

1886.  
NEW ZEALAND.

---

# FINANCIAL STATEMENT

*(In Committee of Supply, 25th May, 1886.)*

BY THE COLONIAL TREASURER, THE HONOURABLE SIR J. VOGEL.

---

MR. HAMLIN,—

It will be my endeavour this evening to occupy the attention of the Committee as briefly as is consistent with the important duty I have to perform. I venture to ask from honourable members the consideration which on nine previous occasions (for this is my tenth budget) they have been kind enough to give me.

## REVENUE AND EXPENDITURE OF 1885-86.

The last financial year commenced with a surplus of £19,891, and it closed with a surplus of £37,859. The result has already been shown in the published accounts of receipts and expenditure, a table of which will be appended to the statement I am now making. It is arrived at thus, simply: The balance of cash and of advances in the hands of officers at the end of the year amounted to £112,859, and there were £75,000 of deficiency bills outstanding; deducting the one from the other you have the surplus I have mentioned. When I made the Supplementary Statement last year the surplus estimated was £19,000; but increased supplementary votes, and an over-estimate of £5,800 of the accretions of the sinking fund, dissipated the surplus, and left, according to the estimates of expenditure and revenue, a deficiency of £62. The estimated revenue has proved less than was anticipated by £1,954, and the expenditure less by £39,875. Deducting the £62 and the £1,954 from the saved expenditure, you have the same result of a surplus of £37,859. It is always well to prove figures by arriving at them in two ways. The double view I have given you shows the actual results and also those results compared with the estimate formed of them last year.

The principal reduction on the estimated expenditure was in the item of subsidies for local bodies. A great deal of it, however, will come in for payment during the present quarter. There was a saving in Defence expenditure of £16,446, and various reductions in other departments, bringing the total savings up to £100,240. But, on the other hand, there were excesses of expenditure amounting in all to £60,365. The principal items contributing to this amount were: interest and sinking fund, under-estimated, £21,473; charitable aid, £13,984; printing and stationery, £1,622; property-tax, on account of triennial valuation, £2,545; postal and telegraph, £2,278 for repairs, and £4,742 for bonuses earned by mail steamers in excess of estimate; and services not provided for, £9,238.

The revenue, as I have said, falls short of the estimate by £1,954. The Customs duties were £15,175 short, the Stamps £4,891, the Railways £5,695, the Marine £1,886, and the Depasturing Licenses £13,166. On the other hand,

there was an excess on the item Registration Fees of £1,600, and £37,819 on the item Miscellaneous. Of the latter increase, £25,000 is due to sinking fund released under "The Public Debts Sinking Fund Act, 1868," on account of excessive accumulation, and £19,000 to interest received on public moneys. The total amount of revenue under the estimate is £41,539, and over the estimate £39,585. The difference between the two gives the net under-estimate of revenue of £1,954, to which reference has before been made. I have explained the transactions of the year on the Ordinary Revenue and Expenditure Account as much at length as the Committee will desire. There is one circumstance I should mention, and that is, that, of the debentures created for the accretions of sinking fund, £106,900 were paid off out of the receipts from converted bonds of the 1867 loan drawn for payment. This amount was in addition to £72,400 paid off on account of the drawing in 1885. I have to give an explicit denial to the statement that liabilities were unusually held over to swell the surplus. The liabilities at the close of the year are not more than ordinarily is the case, whilst the advances have been more closely brought to charge than in previous years.

#### LAND FUND.

The Land Fund Account had a balance at the commencement of the year of £31,931, and at the end of the year there was a deficit of £20,384. This eminently unsatisfactory result is but the consummation of a series of diminished receipts not compensated sufficiently by reduced expenditure. Naturally, I have felt myself called on to make a close analysis of the fund. I find that, besides the Crown Land departmental and survey expenditure charged on the Land Fund, there is debited to it the amounts paid for Crown and Native land rates. Increases of these rates, and delays in the receipt of amounts falling due under the deferred-payment system, have lessened the revenue of and increased the charges on the Land Fund. It was from this fund that the Roads and Bridges Construction Act was to be supplied with means, and it seems to me that the Act fell through when all chance of moneys being available for its purposes from the Land Fund ceased to be possible. The item of Native rates charged to the fund is a very disturbing one. These payments are made on account of Native owners, and are recoverable as the land is sold. To make them a charge on the current revenue is neither in spirit nor letter consistent with the principles to which effect is designed to be given. The best remedy I can propose is that the total amount of these payments shall be treated as advances from the Public Works Fund reducible by receipts from time to time recovered from the Natives. Another item that may fairly be recovered is the cost of survey and expenses attending the sales of land put apart for the Little River and Akaroa Railway. Undoubtedly it never was contemplated that the proceeds of the reserves should be freed from the ordinary payments of surveys and the expenses of disposing of the land.

#### PUBLIC WORKS FUND 1885-86.

There have not been any new loans negotiated since the House was last in session, but an instalment of the third million of the three million loan, and the proceeds of the million and a half loan, have passed to credit of the fund since the end of the financial year of 1884-85. Including the balance at the end of that period, the total receipts of the fund amounted to £2,844,166. An amount of £600,000 representing temporary advances of the previous year was repaid during last year, and £188,300, district railways, appears on both sides of the account, the purchase price and the value of the debentures representing it having passed through the fund. The expenditure out of the fund during the year was £1,287,086—this, and the other two amounts mentioned, from which shillings and pence have been eliminated, deducted from the total, will leave a balance to credit at the end of March last of £768,780, which includes advances in the hands of imprestees. As pointed out on previous occasions, there is always, because of these advances, less money really available for expenditure than appears from the gross balance. The obligations

which remain to be fulfilled make it necessary that fresh means should be promptly provided. At present the only other means existent is the North Island Trunk Railway Loan. The law unwisely, as I think, allows this loan to be used for any purpose authorized by Parliament to be provided for out of the Public Works Fund. Thus, if the loan were negotiated, the proceeds would be available for defraying the expenditure authorized by the usual Imprest Acts. The Government have been desirous to avoid enabling the money to be diverted from the purpose for which it was unquestionably intended. At some risk, therefore, I have avoided negotiating it. The early meeting of Parliament will enable a decision to be more promptly arrived at regarding a new loan. I should like to send Home the necessary authorities for raising such loan in time to enable them to be used at an early date. The nominal effect only which is given to the purposes for which moneys are borrowed is mischievous to the colony and unfair to the lenders. To show the extent of the diversion I may mention that there were certain purposes set forth in the Schedule to the Three Million Loan Act. That loan has been expended, besides which there have been raised two loans, one for a quarter of a million, the other for a million and a half. Deducting the balance on the 31st March last there was at that time about four millions of borrowed money expended since the authorization of the three million loan. Nevertheless there then remained unexpended, on the objects provided by the Schedule to the Three Million Loan Act, no less a sum than £673,000. The Government think that the proceeds of future loans, and the loan for the North Island Trunk Railway, should be tied down for the purposes for which they are borrowed, and provision to give effect to this restriction will be proposed to the Assembly. At present the moneys borrowed are free to be voted as Parliament decides. It is quite clear that any provision which the Legislature makes may be varied by fresh legislation. But express repeal may be made necessary, and if that be done the money could not be voted for other purposes without freeing it first by special legislation from its existing obligation. Members will recognize the wide difference between borrowed money being available for any vote which may be passed, and the necessity before it can be so available of first deliberately decreeing that the funds shall not be applied to the objects for which they were borrowed. For sake of convenience I have gone into this point at the present stage. Later on I will submit to the Committee the nature and extent of the fresh loan for which the Government will ask authority. Honourable members will understand that it is proposed to tie down the money to the purposes mentioned in the Loan Act. This will not, however, deprive Parliament of the power of controlling its expenditure. It will be placed to a separate fund, and be usable only for its designed objects. But within those objects it will be competent to Parliament to decide the amount to be expended each year.

#### THE PUBLIC DEBT AND LOAN CONVERSIONS.

The amount of the public debt on the 31st March was, as nearly as can be estimated without an exact analysis of the late conversions, £34,965,222. The amount of the accrued sinking fund was £3,276,873, and the net debt was therefore £31,688,349.

It is to be remembered that the tendency of the conversions which have been going on so largely is to increase the nominal amount of the debt, but to decrease the annual charge. The conversion of bonds liable to be drawn for payment introduces the complication that, whilst those bonds are otherwise dead, they are liable to interest for the purpose of augmenting the yearly drawing fund. Any bonds the Government hold which are drawn for payment are presented to the Crown Agents, and the money received is employed in paying off the debentures created here under "The Consolidated Stock Act, 1884." Thus, of the debentures created, we have paid off £72,400 on account of the year 1884-85, and £106,900 at the end of the last financial year. These amounts fairly represent the reduction of annual charges consequent on the conversion so far as it relates to the sinking fund. As the interest is debited to the permanent charges the drawn bonds may be fully credited to them to show the net result.

Conversion operations have proceeded on a large scale since the meeting of Parliament. Of bonds to the amount of £10,053,600, for which terms of conversion were offered, £4,137,700 have been brought in. A description of the operations appears in a table, which will be presented to honourable members with this statement. The Agent-General has cabled to me the actuarial estimate of the results as follows: Firstly, augmentation of debt, £164,381; secondly, the annual reduction of charges for the first six years, £42,229, and afterwards an annual reduction of £46,842; thirdly, total reduction of charge, £620,179. The results are, I think, very gratifying. We are rapidly bringing our securities into carrying a lower rate of interest. Soon there will be no part of the debt bearing interest at more than 4 per cent., and the grateful task will fall on a future Treasurer, I venture to predict, of converting the 4 per cents. into 3 or 3½ per cents. It is again my pleasant duty to express the Government's recognition of the ability and untiring zeal with which the Loan Agents have conducted the loan conversions and all other operations of which they have had charge. The settlement of the details of the several conversions required the most anxious consideration and the keenest judgment.

#### THE DEFICIT OF 1883-84.

The House last session did not appear to have any desire to see the deficit of 1883-84 speedily extinguished out of current revenue. Viewing the present condition of industrial occupations within the colony it may be as well to follow the example that other countries are setting, and to hold the amount in suspense. It is not desirable to take £150,000 from the immediate use of the colonists. But I am averse to permanently funding the deficit, and I propose to provide for it by transferring it to five years' debentures, to be held within the colony. They can be taken up and extinguished as circumstances justify such a course.

#### FINANCE OF LOCAL BODIES.

It is essentially necessary that I should explain to the Committee the views of the Government on the finance of local bodies. The subject is most difficult to deal with, for two reasons: firstly, there exists a wide difference of circumstance and condition in the country districts of the colony; secondly, besides the preferences consequent on the difference of conditions, usage and custom have intensified feelings in favour of this or that plan of finance. A solution of the matter that would satisfy all local bodies is therefore very difficult of attainment. In anticipation of the repeal of the Roads and Bridges Construction Act we proposed last year a plan of finance based on fixed annual subsidies extending over a long period of years. When the increase of Customs duties was refused, the Government signified at once that they would withdraw the proposal to fix the subsidies for a term of years, and they merely sought for the subsidy for the year, at the rate of one-half the amounts indicated by the Schedule to the Bill. This plan received the assent of Parliament, and the Roads and Bridges Construction Act was repealed. Provision was made for redeeming the liabilities continuing under this Act, and, as these were very large, it was not immediately necessary to make further provision for local works. But the Government were not unaware that a substitute for the repealed Act required to be found. I wish to touch on controversial points as little as possible, but it is clear that, as the surplus of the Land Fund, on which the conception of the Act was based, had ceased to exist, the Act must have remained inoperative, unless, as was the case, it became a merely borrowing Act. The principal points of the Act were—

1. A division of local works into "main" and "district."
2. The borrowing by the colony to enable both works to be carried on, that borrowing being a part of the railway loans.
3. The supervision by the Public Works Department over the nature and carrying-out of the works.
4. The approval of the main roads by Parliament.
5. The charging the local bodies one quarter only of the cost of main roads, and lending them that quarter.
6. The lending to local bodies the full amounts for district works by terminable annuities of 9 per cent. for fifteen years.

