London, £862,410; advances in the hands of officers of the Government, £315,763; balance of the Five Million Loan, £751,000; guaranteed debentures of the Immigration and Public Works Loan of 1870, £800,000; amount advanced temporarily at interest, £57,000; and advances to the Consolidated Fund upon Treasury and deficiency bills, £992,000. During the past year special receipts and recoveries amounting to £43,174 came to credit of the fund, making, with the balance of £3,778,173 at the beginning of the year, a total of £3,821,347. The expenditure, a summary of which will be found in Table No. 1 appended to this Statement, amounted to £1,960,974, thus leaving an unexpended balance of £1,860,373 at the close of the year

The liabilities outstanding on 31st March last, including £997,725 for land purchase, as certified to by the heads of departments, amounted to £1,585,512, particulars of which will be found in Table No. 6.

Setting the amount of these liabilities against the unexpended balance of £1,860,373, there remains to be appropriated for new services the small sum of £274,861. But, in arriving at this balance of £274,861, honorable members will observe that £997,725 is set aside as a liability on account of land purchase. Should, however, the policy in reference to such purchases enunciated by the Government be carried out, the sum which it will be necessary to reserve out of the existing balance will not exceed £200,000. The available balance for future appropriation will then be £1,072,586, instead of £274,861, as just stated.

FINANCIAL RESULTS OF THE YEAR 1880-81.

Honorable members will recollect that it was determined last year that for the future the revenue of the year should be the actual sum paid into the Treasury during the year, and that the expenditure should be the money actually paid away during the year, thus dismissing both assets and liabilities from the Public Accounts; the one being treated as revenue of the succeeding year, and the other being provided for in its votes.

I have said that the expenditure within the year was £3,168,183, and the receipts from revenue £3,123,961, exclusive of land sales, but, including the balance of £38,555 brought forward from last year's account, the receipts amounted to £3,162,516, so that upon this division of the account there was a deficit of £5,667 The expenditure from Land Fund was £266,793, and the receipts £299,167, the surplus upon this account being £32,373. The total expenditure, therefore, of the Consolidated Fund was £3,434,976, and the total revenue £3,461,682, thus leaving a surplus balance of £26,706 upon the actual transactions completed within the year.

Now, if honorable members will compare the position as just stated with the state of things in March, 1880, they will at once see that the view taken of the financial position of the colony by the Government has been borne out by facts. I then stated, and gave my reasons for the belief I expressed, that the check we were then suffering was only temporary, and that, notwithstanding the very large deficit which had to be met out of loan, the financial condition was thoroughly sound, requiring only reasonable self-sacrifice and care, and prudence in the management of our affairs, to restore us to renewed prosperity At the close of the financial period ended 31st March, 1880, we had borrowed in aid of the revenue of that period £1,000,000, by way of Treasury bills, after closing the accounts of the year ended 31st March, 1881, we can see our way to provide out of ordinary revenue for the liabilities outstanding at that date, with every prospect of a fair margin of receipts in excess of expenditure at the end of the year; and this notwithstanding the fact that the interest we have to pay has been increased by some £300,000 a year

LOCAL FINANCE.

I now come, Mr. Speaker, to the consideration of that difficult problem, "Local Finance" a problem difficult of solution chiefly because of the restless pushing energy which still demands more local works to open up the country; and this notwithstanding the fact that we have already borrowed so largely for these purposes that we are compelled in our general taxation to trench somewhat