which has since been countermanded; but to what extent that countermand will have operated, it is as yet impossible to say. I have placed it at £30,000, at which amount I have also placed the item telegraphs.

About the next item there can be no doubt. I lay before the Committee a statement of the Treasury bills as they fall due. They have been issued under authority of the Loan Act of 1862, and amount to £100,000.

I bracket the next four items together, as they have a character in common, and stating them as—

Revenues due to Provinces	£22,945	0	0
Deposit Accounts of various descriptions (including £6,000 Intestate Estates account)	19,491	13	11
Taranaki Land Purchase Fund	32,000	0	0
Wellington do. do.	1,600	0	0

they make a total of 76,036 13 11, and are all funds of a character that should be considered in the light of trust funds (some in a greater degree and some in a less, I admit), but which have been used to assist in carrying on the extraordinary expenditure of the Colony. The Committee will not need that I should do more than point to this as one among other indications of our real financial condition.

On the next item (sinking fund, £5,000), I may state that although provision has been made for the interest on the one million of debentures issued, as will be seen by a reference to the statement of account (which I have laid on the table) as furnished by the Crown Agent, yet that no provision has been made for payment of the sinking fund, for which provision must, however, be made, and which, computed to the 30th June, 1865, will amount to £5,000.

And the occasion of referring to this instalment, the first step in the process of repayment, affords a fit opportunity for adverting to the loss sustained by the Colony by the fact of the Bonds having been disposed of so much below par. For although the Colony only receives, say £810,000, yet it will have to repay £1,000,000, and will have to provide a sinking fund accordingly. I regret that I cannot, at the moment, amidst the numerous papers before me, lay my hand on the calculation I had made; but the amount of loss would surprise any one who had not regarded the transaction in that light.

The next item is one of great importance and magnitude. It represents the extent to which the Treasury account stood overdrawn with the Bank of New Zealand on the 26th November, and amounts to £412,286 9s. 2d., *plus* an amount of interest on overdrawn account due, but not yet brought to charge, of £6,049 10s. 2d., making a total of indebtedness on the part of the Government to that corporation at that date of £418,335 19s. 4d.

And when the Committee is informed that it was only on that date that the account was reduced to its present dimensions by a sum of £400,000 being passed to credit (part proceeds of one million debentures) paid over in London, and that those overdrafts were made against drafts in London at 60 days, drawn by members of the Government, and placed in the hands of the Bank Directors to the extent of £823,000. The Committee will perceive that the style of the Treasury business has been for a long time one of *anticipation and discount*. And here I observe that, in my opinion, it is to be regretted that the "Loan Act 1863" did not contain an extensive power to issue Treasury Bills.

The next item is Taranaki Relief Fund, £150,000. This was originally £200,000, but I understand two payments have been made on account, which have reduced the amount to that at which I have stated it. It is a debt that the Committee, I am sure, will consider must be provided for.

The three following items,

Light-houses	(Otago)	£6,000	0	0				
	(Wellington)	10,000	0	0				
Telegraphs	(Otago)	7,000	0	0				
						£23,000	0	0

represent sums which have been advanced by those Provinces for the services indicated, and will not, I conceive, be disputed.

To those items (I have quite recently been informed) is to be added under the head "postal" £13,000, for which a vote was taken last Session, but which amount has not been remitted to England. This is altogether exclusive of the first item of £500,000 (Imperial Debt). I recapitulate:—

Liabilities Incurred.

Imperial Debt to 30th November, 1864				£501,197	8	9
Immigration and Telegraphs				60,000	0	0
Treasury Bills				100,000	0	0
Revenues due to Provinces	£22,945	0	0			
Deposits	19,491	13	11			
Taranaki Land Fund	32,000	0	0			
Wellington Land Fund	1,600	0	0			
				76,036	13	11
Sinking Fund				5,000	0	0
Bank of New Zealand—overdrawn account and Interest				418,335	19	4
Taranaki Relief Fund				150,000	0	0
Light-houses—Otago £6,000, Wellington £10,000	16,000	0	0			
Telegraph—Otago	7,000	0	0			
				23,000	0	0
Postal				13,000	0	0
				£1,346,570	2	0

I proceed to the second denomination, which I state as follows:—

Current Rate of Expenditure (extraordinary).

Estimated.	Expenditure from 1st December, 1864, to 30th June, 1865 (£42,443 ℔ month)	297,102	0	0
	Contingencies for the same period (£2,000 ℔ month)	14,000	0	0
	Location of Settlers	90,000	0	0
		£401,102	0	0