

time had arrived when it became the duty of the Government to review the machinery by which the public moneys are managed, and, if possible, to consolidate all the law upon this great subject into one comprehensive, simple, and intelligible statute. That is the purpose of the Public Revenues Bill, and which it will be my duty to propose, and which will be placed in your hands without delay.

Subsequent opportunities will present themselves for explaining in detail the provisions of this measure. The Bill may be considered as having two distinct parts. I anticipate that all that part which is principally of a technical character will meet with the unanimous approval of the House, as I am certain that its results will that of the country. The other part, which comprises what may be called the new policy introduced by the measure, will be found, and is wholly contained, in three clauses under the head of "Revenues payable to Provinces."

I need hardly say, after the elaborate explanation I have already given the Committee, that we propose to repeal the Surplus Revenues Act. No one, I am sure, will contend for the maintenance of a law, the operation of which has to be suspended whenever it acts differently from what was supposed. Such a conduct of financial affairs must end in the worst embarrassment. We, therefore, propose to replace the existing law by a new arrangement. We propose to retain one-half of the consolidated fund permanently as the revenue of the General Government, and to settle one-half, with certain deductions, permanently on the Provinces. Those deductions are:— first, for the cost of services voted by the House, but provincially charged; and, secondly, the annual charges to which the General Government will become liable on account of the purchase or exchange of provincial debentures.

We propose also to make an entire change in the manner of computing the sums payable to the Provinces, and to make the account relate solely to past cash transactions. For example, say in the month of February, as soon as the accounts arrive from various parts of the Colony, the Treasurer will make up an account of the half of the actual sums paid into the consolidated funds in each Province during the month of January, and of the actual sums expended on account of general services provincially charged during the same month, and the difference will be the sum belonging to the Provinces for the month of January. If there is anything due from the Provinces on account of interest for its debentures bought and charged under the Consolidation Act, that will be deducted also, each month, at the rate of one-twelfth of the annual charge. Now this account will absolutely close all transactions between the General Government and the Provinces up to date. No money will ever be paid in advance, no balance left unpaid. The account depending on past cash transactions, instead of on future contingencies, will be absolutely closed month by month, and I venture to say that this result will be equally acceptable to the General Government, to the Provinces, and to the public;— to the General Government, whose finance will no longer be obstructed, and its accounts mystified, by engagements difficult to be ascertained and never settled; to the Provinces, who will no longer be tempted to extravagance by the anticipation of "hearing something to its advantage" in the annual balance sheet, or irritated by the prospect of having to refund sums which it had overdrawn in enforced ignorance of its real position; and to the public, who may possibly begin to understand something of the manner in which its money is disposed of, which any one but a most accomplished accountant must despair of doing under our present system.

I have said that the Provinces are at present indebted to the General Government in a sum which somewhat exceeds £183,000. At a time when an entirely new arrangement is being introduced, and a new system of accounts inaugurated, it would be extremely embarrassing if the simplicity of the new system were destroyed, and its working spoiled by the retention on our books of engagements which cannot fail to be a subject of irritation between the General Government and the Provinces. We have, therefore, thought it wise to propose

to the House that these debts should disappear together with the Act out of which they have arisen. We propose to abandon this claim altogether on the part of the General Government. If, however, we were simply to pass a sponge over the entry, justice would not be done as between Province and Province. The Provinces have been all over paid, but not all in the same proportions. Simply to cancel the debt, therefore, would be to take from one Province in order to give to another. We propose, therefore, to abandon this claim on the part of the Government, but to require some Provinces to pay such sums as shall adjust the amount fairly between all. The General Government will stand in the position of a liquidator, and will pay to some Provinces the whole of the amounts which it receives from others, and we shall ask that a short Bill shall be passed, stating specifically the sums to be received and paid by each Province in final liquidation of the account. There is one exception to this. It is the case of Marlborough, which I think requires the special consideration of the Committee. Under the operation of the Surplus Revenues Act, Marlborough stands indebted to the General Government on the whole account from 1858 to 1867. That is to say, her share of the surplus revenues is some four or five thousand pounds less than nothing. She has been paid about £7,000 as surplus revenue, and in the proposed adjustment of the account Marlborough would have to refund about £12,000 to other Provinces. Now it is impossible that Marlborough can pay this money. The sum, therefore, for distribution will be deficient by that amount. The fairest arrangement seems to be that it should be divided equally between Wellington and Nelson, because it is owing to the fact that the customs duties on goods consumed in Marlborough are to a certain extent paid in Nelson and Wellington, that the account with Marlborough assumes a character so different from that of all other Provinces. We have, in fact, thrown upon Marlborough the same proportional charges as upon other Provinces; whilst she is accidentally or from other causes deprived of the revenues by which those charges are to be met; whilst the revenues are infringed on by two of her neighbours, the expenditure borne on those revenues is voted by the House; that is, the *pro rata* share of the general charges, and the cost of the general services provincially charged, have been larger than the total amount of the revenues received. The total sum is not large. Both Wellington and Nelson, which, if matters remain as they are, would have to refund considerable sums to the General Government, will, even after the special arrangement as regards Marlborough, have to receive instead of to pay money. Theirs will not, therefore, be a case of hardship. The total result of the operation will be as follows:—

		£
Auckland will have to receive	25,380
Wellington " "	4,815
Nelson " "	615
Canterbury " "	618
		£31,428
On the other hand,		£
Taranaki will have to pay	376
Hawke's Bay " "	301
Otago " "	25,140
Southland " "	5,611

Thus the total sums received and paid over in liquidation of this debt of £183,688 9s. 6d., will be found only to amount to £31,428.

Altogether, Mr. Carleton, I think this may be considered an unusually pretty transaction, for every party to it comes out satisfied. The General Government assumes the dignified attitude of *Paterfamilias* hushing the clamour of his nine children, who were expecting to be punished, by a judicious distribution of sweetmeats, which he himself disdains to taste. Each of the nine Provinces must needs be pleased with the share allotted to it, when it regards the following statement