The present Government approve none of these points. They doubt the necessity or expediency of drawing so broad a line between main and district works; they think it unwise to provide funds for local bodies out of loans raised for colonial purposes; they disapprove of the responsibility cast on the Public Works Department, or of requiring Parliament to determine the main roads; they do not see sufficient reason for applying to the two classes of works different plans of obtaining money; and they think a system of finance of a more liberal character should be accorded to the local bodies. Shortly, their proposal is that on the ratepayers shall depend the responsibility of determining and accepting or of refusing works; and that, when the ratepayers approve, money should be provided to the local bodies on very liberal terms. These terms are a payment of 5 per cent. per annum for twenty-six years, secured on special rates; the colony to be responsible for payment of the principal sum, and to meet it by setting aside yearly a sinking fund of 2 per cent. to redeem the debentures at maturity. I need not now enter into details, or explain how, in measure, the 2 per cent. will be reduced by a part of the interest being available. Even were it not so, the Government hold that it will be advantageous to the colony to contribute £2,000 yearly for every £100,000 expended on local works, with the guarantee for their usefulness afforded by the willingness of the ratepayers to pay for a term of years the interest on their cost. Nor need I now explain why the machinery designed will free the proposed sinking fund from the evils inherent to that system of payment. I may, however, observe that it is proposed that Parliament should determine from year to year the limits of the amount to be available to the local bodies; but that, in the absence of any other provision, the amount will stand authorized at not exceeding £200,000 annually. It is intended that these loans shall only be for country districts, and that the storage of water for irrigating and mining purposes shall be amongst the objects that local bodies may carry out. I have thus explained to you the substitute for the Roads and Bridges Construction Act. It will involve, in the course of time, a considerable charge on the consolidated revenue, but a charge which will be well repaid in kind by the increased value of property throughout the colony. It is evident, however, that, with this prospective charge, the Government cannot recommend the subsidies proposed last year, which, in large part, were meant to provide a substitute for the repealed Act. But they are reluctant to do away with the subsidies altogether. It was, in a measure, on the strength of them that the Charitable Aid Act was passed.

With regard to that Act I must interpolate a few words. The object of the Act was not so much to save the Colonial Government from expenditure as to relieve it from duties it could ill discharge, and to cast them on the local bodies and private individuals, who were well able to fulfil them. The Act has answered on the whole. The management of all the institutions will be improved, whilst a great many have attained to the highest condition of development in the shape of separate incorporation. The feature least satisfactory is the disposition to raise special rates, instead of leaning on voluntary donations. Reluctantly the Government yielded to the pressure exerted to give the same amount of subsidy on account of money raised by rates as on account of voluntary donations. They will propose now to slightly increase the subsidy on voluntary donations, to arrest the tendency to which I have referred of raising by special rates the money required.

To return now to the subsidies. The Government propose to limit the annual sum to £150,000, of which half shall come out of loan-money for the present. It is not intended to make the appropriation permanent, although it is believed that the Government should each year make a like provision. This amount, it is estimated, will provide, besides the liabilities, the same subsidies as granted last year—namely, half the schedule rates included in the Local Bodies' Finance and Powers Act, but only three quarters to be payable within the financial year, and the fourth quarter during the three following months.

#### LOANS TO FARMERS ON MORTGAGE.

The Government have not overlooked the report of the Select Committee last year on the subject of reducing the rates of interest farmers have to

pay for loans on mortgage. Interesting information relating to the course of procedure in some European countries will be presented to Parliament. I regret to say I am not able to make proposals on the subject. If the Government were to enter the field as a lender of money, it must obtain that money somewhere. In European countries where Governments do this sort of business there is a sufficient market for the securities that provide the money; but in the colony there is not. At present, though I do not think that it will long be so, there is no sale for 4 per cent. securities at even large discounts, and 5 per cent. bonds hardly command par in small quantities, whilst considerable quantities could not be placed. To lend by giving to the borrower debentures which he would have to sell at a discount would mean to give him less money than the loan purports. Take an example: Suppose that a person on a property worth £2,000 borrows £1,500, and that he is paid by debentures current in the colony only. I take debentures of this kind because, if they are negotiable in Great Britain, they would come under remarks I shall presently make. I need only now say, parenthetically, that if payment were made in English debentures it would be better in every way that the Government should negotiate them in bulk, and pay in money.

To return to local debentures: Supposing they bore 4 per cent. interest and were current for fifteen years, as proposed by the Select Committee, I am sure they would not realize as much as £90 per £100, and that they would be only saleable in small parcels; whilst, if they bore 5 per cent. interest, they would not realize much, if anything, over £95 per £100. A longer currency might make the 5-per-cents more valuable, but it would make the 4-per-cents less so. Now, if we paid the farmer the money he borrows in debentures, he would have to sell them at the discounts I have mentioned, and, besides that he would be paying the same interest on the smaller sum he received as would be payable on the nominal amount of the debentures, he would have at the end of the five or seven years for which he borrowed to make up the discount. Say that he borrowed for five years, and sold the debentures for £95, he would be paying £5 interest for each £95, and at the end of five years have to make up the £5 deficiency—equal in all to over 6 per cent. Even at these rates much could not be done, because there is no large local market for securities at present. But there are some who say you can make these debentures worth par by legislation—you can insist on their being, in the shape of bank-notes, a legal tender for the amounts they represent. It is quite true that you can, by legislation, decree that a pound written on a piece of paper is to mean a pound for all purposes of payment within the colony. You can declare that, as such, it will be receivable as revenue, and that for future debts contracted within the colony it shall be deemed the mode of payment. But those persons who sell goods or lend money may make their own bargains, and add whatever margins they please. What they ask a pound for in gold they can demand thirty shillings for in paper. The Government revenue, unless increased, would enormously suffer; but no legislation could compel any one to give a golden sovereign for a paper pound. Therefore it is that legislation can no more make a paper pound that is not redeemable in gold, on demand, worth a golden pound than it could make one hundred pounds of sugar weigh one hundred and twelve. The law might make the term “hundred-weight” to represent 100lb. instead of 112lb., but the value of 1cwt. would be proportionately reduced. There remains the alternative I have already mentioned of the Government borrowing money in England and lending it out here. This would be quite possible, if it were deemed expedient and recognized as a legitimate function of the State. I was once inclined to see it tried, but I am compelled to say that I do not consider it would be desirable at present. It would overstrain the colony's credit. It might be said, and with justice, that the colony was entering into a well-understood business in competition with numerous other parties, and that it must pay for the money it wanted for such purposes more than for ordinary Government requirements.

The time will come, and in my opinion it is not far distant, when colonial loans will be in such demand that the present rate of interest will be lower, and larger amounts be obtainable. But there will simultaneously be a reduction in interest on, and a larger demand for, mortgage investments. During

the last twenty years the rate of interest in England on Colonial Government securities has fallen from 6 to 4 per cent., but there has been a far greater fall in the rate of interest payable in New Zealand for loans on mortgage. Within the last two years only there has been a fall all round in the rate of such interest of about 2 per cent., and that fall is continuing. Doubtless it may not be felt so much by borrowers of small amounts; and were the Government to do anything they should confine their operations to small loans. But even then they are not likely to be able safely to much improve on what private competition will be able to do, and their entry into the field would drive away private competition to an extent that might ultimately prove more injurious to borrowers than would be repaid by any temporary advantages they gained. The stand the Government now take is, that at present the colony's credit would suffer by their entering into the business, and that they are hopeful private enterprise will give such relief to the small farmers as will render Government interference unnecessary. They recognize, however, that the subject should be watched, and further consideration given to it.

#### ESTIMATED EXPENDITURE 1886-87.

The estimated expenditure during the present financial year amounts to £4,070,208, which is £49,155 in excess of the Estimates and votes, and £89,030 in excess of the expenditure of last year. The increase is fully accounted for by three items—viz., on Education £20,978 is estimated to be required more than last year, on Subsidies to Local Bodies £39,368, and on Working Railways £67,225. The first of these increases is representative of the yearly growing educational demands. The second has been already explained. The third is consequent upon the larger mileage being worked. The purchased district railways now appear in the Estimates on both sides. The increase in expenditure is compensated by the larger revenue expected. The net profit on railways is estimated at £38,471 in excess of last year. When the increases which I have explained on the three items are deducted, the balance of the Estimates shows a less total anticipated expenditure during the year than the actual one of last year of £38,540. I wish emphatically to state that the Government have reviewed the Estimates carefully and reduced the expenditure wherever they considered it could be done with advantage to the public service. I do not mean to say that a less expenditure could not be adopted. There are dozens of branches of the public service—in the way of post offices, mail contracts, schools, telegraph offices, Resident Magistrates' Courts, offices for registration of various kinds, the Volunteer defence (which is an insurance against disasters in case of war), and other items—which the public have grown used to, and the supply of which greatly encourages settlement far from the large towns. The people will have these conveniences, and very properly too; and if Parliament were to excise them extra expenditure would be the consequence, for they would be demanded back again, and in the meanwhile there would be heavy payments for compensation. There have been the usual additions to salaries under £120; the proposed increases of salaries above that amount are very few. Each case of the kind has been most carefully considered by the Government, and they are prepared with the necessary explanations. I entreat honourable members not to do old and tried officers the injustice of coming to a decision before hearing the reasons for each of the few increases submitted. I confidently ask all the gentlemen who within the last few years have held office to look into the additions, and say if they consider them undeserved. As I have stated, there are very few real increases. Some of the seeming ones are consequent on the removal of officers from one part of the country to another, and others are merely due to the promotion of officers to fill the place of those retiring from the service. In these instances we invariably endeavour to refrain from bringing in new officers. We save part of the money, give other officers promotion, and end with the appointment of a cadet. Thus, although the operation is slow, the officers rise and the expenditure is kept down. No Government could be more anxious to reduce expenditure when they see it can safely and properly be done. Whenever there is an opportunity of amalgamating offices we are glad to seize it; and no effort

has been or shall be wanting on our part to take advantage of it. This process is also slow, but on it depends the best hope of reduced expenditure.

