

1881.
NEW ZEALAND.

FINANCIAL STATEMENT

BY THE COLONIAL TREASURER, THE HONORABLE MAJOR ATKINSON

Wednesday, 6th July, 1881

MR. SPEAKER,—

I have before me this evening a much more pleasing and satisfactory task than that which fell to my lot when I last had the honor of addressing you. As, however, the Statement which I am about to make is far more intimately connected than usual with its predecessors, I must ask permission to recall to the mind of honorable members the financial position of the colony in November, 1879, and at the close of March, 1880. This is necessary, because our condition in 1879 was so unsatisfactory as to require very vigorous treatment on the part of this House, and it is to the results of the action then taken that I have to call your attention to-night. In November, 1879, I estimated that the Consolidated Revenue, including the receipts from land sales, for the nine months to 31st March, 1880—the date proposed for the termination of the financial period then current—would not be sufficient to meet the expenditure chargeable against it to that date by the sum of £796,886, and, in confirmation of that opinion, I pointed out that the revenue between the 30th June, 1879, and the time at which I was speaking, had already proved inadequate to meet the expenditure by about £600,000, which sum had been raised by deficiency bills, and these bills it was hopeless to expect to redeem out of current revenue. The causes of this deficiency were not far to seek. It arose chiefly from the great falling off in the sales of land, and from a lavish and rapidly increasing expenditure at a time when New Zealand, in common with the rest of the civilized world, was suffering great commercial depression. But, although the difficulty was serious and embarrassing at the time, a comparison of the revenue of 1878–79 with that of former years, proved conclusively that our receipts from “Taxation” and for “Services rendered” had been steadily and proportionately increasing, year by year, and that the check which we were then experiencing was temporary only. This House no sooner understood our real financial position than it took immediate steps to equalize expenditure and revenue. A determination was made to rely no longer upon the proceeds of land sales as ordinary revenue, a vigorous system of retrenchment was initiated, and measures were at once adopted for the imposition of additional taxation to cover the charge for interest, amounting to nearly £300,000 a year, payable upon the new loan and Treasury bills created. As, however, one-half of the financial period of nine months had already passed, it was, of course, impossible to meet such a large and unexpected deficit as £796,886 by means of fresh taxation or retrenchment during that period, especially as every item of revenue was either declining or stationary; the only course open was to place the amount upon loan, which was accordingly done by passing “The Treasury Bills Act, 1879,” in which provision was made for £800,000. But the actual deficit on the 31st