the Committee will approve of the proposals which I have now submitted, for while the Government are deeply impressed with the necessity of steadily continuing our Public Works and Immigration, they are not the less convinced of the necessity of a prudent and careful finance, and I hope that our endeavours to reconcile these objects will have the support of the House and of the country.

ESTIMATED RECEIPTS of the LAND FUND for Six Months ending 30th June, 1877, with Charges estimated for the same Period, and the Balance shown.

PROVINCE.	LAND SALES.		LICENSEES, RENTS, ETC.			EDUCATION.		TOTAL RECEIPTS, LAND FUND.	CHARGES.	NET BALANCE.
	Ordinary.	Confiscated.	Total Land Sales.	Ordinary.	Confiscated.	Fees and Duties, Native Lands.	Total Licenses, Rents, &c.				Fees and Rents.
Auckland	£ s. d. 780 0 0	£ s. d. 16,000 0 0	£ s. d. 16,780 0 0	£ s. d. 200 0 0	£ s. d. 1,000 0 0	£ s. d. 4,025 0 0	£ s. d. 1,200 0 0	£ s. d. 21,355 0 0	£ s. d. 82,293 6 9	£ s. d. Dr. 60,338 6 9
Taranaki	8,600 0 0	16,000 0 0	24,600 0 0	...	...	425 0 0	...	25,025 0 0	11,894 11 3	19,130 8 9
Wellington	7,300 0 0	4,000 0 0	11,300 0 0	...	500 0 0	2,055 0 0	500 0 0	13,855 0 0	60,688 13 7	Dr. 46,833 13 7
Hawke's Bay	12,300 0 0	...	12,300 0 0	300 0 0	120 0 0	860 0 0	420 0 0	13,580 0 0	16,874 1 5	Dr. 3,294 1 5
Nelson	2,600 0 0	...	2,600 0 0	4,000 0 0	...	1,640 0 0	4,000 0 0	8,240 0 0	26,717 7 8	Dr. 18,477 7 8
Marlborough	660 0 0	...	660 0 0	3,100 0 0	...	375 0 0	3,100 0 0	4,135 0 0	7,461 7 2	Dr. 3,326 7 2
Canterbury	100,000 0 0	...	100,000 0 0	40,300 0 0	...	11,860 0 0	40,300 0 0	152,160 0 0	77,053 3 6	75,106 16 6
Westland	2,500 0 0	...	2,500 0 0	1,100 0 0	...	780 0 0	1,100 0 0	4,880 0 0	19,305 12 9	Dr. 14,925 12 9
Otago	56,300 0 0	...	56,300 0 0	45,000 0 0	...	14,140 0 0	45,000 0 0	115,440 0 0	114,195 14 5	1,244 5 7
Totals	190,990 0 0	36,000 0 0	226,990 0 0	94,000 0 0	1,620 0 0	36,160 0 0	95,620 0 0	358,770 0 0	416,483 18 6	...

PROPOSED Charges on LAND REVENUE for the Six Months ending 30th June, 1877.

—	AUCKLAND.			TARANAKI.			WELLINGTON.			HAWKE'S BAY.			NELSON.			MARLBOROUGH.			CANTERBURY.			WESTLAND.			OTAGO.			TOTALS.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Crown Lands Department ...	745	0	0	842	10	0	992	10	0	251	0	0	662	10	0	160	0	0	825	0	0	425	0	0	3,900	5	0	8,703	15	0
Receivers of Land Revenue ...	50	0	0	...	...	50	0	0	33	6	8	75	0	0	25	0	0	200	0	0	25	0	0	175	0	0	633	6	8	
Education* ...	16,667	0	0	3,117	0	0	12,850	0	0	3,333	0	0	8,050	0	0	2,833	0	0	26,817	0	0	5,300	0	0	28,251	0	0	107,218	0	0
Recurrent Liabilities ...	...	...	...	103	10	0	1,710	0	0	...	...	...	680	0	0	...	...	...	200	0	0	...	...	...	80	0	0	2,773	10	0
Surveys ...	17,743	15	0	3,668	18	9	20,373	17	6	3,135	18	9	5,475	0	0	500	0	0	12,056	0	0	2,095	0	0	10,914	0	0	75,962	10	0
Interest on Provincial Permanent Debts	24,879	18	9	1,026	19	0	8,624	18	2	3,339	2	2	3,824	9	4	625	10	8	2,835	7	0	7,172	3	3	36,392	15	0	88,721	3	4
Subsidies to Road Boards ...	9,410	0	0	1,040	0	0	6,770	0	0	1,940	0	0	3,100	0	0	950	0	0	13,915	0	0	960	0	0	9,915	0	0	48,000	0	0
Interest on amount expended on Railways	7,488	0	0	820	0	0	6,754	0	0	2,917	0	0	2,168	0	0	1,531	0	0	11,103	0	0	1,169	0	0	17,443	0	0	51,393	0	0
Allowances to Superintendents ...	877	15	6	433	6	8	163	14	2	1,128	11	11	702	8	4	561	16	6	1,436	16	6	728	4	6	697	4	5	6,729	18	6
Surveyor-General's Department—say ...	232	10	0	232	10	0	640	0	0	116	5	0	290	0	0	25	0	0	580	0	0	116	5	0	842	10	0	3,075	0	0
Native Land Court—say ...	1,519	7	6	379	16	10	759	13	9	379	16	11	...	...	...	...	...	...	...	...	...	...	...	...	...	...	3,088	15	0	
Hospitals, Benevolent and Charitable Institutions ...	2,480	0	0	230	0	0	1,000	0	0	300	0	0	1,665	0	0	250	0	0	6,210	0	0	1,315	0	0	3,685	0	0	17,135	0	0
Museums—say ...	200	0	0	...	...	...	...	...	...	...	...	25	0	0	...	...	...	875	0	0	...	...	...	2,000	0	0	3,100	0	0	
	82,293	6	9	11,894	11	3	60,688	13	7	16,874	1	5	26,717	7	8	7,461	7	2	77,053	3	6	19,305	12	9	114,195	14	5	416,483	18	6

* Includes a proportionate distribution of £3,334, grant in aid of higher educational establishments.