I will now refer to some of the departments separately. The Colonial Secretary's shows a large reduction, but it is chiefly occasioned by the charitable-aid vote being transferred to the charge of the permanent Act. The Geological branch has also been transferred to the Mining Department. The census occasions a large addition to the vote of the Registrar-General's Department. The Treasury shows a less sum than last year. There is a reduction in the amount for property-tax, but the vote is still large, as considerable expenditure had to be defrayed after the end of the financial year on account of the costly triennial valuation. The Industrial Exhibition will require £500, but the expenditure of last year's vote was considerably exceeded. The Exhibition has cost £8,600 net—a much larger amount than was anticipated. I attribute the chief increase of expenditure to the pleasing fact that the Exhibition had to be made more extensive than was expected, because of the liberal response made to the invitation for exhibits. Some of the additional cost is attributable to the Exhibition being opened every night, instead of three evenings a week as first intended. The Government consider that the Exhibition did most valuable service in the encouragement it gave to local industries, and the knowledge it imparted to those interested in them. It is proposed that the next Exhibition shall take place in Dunedin or Christchurch about the end of 1887, in time to forward the exhibits, if it be so decided, to the Centennial Celebration Exhibition to be held in Sydney in 1888. The Government are of opinion that an International and Intercolonial Exhibition should be held in Auckland about 1890 to celebrate the opening of the through railway. The Colonial and Indian Exhibition absorbs a large vote. There are few members who will not recognize that this colony should be adequately represented on an occasion so momentous to all Her Majesty's dominions. New Zealand was called on to assert the strength of her resources in friendly competition with other colonies. The Post Office shows a reduction, chiefly occasioned by the non-renewal of the vote of £5,000 for cable subsidy. The total amount for salaries in this department is larger. Honourable members will not feel surprised at that when they remember the new post, telegraph, and telephone offices constantly being established, which entail additional votes on the Estimates. In most cases, especially with respect to telephones, the extra expenditure is more than covered by increased revenue. Owing to new boilers being required for the "Hinemoa" the Customs Estimates, which otherwise would show a reduction, are somewhat swelled. As regards the defence force expenditure, we are only charging £12,500 to permanent defence under the Public Works Fund instead of £25,000 charged last year. The other branches of the expenditure will be explained by the Ministers in charge of them when occasion serves.

I have reserved for the last, reference to the expenditure on interest and sinking fund. The estimated amount required for these items is £1,654,500, showing a reduction of £34,846 on the sum actually expended last year; besides that, the estimate includes some £46,000 more than last year for interest on loans newly raised or to be raised. Honourable members hear a great deal about the saving effected by conversions, and, doubtless, they will like to know in what way it becomes apparent. I have carefully analyzed the whole subject, and have prepared a table which will show the actual cost of the interest and sinking fund during the last three years, together with an estimate of the present year. To make it complete, I have included the interest received on the Public Account and the cost of exchange, as these items affect each other; also the payment to the Bank of England for managing the loans. I take no account of the debentures issued on behalf of sinking fund accretions, as these are merely anticipations, but I do take account of the receipts for drawn bonds, as these represent actual results. With this explanation the table will, I think, be readily understood; and it shows—after deducting interest on new loans—that the permanent charges have been reduced each year, as compared with 1883-84, as follows: In 1884-85, £115,339; in 1885-86,



£143,161; and estimated in 1886–87, £240,524: or, for the three years, a total of £499,024, which, again I say, is the saving as compared with the loan charges of 1883–84. I should explain that the figures do not give the exact savings within each year, as there is a liability when conversions take place of broken periods of interests being carried forward to the following year. From 1884–85 £64,000 was thrown forward to the succeeding year; from 1885–86 £6,400 to the present year; and from this year about £45,000 to the next year. This sum of £45,000 is fairly deductible from the total saving of the three years which I have mentioned, and leaves a net saving of £454,024.

I now give in a tabular form the proposed expenditure for the year opposite the estimated and actual expenditure last year. I should perhaps explain that the actual expenditure does not include unauthorized expenditure. It has not been the custom—why I know not—to give the unauthorized expenditure in connection with a comparison of the next year's expenditure; but, though I do not state it in the table, I have taken it into account in all the figures I have given in which the expenditure of last year was concerned. Its amount was £9,239.

SUMMARY OF SERVICES CHARGEABLE ON THE CONSOLIDATED FUND.

	1886–87.		1885–86.	
			Voted.	Expended.
	£	£	£	£
<b>PERMANENT APPROPRIATIONS—</b>				
Civil List ... ..	29,750		29,750	28,079
Interest and Sinking Fund ... ..	1,654,500		1,667,873	1,689,347
Under Special Acts of the Legislature ... ..	231,054		177,484	146,109
		1,915,304	1,875,107	1,863,535
<b>ANNUAL APPROPRIATIONS—</b>				
Class I.—Legislative ... ..	17,390		17,870	17,551
Class II.—Colonial Secretary ... ..	155,725		221,797	233,285
Class III.—Colonial Treasurer ... ..	48,054		58,912	59,736
Class IV.—Minister of Justice ... ..	117,194		117,763	113,666
Class V.—Postmaster-General and Commissioner of Telegraphs ... ..	273,717		280,133	287,524
Class VI.—Commissioner of Customs ... ..	88,997		88,434	77,968
Class VII.—Commissioner of Stamps ... ..	30,506		30,571	28,212
Class VIII.—Minister of Education ... ..	382,914		361,936	357,806
Class IX.—Minister for Native Affairs ... ..	20,104		20,222	22,243
Class X.—Minister of Mines ... ..	31,713		33,102	22,730
Class XI.—Minister for Public Works ... ..	799,560		737,654	726,576
Class XII.—Minister of Defence... ..	189,030		177,552	161,107
		2,154,904	2,145,946	2,108,404
Total Expenditure on Ordinary Revenue Account ... ..	...	4,070,208	4,021,053	3,971,939

LAND FUND, 1886–87.

The expenditure for the current year is estimated at £168,752. This includes the usual charges under special Acts, such as the thirds of the sales of land on deferred payments, New Plymouth Harbour Board Endowment, and other charges, also the Land and Survey Departments, and rates on Crown lands. The revenue for the year from land sales is estimated at £148,800. The recoveries which I have already explained it is proposed to make on account of Native rates, &c., will leave the fund about balanced at the end of the year.

FUTURE REVENUE.

The Customs revenue showed a deficiency on the estimate, as I have said, of £15,175. The estimate last year was a low one, amounting to about £19,000 only in excess of the actual receipts of the previous year. Honourable gentlemen

will recollect that Parliament authorized last session a considerable increase in the duties chargeable on wines and spirits. Notwithstanding those increased duties the whole Customs revenue only exceeded the revenue of the previous year by £3,723. Judging from the first month's returns, and from the continued operation of the chief causes that tend to reduce the Customs receipts, I do not feel myself justified in estimating so large a Customs revenue as that of last year by about £5,000. If there had been no exceptional causes to keep down the Customs revenue it should, by natural increases during the last few years, yield considerably more than £1,500,000 per annum, whereas I am unable to estimate it at more than £1,410,000 for the current year. The prevailing depression and lessened scale of expenditure have undoubtedly something to do with the reduction. But there are other patent causes at work, in the less use of alcoholic drink, and the fall in the value of the goods on which *ad valorem* duties are levied. There are a large number of persons in the colony who aim at the total abolition of the use of wines and spirits. When asked what would be the effect on the revenue they answer, the Treasurer will easily find a substitute, as the people who save the enormous cost of the drinking-bill are well able to make up the loss. It is manifestly unfair, when the Treasurer seeks to perform this duty, to accuse him of increasing the taxation, when, in fact, he is seeking only to maintain the revenue. There is certain expenditure that grows every year with the additional wants of the community. The cost of education is a notable example of growing expenditure. The revenue should equally grow; and, if it does not do so to a fair extent, it is actually falling, when the increased number of the taxpayers is taken into account. Although the duty was considerably increased last year on spirits, there was a falling-off of the revenue on this item of £17,000. Somewhat similar remarks may be applied to the *ad valorem* duties. It is true the actual receipts from these duties were £15,000 more than the previous year, because the value of imports subject to these duties was larger. But as goods continue to fall in value the duty on each article becomes reduced, besides the reduction of its cost, exclusive of duty. I will give you an example. I find that, if the imports during the year 1885 subject to an *ad valorem* duty of 15 per cent. had been estimated at the values ruling in 1880, the total value would have been £320,000 more than that of 1885, and the duty at 15 per cent. would have been £48,000 more. So that the importers and consumers, in regard to the particular goods in question, saved between them, in consequence of the fall in value, £320,000 in cost and £48,000 in duties. But this is only the saving on the imports liable to 15 per cent. duties.

The saving on the whole imports of 1885, comparing them with the values ruling in 1880, amounted to no less than £1,050,000. Think of this vast sum saved, and say if a little extra duty on the 1885 values would have been burdensome to either the vendors or consumers of the imports. Nor would it have increased the actual amount of duty paid on the articles separately. The same goods in 1885 paid, as I have shown, £48,000 less duty than would have been chargeable on them in 1880. Each article, therefore, paid less duty. I have made the computations of the 15 per cent. duties without adding the usual amount of 10 per cent. to the invoice rates. Had I done so, the results would have been even larger than those I have shown. The Government think that for revenue purposes it is right to maintain the Customs duties. These duties have always formed the principal item of the colonial revenue, and they should yield a gross increase concurrently with the increase of population and the larger wants of the people. The diminished consumption of spirits, and the diminished value of goods, both leave the people better able to keep up the gross yield of the duties, and financially the Government consider it unwise to allow this great branch of revenue to lose its elasticity. The reception, however, last year of the proposals to increase the Customs duties was not of a nature to induce the Government to again submit similar proposals to the same House, and with great regret they feel themselves debarred from doing so. Whilst the peculiar circumstances that prevail make the burden of Customs duties fall with comparative lightness on the population, the reduced value of imports is injuring to a disastrous extent local production and the employment of labour. Again, the owners of property, whether real or personal, are suffering from the lower values of produce and from less

earnings. The tax on farming property falls, therefore, with exceptional severity on the taxpayers, the more especially that the House refused the moderate exemptions upon machinery and agricultural improvements proposed to it last year.

A reduction of the rate of property-tax and a small increase of the Customs duties would benefit every class and every interest in the colony, for the community is closely knit together, and the illogical reduction of one kind of taxation and increase of another must be felt by every one. I cannot say that additional taxation is necessary this year, for it is not; on the contrary, I can do with less, and I propose to take off  $\frac{1}{16}$ th of a penny of the property-tax, making it  $\frac{1}{8}$ ths this year instead of  $\frac{3}{8}$ ths. This is equal to a reduction of £24,000, or over 7 per cent. of the estimated yield of the tax. I should have liked to take off more, and I am convinced that in every way the colony would benefit if the House were to sanction the reduction of the property-tax to  $\frac{3}{8}$ ths, and substitute moderate increases of duty on articles (other than sugar and tea, and such like necessaries of life) that can well bear the taxation. I dare say I shall be told, as I was in 1884, that the moderate reduction proposed is not worth making. But the property-tax is meant to be adjusted year by year to meet the revenue wants. Some people have argued that the reduction of three-eighths in 1884 was no advantage, because the tax was increased four-eighths in 1885. Putting on one side the fact that the increase last year was not a necessary consequence of the decrease the previous year, I would point out that the taxpayers gained by retaining for a year the use of their money. It is true the joint rates of the two years averaged five-eighths of a penny each year; but the smaller amount was sufficient for 1884–85, for it left a surplus at the end of the year. The larger tax last year was consequent on the refusal to increase the tariff. Had the proposals then made been accepted we should, I think, have been well able to do with five-eighths of a penny this year. Burdening property just now when produce is so low is a mistake, as witness the opinions of the financial authorities who control the fiscal policy of Great Britain and France. I may add that the refusal of the House to grant the exemptions upon machinery and agricultural improvements strengthens the arguments in favour of reducing the property-tax at least for the present.

#### ESTIMATED REVENUE OF THE YEAR 1886–87.

The estimated revenue of the year, with the reduction of the property-tax, which I have described, is as follows:—

Revenue.	Estimated, 1886–87.	Estimated, 1885–86.	Actual, 1885–86.
	£	£	£
Customs ... ..	1,410,000	1,430,000	1,414,825
Stamps, including Post and Telegraph cash ...	617,500	611,900	607,009
Property-tax ... ..	312,000	327,000	326,276
Beer duty ... ..	55,000	55,000	55,165
Railways ... ..	1,150,000	1,050,000	1,044,305
Registration and other fees ... ..	36,000	34,000	35,600
Marine ... ..	13,000	14,000	12,113
Miscellaneous ... ..	44,000	32,000	69,819
	3,637,500	3,553,900	3,565,112
Depasturing licenses, rents, &c. ... ..	186,320	195,000	181,834
Debentures for increases of sinking fund ...	251,100	258,000	252,200
<b>Total Revenue</b> ... ..	<b>4,074,920</b>	<b>4,006,900</b>	<b>3,999,146</b>

It will be observed that the estimate of accretions of sinking fund is rather less than last year, instead of, as might be expected, showing a considerable increase. The explanation is that Her Majesty's Lords of the Treasury have agreed to allow the interest on the 1856 guaranteed loan to be paid out of the interest received from the accrued sinking fund, which now exceeds the amount of the debt.

## ESTIMATED RESULTS AS BETWEEN EXPENDITURE AND REVENUE.

The anticipated expenditure is £4,070,208, and the estimated revenue £4,074,920. To the latter has to be added the surplus of £37,859 at the commencement of the year. Together these amount to £4,112,779, and leave a surplus of £42,571, which will be reducible by any supplementary estimates that may be appropriated.

## LOANS AND PUBLIC WORKS.

Honourable members will be anxious to know what are the proposals concerning the expenditure of borrowed money and the prosecution of public works. It is natural in connection with these subjects that I should congratulate the Committee on there being every reason to expect that the great work of the construction of the East and West Coast and Nelson Railway (now known as the New Zealand Midland) will be carried out by a powerful company. I do not recall the opinion I have previously expressed that this railway should be made by the colony if it could not be constructed by private enterprise. But I think that the latter course is more desirable because of the magnitude of the expenditure required, and because, for economical reasons, it is desirable that the railway should be constructed more rapidly than the colony would be able to make it, having regard to the practice that prevails of distributing over the country the expenditure on public works. Had it been requisite to include the Midland Railway in the works for which provision has to be made, there would, it is idle to deny, have been considerable difficulty in allocating a reasonable division of expenditure, and so we have reason to be gratified at the removal of an element of a disturbing character. But the pleasure this may cause us is trifling compared with the rejoicing we should feel in knowing that a work is provided for calculated to benefit the colony in many ways to a vast extent. To me, personally, I may be allowed to say, there is particular satisfaction in the reflection that at last my conception of a thorough trunk system of railways for both Islands seems fairly in the way of completion. The separation of Nelson, Marlborough, and the West Coast from the railway system of the Middle Island has always been a subject of great regret to me. Pleased as I am at the advantages Canterbury will reap from the railway, I believe I am fully as much pleased in feeling that to some extent, however humble, I have been instrumental in paying to Nelson, Marlborough, and Westland a long-delayed obligation.

It is only necessary that means should be provided for connecting Blenheim with Tophouse, and for extending the Auckland Railway farther north, to complete provision for the trunk system of the two Islands. The present Government have frequently declared their opinion that a larger proportion of borrowed money should be spent on railways, and that the railways determined on should be constructed with vigour, to secure speedy economical results. They have also insisted that whilst labour is plentiful and money and material cheap the time is particularly suitable for proceeding with such undertakings. It has been a matter of anxious consideration with them whether they should bring down proposals for works extending over a period of from five to ten years, and provide a loan to be borrowed from time to time as required to complete those works, or should be content with making proposals to extend over a shorter period. They have determined on the latter course for more than one reason. First, I may say, that it is not inconsistent with the great object of rapidly pushing forward the works which demand the most consideration. Again, it will keep the control of the expenditure more within the grasp of Parliament—an object of which they readily admit the value, so long as due faith is kept in the matter of using the loans for the purposes for which they are borrowed. Lastly, they have reason to think that the detraction to which New Zealand has been subjected is such that its resources are not sufficiently appreciated in London, and that the market there will be more satisfied with authority being taken for a small loan.

In my opinion no person who intelligently considers the question can doubt that New Zealand ought to command the very highest price procurable for colonial securities. The colony owes no regard to sentimental objections on the part of persons whose views are based on insufficient information. But it must be

remembered that pleasing the market means obtaining a higher price for our loans, and this gives to its opinions great authority. I have to announce that the Government will ask for a loan of a million and a half to be devoted exclusively to railway purposes. They propose that the North Island Trunk Railway Loan shall be made inalienable from the object for which it was intended. When and as it is negotiated there will be restored to the Public Works Fund the amounts previously spent on that line from other loans. There will then remain the balance in that Fund supplemented by the repayments I have just referred to. Taking the amount from the 31st March last, it will leave over £800,000 to be voted as the House pleases on other purposes than railways, such as buildings, purchase of Native lands, roads and other works on goldfields, roading, &c. We look to it yielding at least two years' provision, as also that the railway loan will do the same. Indeed, some of the items of that loan will not be expended in two years. Railway construction will thus be vigorously carried out by the Government, whilst it will also be proceeding on the part of the Midland Railway Company.

Before giving to the Committee a list of the objects of the proposed new loan, I will venture some remarks on the subject of railways generally. The Government are anxious, as they stated from the first moment they came into office, to see the North Island Trunk line completed as rapidly as possible. They find that this, with any reasonable regard to economical construction, cannot be attained sooner than in four years. They will spare no exertion to get the railway finished during the year 1890; and they think an event so momentous in the history of the colony as the completion of the line between Wellington and Auckland should, as I have already mentioned, be celebrated by an international and intercolonial exhibition. As regards other railways, they propose to proceed with moderate speed with the extension of the lines to the north of Auckland. They propose also to push on the lines to connect Auckland with Rotorua, Te Aroha with the Thames, Mauriceville with Woodville, and Woodville with Palmerston. They propose to leave to the syndicate that have the Tauranga-Rotorua line in hand a longer period for carrying out their plans. The success of the Midland Company will render more easy the task of those who have charge of the Tauranga line. The Government regret that they are not able now to propose a line to connect New Plymouth with the trunk railway. They recognize that this line will have to be considered at an early date. To turn to the Middle Island, besides the construction of the Midland line by the company, the Government propose that provision shall be made for connecting Blenheim with Tophouse and Westport with Inangahua. As to these two works, it is not proposed to commence them for at least a year, until in fact the Midland Railway is well started. Seeing with what an extensive system they will connect, there can be no doubt of their proving payable. The Marlborough-Tophouse line will open to Wellington the road to the West Coast in a few hours. The railway between Greymouth and Hokitika will be proceeded with vigorously. That also must prove a paying line. The Otago Central will be continued rapidly and pushed on with energy. The railway from Blenheim to Awatere will be completed. Separate comment need not be made on a number of smaller lines, excepting that it may be said it is estimated they will all prove both useful and remunerative. I must not omit to mention that provision is included for much-needed expenditure on open railways, and that out of it the railway workshops in different parts of the colony will be supplied with appliances and machinery which will enable them to keep the open lines well provided. I shall not enter into details of the other expenditure out of the Public Works Fund beyond mentioning that it is proposed, besides the vote for roading to open up Crown lands, to set apart a sum to be devoted to clearing land and making it ready for the use of the settler. The provision of funds to enable land suitable for settlement to be resumed and cut up we reserve for separate treatment if Parliament give authority for carrying out such a policy. I may, however, say of it that the Government recognize it would materially aid settlement in important parts of the colony. I now read to the Committee a list of the railways to which it is proposed to devote the million and a half loan.

	£
Extension north of Auckland ... ..	70,000
For doubling railway line out of Auckland southwards ... ..	33,000
Thames—Te Aroha ... ..	80,000
Auckland—Rotorura ... ..	120,000
Napier—Palmerston ... ..	100,000
Mauriceville—Woodville ... ..	125,000
Blenheim—Awatere ... ..	50,000
Hokitika—Greymouth ... ..	100,000
Livingstone Branch ... ..	15,000
Catlin's River ... ..	50,000
Seaward Bush Extension ... ..	20,000
Edendale towards Fortrose ... ..	40,000
Mossburn ... ..	5,000
Riversdale—Switzer's ... ..	40,000
Otago Central ... ..	200,000
Mount Somers—Alford Forest ... ..	14,000
Blenheim—Tophouse ... ..	100,000
Westport—Inangahua ... ..	75,000
Open lines ... ..	200,000
Raising loan and Contingencies ... ..	63,000
	£1,500,000

## SETTLEMENT AND INDUSTRIES.

I hope, Mr. Hamlin, that I have made clear the several interesting points which it has been my duty to bring before the Committee. I have ill succeeded in my task if I have not shown to honourable members that the finances of the colony are in a sound and satisfactory condition. Parliament is fully justified in adopting such measures for continuing the "heroic work" of colonization as seem to it wise. Public works should be carried on with the view of aiding the great object of promoting settlement on the lands of the colony. . We here are in the habit of thinking that we are concerned in the controversy that rages in older countries as to the merits of small and large holdings. But it should be remembered that our small farms are what would be regarded as large ones in Europe. Twenty acres near an important town, and one hundred to five hundred acres farther away, are possessions that may place their owners in comfortable circumstances with due industry and diligence. The depression has done good by putting a stop to the disposition to monopolize great estates. It is frequently asked, How can it be expected that small properties with little capital devoted to them can pay better than large ones upon which capital is showered? The answer is more or less understood, though few have the courage to declare it. I, at least, may do so, for no one can accuse me of a wish to see the hours of labour extended, or the remuneration of labour reduced. I hold, and always have held, that high wages are indications of prosperity. The labouring classes are, in my opinion, the means by which wealth is distributed through the country to fructify in numberless directions. But, whilst no pressure should be put on men to work more than the recognized eight hours daily, it is well understood that the man who is working on his own land, and establishing the foundations of a happy home and future competence, feels a delight in every hour of the labour which he and his family give towards increasing the value of his possessions. Therein he has the advantage over those who depend only on hired labour. This is the secret of the success of the old colonists, and we should aim at placing a like means of working on his own account at the disposal of every man who wishes it.

Lest it may be supposed that what I have said about the present depression means that I think its principal cause—the reduced value of wool—is likely to continue, I must say that such is far from my opinion. It seems to me a sharp rally of price must inevitably occur. I am one of those who believe that all commodities have fallen in nominal value because of the appreciation of gold. But the fall in wool has been disproportionately great. In considering a question of this kind from its theoretical aspect (which is, of course, all I am able to do) two points have to be specially taken into account. First, is the consumption of the article likely to increase or decrease? secondly, is the price to which the article has fallen below that for which it can be payably pro-

duced. The answer to the first question is most cheering. Wool is a commodity for which there is practically a boundless use, regulated only by the means of consumers to purchase it. Every additional fall in value of such a staple opens fresh markets, besides leading to the discovery of new uses and of new methods of combination with other staples. The natural consequence of the augmented consumption is to raise the value, but the recently added consumers, although first attracted by the lower prices, will pay increased rates when use has made the article necessary to them. Besides, enlarged use so tends to cheapen manufacturing that the raw material may rise without the manufacturer finding it necessary to make a corresponding increase. Thus, the fall, by a natural process, brings about its own remedy, and the greater its extent the sharper, probably, will be the reaction. As to the second point I speak with less confidence, but I believe that the present price of wool is not enough to encourage production over a sufficient portion of the world to meet the demands for the article. We know that, in New Zealand, with fertile land, with cheap carriage to a market, and with little risk from floods or periods of drought, wool does not now yield a fair return for the capital employed in its production. Much more must this be the case where the natural facilities are less, and the land on account of crowded population more valuable. Millions of acres are passing out of use in Australia; the Plate River District is anything but prosperous, and in the older countries the grazing interests feel the fall most severely. Again, the increase of population so adds to the want of animal food that this indirect source of profit to the breeder of sheep is likely to become larger rather than less. To sum up, it appears to me that the need of wool is so confirmed and so readily open to extension that nothing but temporary causes can keep it below the price at which it will well pay the producer. The change may not be immediate, but it cannot long be delayed. I hope what I have said will be taken for what it may be considered worth; I have no especial claim to speak on the subject.

#### CONCLUSION.

The Government wish to make New Zealand famed far and wide for the opportunities it offers to any person who desires it, to live upon his own land, and of course I include in this term the tenure of perpetual lease as well as that of freehold. The settlers on the land, however, should understand that their success largely depends on the prosperity of other classes. The artisans of the towns, the miners for gold, coal, and other minerals, and the persons who utilize the timber of the forests and the fish off the coasts are the best allies of those who gather from the soil its wealth. No one who studies the peculiar features of New Zealand, its natural resources, its great coastal extent, and its remarkably isolated position, can fail to see that it offers the utmost encouragement to what constitutes a country's happiness—a self-reliant community firmly welded together by a large variety of common interests. The excitement of public life is apt to make politicians forget how little there is to separate them from each other. "The ways, they are many—the end it is one:" that end the welfare of the colony that confides to them the control of its affairs. I venture to say to those who are inclined to think seriously of any difficulties under which New Zealand labours that one has only to read history to recognize that those difficulties are "trifles light as air" compared with the periods of disaster through which almost every country has had to fight its way. In its early robust youth the disorders of the colony are of the infantile description, which cause no anxiety. It is the custom to credit me with being over sanguine. There may be truth in the charge; a man is ill able to judge of himself, and I do not pretend to the possession of that rare quality—self-knowledge. Yet it appears to me that whatever hopefulness of disposition I enjoy arises less from constitutional causes than from the experience of long years of observation. The lesson life has taught me is that there are few difficulties which cannot be overcome, and that the darkest moment is nearest to the dawn. For thirty-four years I have closely watched the progress of the Australasian Colonies. There have been

times when it seemed to me that terrible reverses must infallibly overtake them, and again and again has the weakness of my judgment been rebuked, until I have learned to think that the logic of facts is in favour of recovery rather than of decline. The growth of these colonies has been so marvellously rapid that the mind is unable to retain the memory of the halting periods. As the past so the future, and in all humbleness of spirit I dare to predict that many generations will pass away before the colonies beneath the Southern Cross reach the culminating greatness of their destiny.

---



TABLES TO ACCOMPANY THE FOREGOING STATEMENT.

---

	PAGE
TABLE NO. 1.—ABSTRACT OF RECEIPTS AND EXPENDITURE OF THE FINANCIAL YEAR ENDED 31ST MARCH, 1886	2
TABLE NO. 2.—STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND AND THE TOTAL NET EXPENDITURE TO 31ST MARCH, 1886 .. .. .	11
TABLE NO. 3.—THE PUBLIC DEBT ON 31ST MARCH, 1886 .. .. .	12
TABLE NO. 4.—STATEMENT OF THE ESTIMATED LIABILITIES OF THE CONSOLIDATED FUND OUTSTANDING ON 31ST MARCH, 1881, 1882, 1883, 1884, 1885, AND 1886 .. .. .	14
TABLE NO. 5.—STATEMENT OF THE ESTIMATED LIABILITIES OF THE PUBLIC WORKS FUND OUTSTANDING ON 31ST MARCH, 1881, 1882, 1883, 1884, 1885, AND 1886 .. .. .	14
TABLE NO. 6.—CONVERSIONS, 1886.—TERMS OFFERED AND ACCEPTED .. .. .	15
TABLE NO. 7.—CHARGES OF THE PUBLIC DEBT .. .. .	16

## STATEMENT of the RECEIPTS and EXPENDITURE of the

## ORDINARY REVENUE

RECEIPTS.					£	s.	d.	£	s.	d.	£	s.	d.
Balance on 31st March, 1885,—													
Cash in the Public Account	..	..	..	..	..			186,397	11	10			
Advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	..	14,457	17	11					
In London	..	..	..	..	..	19,035	13	2					
								33,493	11	1			
											219,891	2	11
Ordinary Revenue,—													
Customs	..	..	..	..	..	1,414,824	12	10					
Stamps, including Post and Telegraph Cash Receipts	..	..	..	..	..	607,008	14	2					
Property-Tax	..	..	..	..	..	326,276	6	0					
Beer Duty	..	..	..	..	..	55,165	7	2					
Railways	..	..	..	..	..	1,044,304	11	10					
Registration and other Fees	..	..	..	..	..	35,600	11	8					
Marine	..	..	..	..	..	12,113	7	9					
Miscellaneous	..	..	..	..	..	69,819	4	5					
								3,565,112	15	10			
Territorial Revenue,—													
Depasturing Licenses, Rents, &c.	..	..	..	..	..	172,915	1	5					
Miscellaneous	..	..	..	..	..	8,918	1	0					
								181,833	2	5			
											3,746,945	18	3
Debentures issued under "The Consolidated Stock Act, 1884," for increases of Sinking Fund for the current year	..				..						252,200	0	0
Sinking Funds set free under "The Consolidated Stock Act, 1884," being the amount of converted Bonds of the Consolidated Loan of 1867, drawn for redemption at the annual drawing,—													
In 1885	..	..	..	..	..			72,400	0	0			
In 1886	..	..	..	..	..			106,900	0	0			
											179,300	0	0
Deficiency Bills issued under the Public Revenues Acts,—													
In renewal of Bills issued for deficit of the year 1883-84	..				..			150,000	0	0			
On account of the current year	..				..			75,000	0	0			
											225,000	0	0
<b>Total</b>	..	..	..	..	..						<b>£4,623,337</b>	<b>1</b>	<b>2</b>

## LAND FUND

Balance on 31st March, 1885,—													
Cash in the Public Account	..	..	..	..	..			27,792	0	6			
Advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	..	3,429	6	9					
In London	..	..	..	..	..	710	0	0					
								4,139	6	9			
											31,931	7	3
Land Sales,—													
For Cash	..	..	..	..	..			86,266	3	0			
On Deferred Payments	..	..	..	..	..			55,657	12	0			
											141,923	15	0
Balance on 31st March, 1886,—													
Cash overdrawn	..	..	..	..	..			25,457	3	2			
Less Advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	..	4,961	7	10					
In London	..	..	..	..	..	111	14	8					
								5,073	2	6			
											20,384	0	8
<b>Total</b>	..	..	..	..	..						<b>£194,239</b>	<b>2</b>	<b>11</b>

No. 1.

**CONSOLIDATED FUND** for the Financial Year ended 31st MARCH, 1886.  
**ACCOUNT.**

EXPENDITURE.				£	s.	d.	£	s.	d.	£	s.	d.				
Permanent Appropriations,—																
Civil List	..	..	..	28,079	11	0										
Interest and Sinking Fund	..	..	..	1,689,346	10	6										
Under Special Acts of the Legislature	..	..	..	91,687	11	6										
Moiety of Subsidies payable under "The Local Bodies Finance and Powers Act, 1885"	..	..	..	35,632	1	4										
One-fourth of Rents paid over to Local Bodies under "The Land Act 1877 Amendment Act, 1884"	..	..	..	89	7	0										
Endowments,—																
Ellesmere and Forsyth Reclamation and Akaroa Railway Trust	..	..	..	469	0	0										
New Plymouth Harbour Board	..	..	..	83	1	3										
Greymouth Harbour Board	..	..	..	10,599	12	0										
Westport Harbour Board	..	..	..	7,598	15	5										
							1,863,535	10	0							
Annual Appropriations,—																
Class I.—Legislative	..	..	..	17,551	8	10										
" II.—Colonial Secretary	..	..	..	237,304	3	2										
" III.—Colonial Treasurer	..	..	..	59,735	13	3										
" IV.—Minister of Justice	..	..	..	113,665	10	10										
" V.—Postmaster-General	..	..	..	237,523	14	6										
" VI.—Commissioner of Trade and Customs	..	..	..	77,623	6	9										
" VII.—Commissioner of Stamps	..	..	..	28,212	8	6										
" VIII.—Minister of Education	..	..	..	357,805	15	0										
" IX.—Minister of Native Affairs	..	..	..	22,242	17	11										
" X.—Minister of Mines	..	..	..	19,056	13	0										
" XI.—Minister for Public Works	..	..	..	726,576	1	2										
" XII.—Minister of Defence	..	..	..	161,106	19	1										
							2,108,404	12	0							
Services not provided for	..	..	..				9,238	9	0							
										3,981,176	11	0				
Amount of Sinking Funds set free, as per contra, applied in redemption of Debentures issued under "The Consolidated Stock Act, 1884," for increases of Sinking Fund												179,300	0	0		
Deficiency Bills,—																
Redeemed (renewed as per contra)	..	..	..				150,000	0	0							
Redeemed, being amount issued in 1884-85 outstanding on 31st March, 1885	..	..	..				200,000	0	0							
													350,000	0	0	
Balance on 31st March, 1886,—																
Cash in the Public Account	..	..	..				66,633	9	2							
Advances in the hands of Officers of the Government,—																
In the Colony	..	..	..	9,914	2	2										
In London	..	..	..	36,310	18	10										
							46,225	1	0							
														112,858	10	2
<b>Total</b>	..	..	..											<b>£4,623,337</b>	<b>1</b>	<b>2</b>

## ACCOUNT.

Permanent Appropriations,—															
One-third of proceeds of Land sold on Deferred Payments paid to Local Bodies	..	..	..	13,957	5	1									
Endowments,—															
Ellesmere and Forsyth Reclamation and Akaroa Railway Trust	..	..	..	10,098	12	6									
New Plymouth Harbour Board	..	..	..	4,822	9	5									
							28,878	7	0						
Annual Appropriations,—															
Class XIII.—Minister of Lands	..	..	..	120,663	15	9									
" XIV.—Rates on Crown and Native Lands	..	..	..	43,260	13	8									
							163,924	9	5						
Services not provided for	..	..	..				1,436	6	6						
												194,239	2	11	
<b>Total</b>	..	..	..										<b>£194,239</b>	<b>2</b>	<b>11</b>

## STATEMENT of the RECEIPTS and EXPENDITURE of the

## STATE FORESTS

RECEIPTS.	£	s.	d.	£	s.	d.	£	s.	d.
Debentures created under "The New Zealand State Forests Act, 1885" .. .. .	..	..	..	..	..	..	1,500	0	0
Total .. .. .	..	..	..	..	..	..	£1,500	0	0

## ACCOUNTS OF

Balance on 31st March, 1885,—									
Cash in the Public Account .. .. .	..	..	..	..	..	..	6,168	1	11
Advances in the hands of Officers of the Government,—									
In the Colony .. .. .	..	..	..	..	..	..	1	3	3
Revenue appropriated to Local Bodies,—									
Fees, Fines, &c. .. .. .	..	..	..	..	..	..	2,275	10	5
Goldfields Revenue .. .. .	..	..	..	..	..	..	18,277	6	8
Gold Duty .. .. .	..	..	..	..	..	..	23,396	6	6
Endowments of Land, &c. .. .. .	..	..	..	..	..	..	5,337	15	10
Counties Separate Accounts,—									
Revenue of Counties in which "The Counties Act, 1876," is not in full operation .. .. .	..	..	..	..	..	..	235	5	3
Advance Accounts,—									
Net receipts in excess of payments on behalf of Local Bodies .. .. .	..	..	..	..	..	..	602	0	5
Total .. .. .	..	..	..	..	..	..	..	..	£56,293 10 3

## DEPOSIT

Balance on 31st March, 1885,—									
Cash in the Public Account .. .. .	..	..	..	..	..	..	46,981	14	8
Advances in the hands of Officers of the Government,—									
In the Colony .. .. .	..	..	..	..	..	..	330	12	8
In London .. .. .	..	..	..	..	..	..	26,576	10	6
Lodgments,—									
Armed Constabulary Reward Fund .. .. .	..	..	..	..	..	..	133	15	6
General Assembly Library Fund .. .. .	..	..	..	..	..	..	130	0	0
Miscellaneous .. .. .	..	..	..	..	..	..	37,792	9	6
Native Land Act, 1878 (No. 2) .. .. .	..	..	..	..	..	..	150	0	0
Nelson Rifle Prize Fund .. .. .	..	..	..	..	..	..	66	0	0
New Zealand University Endowment, Auckland; .. .. .	..	..	..	..	..	..	530	0	0
New Zealand University Endowment, Canterbury .. .. .	..	..	..	..	..	..	75	0	0
New Zealand University Endowment, Westland .. .. .	..	..	..	..	..	..	15	5	0
Thermal-Springs Districts Act, 1881 .. .. .	..	..	..	..	..	..	1,045	7	9
Trustee Act, 1833 .. .. .	..	..	..	..	..	..	548	16	8
Westland Loan Act, 1873, Redemption .. .. .	..	..	..	..	..	..	20	7	6
Total .. .. .	..	..	..	..	..	..	..	..	£114,345 19 9

Treasury, Wellington, 15th April, 1886.

Examined and found correct as regards the Railway Receipts:

JOSEPH PRIME MAXWELL,  
General Manager, Railways.

No. 1—continued.

**CONSOLIDATED FUND** for the Financial Year ended 31st MARCH, 1886.  
**ACCOUNT.**

EXPENDITURE.	£	s.	d.	£	s.	d.	£	s.	d.
Annual Appropriations,— Class XV.—Minister of Lands .. .. .	..	..	..	..	..	..	1,012	7	4
Balance on 31st March, 1886,— Cash in the Public Account .. .. .	..	..	..	..	379	6	1		
Advances in the hands of Officers of the Government,— In the Colony .. .. .	..	..	..	..	108	6	7		
							487	12	8
Total .. .. .	..	..	..	..	..	..	£1,500	0	0

**LOCAL BODIES.**

Revenue paid over to Local Bodies,— Fees, Fines, &c. .. .. .	2,376	17	0						
Goldfields Revenue .. .. .	17,840	17	1						
Gold Duty .. .. .	21,976	9	8						
Endowments of Land, &c. .. .. .	6,543	12	6						
							48,737	16	3
Counties Separate Accounts,— Amount distributed amongst Road Boards where "The Counties Act, 1876," is not in full operation .. .. .	..	..	..	..	188	11	7		
							48,926	7	10
Balance on 31st March, 1886,— Cash in the Public Account .. .. .	..	..	..	..	7,357	18	2		
Advances in the hands of Officers of the Government,— In the Colony .. .. .	..	..	..	..	9	4	3		
							7,367	2	5
Total .. .. .	..	..	..	..	..	..	£56,293	10	3

**ACCOUNTS.**

Withdrawals,— Armed Constabulary Reward Fund .. .. .	..	..	..	..	168	17	3		
Auckland Museum Endowment .. .. .	..	..	..	..	104	18	9		
Consolidated Stock Act, 1884, Conversion .. .. .	..	..	..	..	3,000	0	0		
General Assembly Library Fund .. .. .	..	..	..	..	130	0	0		
Miscellaneous .. .. .	..	..	..	..	49,688	2	6		
Native Land Act, 1878 (No. 2) .. .. .	..	..	..	..	135	0	0		
Nelson Rifle Prize Fund .. .. .	..	..	..	..	136	0	0		
New Zealand University Endowment, Auckland .. .. .	..	..	..	..	605	0	0		
Thames Goldfields, European .. .. .	..	..	..	..	2	18	0		
Thames Goldfields, Suspense .. .. .	..	..	..	..	254	0	8		
Thermal-Springs Districts Act, 1881 .. .. .	..	..	..	..	1,478	4	4		
Trustee Act, 1883 .. .. .	..	..	..	..	548	16	8		
Westland Loan Act, 1873, Redemption .. .. .	..	..	..	..	6	0	0		
							56,257	18	2
Balance on 31st March, 1886,— Cash in the Public Account .. .. .	..	..	..	..	41,965	6	2		
Advances in the hands of Officers of the Government,— In the Colony .. .. .	..	..	..	..	100	0	0		
In London .. .. .	..	..	..	..	16,022	15	5		
							16,122	15	5
							58,088	1	7
Total .. .. .	..	..	..	..	..	..	£114,345	19	9

JAMES C. GAVIN,  
Secretary to the Treasury.

JAMES B. HEYWOOD,  
Accountant to the Treasury.

Examined and found correct, except as regards the Railway Receipts, which are not audited by the Audit Office :

JAMES EDWARD FITZGERALD,  
Controller and Auditor-General.

STATEMENT of the RECEIPTS and EXPENDITURE of the PUBLIC  
ORDINARY LOAN

RECEIPTS.	£	s.	d.	£	s.	d.	£	s.	d.
Balance on 31st March, 1885,—									
Cash in the Public Account .. .. .				527,992	3	1			
Advances in the hands of Officers of the Government,—									
In the Colony .. .. .	14,248	11	7						
In London .. .. .	237,158	18	1						
Investments,— .. .. .				251,407	9	8			
				210,898	15	0			
							990,298	7	9
New Zealand Loan Act, 1882,—									
Balance of Loan in 4 per cent. Inscribed Stock .. .. .	155,000	0	0						
New Zealand Loan Act, 1884,—									
In 4 per cent. Inscribed Stock .. .. .	1,500,000	0	0						
				1,655,000	0	0			
District Railways Purchasing Act, 1885,—									
Debentures issued .. .. .				188,300	0	0			
Special receipts under section 9 of "The Railways Construction Act, 1878" .. .. .				10,567	12	6			
							1,853,867	12	6
<b>Total .. .. .</b>							<b>£2,844,166</b>	<b>0</b>	<b>3</b>

**WORKS FUND** for the Financial Year ended 31st MARCH, 1886.  
**ACCOUNT.**

EXPENDITURE.					£	s.	d.	£	s.	d.	£	s.	d.
Annual Appropriations,—													
Class	I.—Immigration	..	..	..	11,675	2	4						
"	II.—Public Works, Departmental	..	..	..	29,632	6	8						
"	III.—Railways	..	..	..	543,490	8	11						
"	IV.—Surveys of New Lines	..	..	..	517	3	5						
"	V.—Roads	..	..	..	329,071	18	7						
"	VI.—Waterworks on Gold Fields	..	..	..	9,031	19	2						
"	VII.—Purchase of Native Lands..	..	..	..	34,544	10	6						
"	VIII.—Telegraph Extension	..	..	..	36,009	19	0						
"	IX.—Public Buildings	..	..	..	86,858	14	7						
"	X.—Lighthouses and Harbour Works	..	..	..	133,974	16	6						
"	XI.—Charges and Expenses of raising Loans	..	..	..	47,253	3	2						
"	XII.—Contingent Defence	..	..	..	25,000	0	0						
								1,237,065	2	10			
	Services not provided for	..	..	..	..	..	..	21	3	2			
	Purchase of District Railways,—												
	Rakaia, Ashburton—Forks Railway	..	..	..	73,300	0	0						
	Thames Valley and Rotorua Railway (partial)	..	..	..	115,000	0	0						
								188,300	0	0			
	Temporary advances repaid	..	..	..	..	..	..	500,000	0	0			
	Deficiency Bills redeemed	..	..	..	..	..	..	100,000	0	0			
											2,075,286	6	0
	Balance on 31st March, 1886,—												
	Cash in the Public Account	..	..	..	..	..	..	174,075	7	9			
	Advances in the hands of Officers of the Government,—												
	In the Colony	..	..	..	16,602	15	9						
	In London	..	..	..	60,853	11	4						
								77,456	7	1			
	Investments	..	..	..	..	..	..	517,247	19	5			
											768,779	14	3
	<b>Total</b>	..	..	..	..	..	..	..	..	..	<b>£2,844,166</b>	<b>0</b>	<b>3</b>

STATEMENT of the RECEIPTS and EXPENDITURE of the PUBLIC  
MAIN ROADS

RECEIPTS.						£ s. d.		£ s. d.		£ s. d.	
Debentures due 1st May, 1885,—											
Paid by—											
	Counties	..	..	..	..	3,180	15	9			
	Boroughs	..	..	..	..	587	14	0			
	Road Boards	..	..	..	..	215	13	3			
Amount transferred from Vote No. 107, in Class V., Roads						..			3,984	3	0
									68,897	1	1
											72,881 4 1
Total						..			..		£72,881 4 1

DISTRICT ROADS AND

Debentures due 1st May, 1885,—											
Paid by—											
	Counties	..	..	..	..	327	8	5			
	Road Boards	..	..	..	..	2,803	19	0			
	Town Boards	..	..	..	..	18	0	0			
	River Boards	..	..	..	..	130	2	7			
Amount transferred from Vote No. 107, in Class V., Roads						..			3,279	10	0
									5,802	10	0
											9,082 0 0
Total						..			..		£9,082 0 0

CONVERSION

Sale of Inscribed Stock at 102½, created to redeem the following 5 per cent. 5-30 Debentures called in for payment on 15th January, 1885,—											
	Defence and Other Purposes Loan of 1870	..	..	..	..	148,600	0	0			
	General Purposes Loan of 1873	..	..	..	..	287,600	0	0			
	Immigration and Public Works Loan of 1873	..	..	..	..	309,400	0	0			
						745,600	0	0			
									764,240	0	0
Part sale of Inscribed Stock, created for expenses of conversions under "The Consolidated Stock Act, 1884"						..			102,100	0	0
											866,340 0 0
Short-dated Debentures issued under "The Consolidated Stock Act, 1884"						..			..		56,200 0 0
Total						..			..		£922,540 0 0

Treasury, Wellington, 30th April, 1886.



**WORKS FUND** for the Financial Year ended 31st MARCH, 1886.  
**ACCOUNT.**

EXPENDITURE.						£	s.	d.	£	s.	d.	£	s.	d.
Payments,—														
To Counties	..	..	..	..	..	..		62,263	4	1				
Boroughs	..	..	..	..	..	..		5,824	0	0				
Road Boards	..	..	..	..	..	..		4,794	0	0				
												72,881	4	1
Total	..	..	..	..	..	..						£72,881	4	1

**RIVER WORKS ACCOUNT.**

Payments,—														
To Counties	..	..	..	..	..	..		867	0	0				
Road Boards	..	..	..	..	..	..		7,915	0	0				
River Boards	..	..	..	..	..	..		300	0	0				
												9,082	0	0
Total	..	..	..	..	..	..						£9,082	0	0

**ACCOUNT.**

Debentures redeemed or converted,—														
Debentures called in for payment on 15 January, 1885	..	..	..	..	..	..			444,700	0	0			
Issued under "The General Purposes Loan Act, 1873"	..	..	..	..	..	..	6,200	0	0					
Issued under "The Defence and Other Purposes Loan Act, 1870"	..	..	..	..	..	..	50,000	0	0					
												56,200	0	0
Expenses Account,—														
Discount	..	..	..	..	..	..	18,640	0	0					
Commission	..	..	..	..	..	..	28,529	15	10					
Brokerage	..	..	..	..	..	..	2,500	0	0					
Stamp Duty	..	..	..	..	..	..	33,379	13	6					
Interest on Advances	..	..	..	..	..	..	10,967	5	5					
Office Expenses	..	..	..	..	..	..	6,121	18	10					
												100,138	13	7
Balance on 31st March, 1886,—														
Cash in the Public Account	..	..	..	..	..	..			11,439	10	0			
Advances in hands of Stock Agents	..	..	..	..	..	..	254,761	16	5					
Advances in hands of Crown Agents	..	..	..	..	..	..	55,300	0	0					
												310,061	16	5
												321,501	6	5
Total	..	..	..	..	..	..						£922,540	0	0

JAMES C. GAVIN,  
Secretary to the Treasury.

JAMES B. HEYWOOD,  
Accountant to the Treasury.

Examined and found correct:

JAMES EDWARD FITZGERALD,  
Controller and Auditor-General.

Table No. 1—continued.  
SUMMARY of BALANCES on 31st MARCH, 1886.

FUNDS.	£	s.	d.	—	£	s.	d.	—	CASH ADVANCES INVESTMENTS ..	£	s.	d.	PUBLIC WORKS FUND.	£	s.	d.	SUSPENSE ACCOUNT.	£	s.	d.	BILLS RECEIVABLE AND SILVER COIN ACCOUNTS.	£	s.	d.	TOTAL.	
CONSOLIDATED FUND:—																										
Ordinary Revenue Account ..	112,858	10	2																							
Land Fund Account ..	Dr. 20,384	0	8																							
Accounts of Local Bodies ..	7,967	2	5																							
Deposit Accounts ..	58,088	1	7																							
State Forests Account ..	487	12	8																							
					158,417	6	2																			
PUBLIC WORKS FUND:—																										
Ordinary Loan Account ..	768,779	14	3																							
Conversion Account ..	11,439	10	0																							
					780,219	4	3																			
SUSPENSE ACCOUNT ..																										
BILLS RECEIVABLE ACCOUNT ..	Dr. 400	0	0																							
SILVER COIN ACCOUNT ..	Dr. 400	0	0																							
					Dr. 800	0	0																			
Total ..					937,845	17	4		Totals				780,219	4	3	9	6	11	800	0	0			937,845	17	4

**Table No. 2.**  
STATEMENT showing the Total Ways and Means of the Public Works Fund and the Total Net EXPENDITURE to the 31st March, 1886.

WAYS AND MEANS.			£	s.	d.	NET EXPENDITURE.			£	s.	d.
<b>LOANS:—</b>											
Immigration and Public Works Loan, 1870	4,000,000	0	0			2,105,617	4	3			
Immigration and Public Works Loan, 1873	2,300,000	0	0			257,228	10	4			
Immigration and Public Works Loan, 1874	4,000,000	0	0			12,160,782	11	11			
General Purposes Loan, 1873	750,000	0	0			2,858,582	6	3			
New Zealand Loan Act, 1876	750,000	0	0			1,026,808	16	9			
New Zealand Loan Act, 1877	2,200,000	0	0			551,260	11	10			
New Zealand Loan Act, 1879	5,000,000	0	0			520,027	1	0			
New Zealand Loan Act, 1882	3,000,000	0	0			1,507,773	13	8			
New Zealand Colonial Inscribed Stock Loan Act, 1882	1,250,000	0	0			596,594	6	9			
New Zealand Loan Act, 1884	1,500,000	0	0			856,191	3	8			
District Railways Purchasing Act, 1885	188,300	0	0			417,218	19	3			
						10,885	8	0			
						218,500	0	0			
						23,638,300	0	0			
<b>RECEIPTS IN AID:—</b>											
Contributions of Canterbury Province for Railways	56,000	0	0			73,300	0	0			
Stamp Duties to 31st December, 1876	264,657	16	4			115,000	0	0			
Transfer from Confiscated Lands Liabilities Account	19,963	1	3								
Proceeds of Railway Material handed over to Cook County Council	4,963	7	4								
Special Receipts under section 9 of "The Railways Construction Act, 1878"	60,616	3	0			174,075	7	9			
						77,456	7	1			
						517,247	19	5			
						406,200	7	11			
						£24,044,500	7	11			
						23,087,420	13	8			
						188,300	0	0			
						768,779	14	3			
						£24,044,500	7	11			

**Table No. 3.**  
**The PUBLIC DEBT OF NEW ZEALAND on 31st March, 1886.**  
 (EXCLUSIVE OF RECENT CONVERSION OPERATIONS.)

LOANS.	DEBENTURES AND STOCK IN CIRCULATION.		SINKING FUNDS ACCRUED (INCLUDING ESTIMATE FOR MARCH QUARTER, 1886).	NET INDEBTEDNESS.	ANNUAL CHARGE.			TOTAL.	
	When redeemable.				INTEREST.		SINKING FUND.		
	Amount.				Rate.	Amount.	Rate.		Amount.
UNDER ACTS OF THE COLONIAL GOVERNMENT:—									
Ordinance of Legislative Council ...	£ 311	On presentation	£ ...	£ s. d. ...	p. cent. ...	£ s. d. ...	£ s. d. ...	£ s. d. ...	
New Zealand Loan Act, 1856 ...	375,000 25,000 50,000 50,000	January, 1888 October, 1888 October, 1889 June, 1894	511,694 0 0	£ s. d. 0 0 0	4	£ s. d. 0 0 0	2	20,000 0 0	
New Zealand Loan Act, 1860 ...	93,100	1 July, 1891	65,834 1 11	£ s. d. 27,265 18 1*	6	£ s. d. 1,862 0 0	2	7,448 0 0	
New Zealand Loan Act, 1863 ...	488,000 500,000 201,500 236,000 93,900	15 July, 1914 1 November, 1915 15 March, 1891 15 June, 1891 15 December, 1891	673,616 0 0	£ s. d. 845,784 0 0	5 4 6 6 6	£ s. d. 24,400 0 0 20,000 0 0 12,000 0 0 14,100 0 0 5,634 0 0	1 1 2 2 2	4,880 0 0 5,000 0 0 4,030 0 0 4,720 0 0 1,878 0 0	
Consolidated Loan Act, 1867 ...	7,283,100† 64,000 13,000	36 years from issue 1 January, 1893 15 April, 1913	7,360,100	£ s. d. 6,365,006 0 0	5 5 4	£ s. d. 364,155 0 0 3,200 0 0 520 0 0	1 ... ...	72,831 0 0 ... ...	
Defence and Other Purposes Loan Act, 1870 ...	25,000 75,000	1 July, 1910 15 April, 1913	100,000	£ s. d. 6,365,006 0 0	4½ 4	£ s. d. 1,125 0 0 3,000 0 0	... ...	1,125 0 0 3,000 0 0	
Immigration and Public Works Loan Act, 1870 ...	372,100 27,900 200,000 201,400	15 April, 1913 15 April, 1913 1 June, 1907 1 Feb., 1904 (5/30)	801,400	£ s. d. 714,600 0 0	4 4 4 4½	£ s. d. 14,884 0 0 1,255 10 0 8,000 0 0 9,063 0 0	... ... 2½ ...	14,884 0 0 1,255 10 0 28,000 0 0 9,063 0 0	
Immigration and Public Works Loan Act, 1873 ...	714,600	1 Feb., 1904 (5/30)	714,600	£ s. d. 714,600 0 0	4½	£ s. d. 32,157 0 0	...	32,157 0 0	
Carried forward ...	11,088,911		3,147,638 1 11	£ s. d. 7,941,272 18 1		£ s. d. 539,229 10 0		115,201 0 0	
								654,430 10 0	

\* £25,000 released and paid into the Public Account under "The Public Debts Sinking Fund Act, 1868." † Of this amount bonds to the amount of £3,651,700 have been surrendered and cancelled, and new bonds bearing interest at the old rate have been issued in their stead. The new bonds are convertible into 4 per cent. inscribed stock at £107 six years hence. ‡ On the whole of the one million of Imperial Guaranteed Debentures.

Table No. 3—continued.  
The PUBLIC DEBT OF NEW ZEALAND on 31st March, 1886—continued.

LOANS.	DEBENTURES AND STOCK IN CIRCULATION.		SINKING FUNDS ACCRUED.	NET INDEBTEDNESS.	ANNUAL CHARGE.			TOTAL.	
	Amount.	When redeemable.			INTEREST.		SINKING FUND.		
					Rate.	Amount.	Rate.		Amount.
Brought forward ... ..	£ ...	...	£ 3,147,638	£ 7,941,272	10 0	115,201	£ 654,430	s. d. 10 0	
<b>UNDER ACTS OF THE COLONIAL GOVERNMENT—</b>									
<i>continued.</i>									
General Purposes Loan Act, 1873 ...	12,300 49,500 18,500 54,700	15 May, 1914 15 December, 1888 15 October, 1913 28 November, 1914	...	135,000	4 5 4 5	492 2,475 740 2,735	...	492 2,475 740 2,735	0 0 0 0 0 0 0 0
Westland Loan Act, 1873 ...	...	15 April, 1894	...	50,000	5	2,500	...	2,500	0 0
Immigration and Public Works Loan Act, 1874	...	1 Feb., 1905 (5/30)	...	2,030,100	4½	91,354	...	91,354	10 0
New Zealand Loan Act, 1876	...	1 Mar., 1918 (10/40)	...	1,000,000	5	50,000	...	50,000	0 0
New Zealand Loan Act, 1877	...	1 Mar., 1918, (10/40)	...	2,500,000	5	125,000	...	125,000	0 0
New Zealand Consolidated Stock Act, 1877	...	1 November, 1929	...	16,135,011	4	645,400	...	645,400	8 10
New Zealand Loan Act, 1879	...	1 November, 1889	...	524,000	5	26,200	...	26,200	0 0
New Zealand Colonial Inscribed Stock Loan Act, 1882	...	1 November, 1888	...	250,000	5	12,500	...	12,500	0 0
New Zealand Consolidated Stock Act, 1884	313,100 175,500	Various	...	488,600	4½ 5	14,089 8,775	...	14,089 8,775	10 0 0 0
District Railways Purchasing Act, 1885	...	1 April, 1905	...	188,300	4	7,532	...	7,532	0 0
New Zealand State Forests Act, 1885	...	1 March, 1898	...	1,500	5	75	...	75	0 0
<b>UNDER ACTS OR ORDINANCES OF THE LATE PROVINCIAL GOVERNMENTS:—</b>									
Auckland Loan Act, 1863 ...	31,600	1 June, 1896	15,820	15,779	4 7	1,896	632	2,528	0 0
Wellington Loan Act, 1866 ...	13,500	1 July, 1886	10,018	3,481	3 4	1,080	270	1,350	0 0
Nelson Loan Act, 1874 ...	15,000	...	...	15,000	7	1,050	...	1,050	0 0
Lyttelton and Christchurch Railway Loan Ordinance, 1860 ...	77,700	30 years from issue	50,602	27,097	11 6	4,662	1,554	6,216	0 0
Canterbury Loan Ordinance, 1862 ...	22,800	50 years from issue	4,128	18,671	0 4	1,368	228	1,596	0 0
Otago Loan Ordinance, 1862 ...	116,700	1 July, 1898	48,663	68,036	4 0	7,002	1,167	8,169	0 0
<b>ADVANCES ON SECURITY OF DEBENTURES:—</b>									
Immigration and Public Works Loan Act, 1870	...	1 June, 1907	3,276,872	31,391,849	1 10	...	...	...	...
Totals ... ..	...	...	3,276,872	31,688,349	1 10	1,546,155	119,052	1,665,207	18 10

\* Rate of interest varies, as the debentures are employed for temporary borrowing.  
NOTE.—The above total of £3,496,522 is exclusive of £225,000 for Deficiency Bills temporarily issued.

Table No. 4.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the CONSOLIDATED FUND outstanding on the 31st March, 1881, 1882, 1883, 1884, 1885, and 1886.

	31st March, 1881.	31st March, 1882.	31st March, 1883.	31st March, 1884.	31st March, 1885.	31st March, 1886.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
<b>ORDINARY REVENUE ACCOUNT.</b>						
Permanent Appropriations,—						
Civil List .. .. .	300 0 0	168 0 0	165 0 0	421 0 0	350 0 0	383 0 0
Interest and Sinking Fund .. .. .	.. .. .	24,000 0 0	4,470 0 0	.. .. .	.. .. .	.. .. .
Under Special Acts of the Legislature	225 0 0	.. .. .	957 0 0	584 0 0	684 0 0	490 6 10
Moiety of Subsidies .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	25,868 0 0
"    Endowments .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	4,049 7 0
"    Land Act, 1885 .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	1,311 13 6
	525 0 0	24,168 0 0	5,592 0 0	1,005 0 0	1,034 0 0	32,102 7 4
Annual Appropriations,—						
Class I.—Legislative .. .. .	.. .. .	25 0 0	719 0 0	.. .. .	.. .. .	.. .. .
"    II.—Colonial Secretary .. .. .	22,490 0 0	14,881 0 0	16,604 0 0	19,802 0 0	17,174 0 0	16,314 18 1
"    III.—Colonial Treasurer .. .. .	2,164 0 0	767 0 0	6,480 0 0	1,765 0 0	1,295 0 0	12,461 10 6
"    IV.—Minister of Justice .. .. .	5,110 0 0	3,305 0 0	3,016 0 0	2,610 0 0	3,111 0 0	2,686 6 6
"    V.—Postmaster-General .. .. .	8,166 0 0	12,939 0 0	9,920 0 0	3,856 0 0	5,862 0 0	10,134 8 2
"    VI.—Commissioner of Customs .. .. .	4,334 0 0	1,849 0 0	3,394 0 0	4,310 0 0	2,689 0 0	3,925 17 4
"    VII.—Commissioner of Stamps .. .. .	521 0 0	1,150 0 0	1,326 0 0	1,871 0 0	2,122 0 0	2,307 6 7
"    VIII.—Minister of Education .. .. .	3,550 0 0	2,340 0 0	2,500 0 0	4,686 0 0	3,578 0 0	2,251 0 0
"    IX.—Minister of Native Affairs .. .. .	1,267 0 0	2,737 0 0	1,939 0 0	1,415 0 0	700 0 0	1,000 0 0
"    X.—Minister of Mines .. .. .	7,820 0 0	8,550 0 0	6,805 0 0	2,437 0 0	3,270 0 0	6,284 0 0
"    XI.—Minister for Public Works .. .. .	86,596 0 0	71,754 0 0	82,735 0 0	103,169 0 0	106,244 0 0	87,797 10 5
"    XII.—Minister of Defence .. .. .	22,971 0 0	19,578 0 0	35,500 0 0	19,831 0 0	14,838 0 0	13,013 5 10
	164,989 0 0	139,875 0 0	170,938 0 0	165,752 0 0	160,933 0 0	158,176 3 5
Services not provided for .. .. .	.. .. .	351 0 0	.. .. .	.. .. .	.. .. .	5 7 10
Totals, Ordinary Revenue Account	165,514 0 0	164,394 0 0	176,530 0 0	166,757 0 0	161,967 0 0	190,283 18 7
<b>LAND FUND ACCOUNT.</b>						
Annual Appropriations,—						
Class XIII.—Minister of Lands .. .. .	8,956 0 0	11,805 0 0	13,331 0 0	16,072 0 0	12,362 0 0	11,937 8 3
"    XIV.—Colonial Treasurer .. .. .	.. .. .	.. .. .	.. .. .	7,610 0 0	23,258 0 0	18,700 0 0
	8,956 0 0	11,805 0 0	13,331 0 0	23,682 0 0	35,620 0 0	30,637 8 3
Special Appropriations,—						
Subsidies paid to Local Bodies, 1880-81 .. .. .	100 0 0	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .
One-third of Land Sales on Deferred Payments .. .. .	12,620 0 0	13,384 0 0	14,109 0 0	9,895 0 0	10,495 0 0	12,129 16 9
New Plymouth Harbour Board .. .. .	15,619 0 0	.. .. .	.. .. .	.. .. .	2,054 0 0	1,582 19 7
Ellesmere and Forsyth Reclamation and Akaroa Railway Trust .. .. .	267 0 0	.. .. .	.. .. .	.. .. .	1,830 0 0	244 14 3
Local Bodies Finance and Powers Act, 1885, section 7 .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .	122 1 3
	28,606 0 0	13,384 0 0	14,109 0 0	9,895 0 0	14,379 0 0	14,079 11 10
Totals, Land Fund Account .. .. .	37,562 0 0	25,189 0 0	27,440 0 0	33,577 0 0	49,999 0 0	44,717 0 1

Table No. 5.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the PUBLIC WORKS FUND outstanding on the 31st March, 1881, 1882, 1883, 1884, 1885, and 1886.

	31st March, 1881.	31st March, 1882.	31st March, 1883.	31st March, 1884.	31st March, 1885.	31st March, 1886.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
<b>ANNUAL APPROPRIATIONS.</b>						
Class I.—Immigration .. .. .	664 1 6	110 8 3	20,565 0 0	51,000 0 0	8,000 0 0	7,000 0 0
"    II.—Public Works, De- partmental .. .. .	647 18 3	255 11 1	902 7 5	619 6 9	778 14 3	718 16 11
"    III.—Railways .. .. .	423,687 1 8	320,019 11 10	533,243 16 7	728,955 12 5	496,593 3 11	386,345 8 9
"    IV.—Surveys of New Lines of Railway .. .. .	406 6 8	234 15 0	1,600 14 6	8,197 10 9	931 15 11	1,246 12 9
"    V.—Roads .. .. .	74,411 2 5	117,840 15 2	186,365 15 8	144,397 8 7	214,124 3 2	254,350 0 11
"    VI.—Land Purchases .. .. .	997,725 0 0	338,876 10 3	309,299 0 0	285,400 0 0	173,200 0 0	238,600 0 0
"    VII.—Waterworks on Gold- fields .. .. .	11,029 17 8	6,665 16 9	16,659 14 2	7,382 13 0	7,369 0 0	14,963 0 0
"    VIII.—Telegraph Extension .. .. .	.. .. .	3,500 0 0	9,000 0 0	.. .. .	6,600 0 0	3,700 0 0
"    IX.—Public Buildings .. .. .	23,240 18 5	84,457 9 1	82,862 2 3	41,752 10 10	10,424 1 7	23,255 5 9
"    X.—Lighthouses and Harbour Works .. .. .	100 0 0	7,554 11 8	10,661 17 2	15,138 2 4	119,220 6 11	164,410 10 3
Contingent Defence .. .. .	.. .. .	761 0 9	.. .. .	.. .. .	.. .. .	.. .. .
Miscellaneous Public Works .. .. .	38,591 8 10	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .
Totals .. .. .	1,585,512 15 5	880,276 9 10	1,171,160 7 9	1,282,843 4 8	1,036,641 5 8	1,094,589 15 4

Table No. 6.  
CONVERSIONS, 1886.—TERMS OFFERED AND ACCEPTED.

Loan.	Outstanding.	Interest.	Sinking Fund.	Redeem-able.	Terms offered by Stock Agents for every £100 in Debentures surrendered.	Surrendered.
Consolidated Loan of 1867	£ 1,971,000	p. cent. 5	p. cent. 1	Annual drawing	A debenture for £100, bearing interest, payable quarterly, at 5 per cent., for 6 years, from 15th April, 1886, to 15th April, 1892; then to be converted into £107 of 4 per cent. stock £106 of 4 per cent. stock, inscribable on or after 2nd April, and bearing interest from 1st May—interest on old bond, at 5 per cent., from 15th to 30th April, 1886, will also be paid	£ 589,600
Loan of 1863	488,000	5	1	1914	<i>Or, at the option of the holder,</i> A debenture for £100, bearing interest, payable half-yearly, at 5 per cent., for 6 years, from 15th January, 1886, to 15th January, 1892; then to be converted into £110 of 4 per cent. stock	43,600
5 per cent. 10-40, Loan of 1876	1,000,000	5	}	1888 or 1918	<i>Or, at the option of the holder,</i> £112 10s. of 4 per cent. stock, inscribable on or after 2nd April, and bearing interest from 1st May—interest on old bond, at 5 per cent., from 15th January to 30th April, 1886, will also be paid	65,600
1877	2,500,000	5			£102 of 4 per cent. stock, inscribable on or after 2nd April, and bearing interest from 1st May—interest on old bond, at 5 per cent., from 1st March to 30th April, 1886, will also be paid	1,292,700
Loan of 1879	524,000	5	..	1889	£103 of 4 per cent. stock, inscribable on or after 2nd April, and bearing interest from 1st May, 1886	136,000
Loan of 1860	98,100	6	2	1891	£109 of 4 per cent. stock, inscribable on or after 2nd April, and bearing interest from 1st May—interest on old bond, at 6 per cent., from 1st January to 30th April, 1886, will also be paid	19,000
Loan of 1863	531,400	6	2	1891	Same as loan of 1860—interest on old bond, at 6 per cent., from 15th December, 1885, or 15th March to 30th April, 1886, will also be paid	114,400
4½ per cent. 5-30, Immigration and Public Works Loan of 1870	201,400	4½	..	1904	Notice to pay off these debentures on 1st August, 1886, was given on 29th January, 1886, when the following terms were offered: £101 of 4 per cent. stock, bearing interest from 1st February, 1886, and inscribable on or after 2nd April, 1886	1,876,800
"	714,600	4½	..	1904		
"	2,080,100	4½	..	1905		
	£10,053,600				<i>N.B.—There was therefore left to be paid off on 1st August, 1886, £1,069,300.</i>	£4,137,700

\* Information not yet received as to amount under each.

† Information not yet received as to amount relating to each date—15th March or 15th December.

**Table No. 7.**  
**CHARGES OF THE PUBLIC DEBT.**

—	1883-84.	1884-85.	1885-86.	1886-87 (Estimated).
	£	£	£	£
Interest and sinking fund ... ..	1,565,872	1,570,989	1,689,347	1,654,500
Exchange and commission ... ..	26,936	32,015	1,908	1,500
Bank of England ... ..	3,588	5,734	8,175	11,400
	1,596,396	1,608,738	1,699,430	1,667,400
Deduct—				
Interest received on public moneys ...	8,448	12,274	19,482	15,000
Amount of converted bonds drawn ...	...	72,400	106,900	130,000
	8,448	84,674	126,382	145,000
Net ... ..	1,587,948	1,524,064	1,573,048	1,522,400
Deduct—				
Interest on new loans—				
First instalment of three millions ...	40,000	40,000	40,000	40,000
Second " " ... ..	...	40,000	40,000	40,000
Third " " ... ..	...	...	40,000	40,000
Million and a half ... ..	...	...	30,000	60,000
Colonial inscribed stock, quarter million ...	...	11,455	12,500	12,500
District railways ... ..	...	...	5,761	9,976
State forests ... ..	...	...	...	500
On account of new loan ... ..	...	...	...	12,000
	40,000	91,455	168,261	214,976
Net, exclusive of interest on new loans ...	1,547,948	1,432,609	1,404,787	1,307,424
Difference between amount paid in 1883-84, and amount paid in each succeeding year	...	115,339	143,161	240,524