

Volunteers throughout the Colony has, however, been considerably reduced, and if the Legislature should be of opinion that, in consideration of the financial exigencies of the country, the Volunteers may be reasonably expected to forego even this reduced allowance, a further saving to the amount of £6,216 5s. may be effected. The remaining expenditure for Defence Office and for the Armed Constabulary is now for the first time charged upon the ordinary revenue of the year instead of upon loan, so that although there is an apparent increase under this head in the ordinary expenditure of the year, the cost of this service has, in fact, been brought down from £109,025, including outstanding liabilities, which was authorized for its maintenance during the year 1867-68, to £47,497 for the present year. The Government has reduced to the utmost to which its sense of duty will allow both the numbers and the cost of the small Constabulary Force which a regard for the peace of the Colony precludes it for the present from entirely dispensing with; but having brought down this cost to the amount which it has now reached, they believe that it should be borne so long as it continues indispensable, as one of the ordinary burthens of the Colony, and should not be allowed to add to its indebtedness. This remark applies only to the ordinary annual cost of the Constabulary Force, and not to any extraordinary outlay which may be entailed upon us by the suppression of such disturbances as those which have recently occurred on the West Coast. The total amount, Sir, required for the services charged on the ordinary revenue of the present year is less by £152,149 than that voted for the same services during 1867-68.

I fear that these savings, large as they are, will not satisfy those advanced financial reformers, whose objects I entirely sympathize with, but whose zeal appears to me in many cases larger than is their information as to the effect which their suggestions would have on the subjects with which they are dealing. The Government believes that in the course of time further reductions may be attained in the cost of the public service, but they do not think that further immediate savings to any extent can be effected without real injury to the public interests. At the same time they will welcome any practical suggestions which may be made to them on this subject, and will give them their candid and careful consideration. There is, however, one direction in which I think that such additional savings should not be looked for, namely, any farther general reduction in the rate of salaries now paid to public officers. As a rule, and especially in the junior classes, these salaries are very moderate. For the last four or five years hardly any advance has been given to public officers, who in many cases are receiving remuneration little if at all in excess of that paid to a good mechanic. I need hardly point out to the Committee that this state of things has had and must continue to have a very discouraging effect upon all ranks, especially the juniors in the public service, and must effectually prevent the Government of New Zealand from obtaining the services of men of more than ordinary energy and ability, who can usually obtain from banks or other private employers more adequate remuneration than they can hope to receive from the Government of the Colony. Owing principally to this cause the Treasury has, during the past year, lost some of its best and most experienced officers. The result of this is not real economy.

So long as the present Government continues to administer the affairs of this Colony, they will not cease their efforts for reduction in the public expenditure by which such considerable savings have already been effected. But it would be useless to disguise from ourselves the unpleasant fact that the peculiar manner in which these islands have been settled, and in which their population is now distributed, involving as they do a very great multiplication of the machinery of government, must effectually prevent the Government from ever being a comparatively cheap one.

The facts and figures I have already given will have prepared the Committee for the announcement that the Government is unable at present to propose any reduction in the heavy taxation of the Colony. The Government is alive to the weight of existing burdens, and has anxiously considered the practicability of relief. But these figures will, I trust, satisfy every impartial and prudent financier, that though it might not be difficult to change the incidence of taxation, we cannot afford to diminish at the present time the sum total which that taxation produces. Before I leave this part of my subject, I must be allowed, while admitting the weight of the burdens laid upon the shoulders of the people of this Colony, to deprecate the exaggeration with which this subject has been treated in many quarters, and which appears to me calculated to excite unnecessary discontent within the Colony, as well as seriously to injure its position in the estimation of persons at a distance. The positive as well as the comparative weight of the taxation of New Zealand has been frequently over-stated. The sum per head paid for duties of customs, which constitutes four-fifths of the public revenue, amounts, it is true, to £3 11s.; but of this sum no less than £2 1s. 8d. is paid on spirits, wine, beer, and tobacco, which are generally considered fair subjects for the operations of the tax-gatherer. It may be interesting to note the different proportions in which the tax on these articles is paid in different parts of the Colony. Leaving out of consideration the case of the Westland gold fields, which, of course, occupy in the matter a somewhat exceptional position, I find that the most generous contributor to this portion of the Colonial Revenue is the Province of Hawke's Bay; while the most apparently economical is that of Marlborough. In the latter case, however, I fear the character is rather assumed than real, and that a considerable proportion of its expenditure on these luxuries appears in the accounts of its Wellington neighbour.

Again, although the amount of taxes paid by each individual in New Zealand is considerably higher than in Great Britain, being £4 10s. (including provision for many local services) in the former, as compared to £3 0s. 7d. (including local taxation) in the latter; yet when it is considered that the average earnings of the labouring classes in the Colony are, as a rule, more than twice as large as in the mother country, it will be found that, testing the weight of taxation by the proportion which that taxation consumes of the earnings of each adult, the position of the Colonist will compare favourably with that of the taxpayer in the United Kingdom. With regard to this question of taxation generally, it has, in many of the discussions on this subject which have taken place throughout the Colony, been somewhat hastily assumed that heavy taxation, if not incompatible with, is at least rarely coincident with National prosperity. I think this is a very false and a mischievous impression. A reference to the statistics of the principal countries of Europe will show that, so far from this opinion being true, countries like Turkey and Russia, where the taxation is 8s. 4d. and 16s. 1d. per head respectively, are those which are far from being the most prosperous or wealthy; while the State in which (with the well-known exception of the United States) taxation is the highest, namely, the Kingdom of Holland, where the general taxation is £2 11s. 3d. per head, is admittedly one of the most flourishing. I do not mention these facts as any incentive to the people of this Colony to indulge in further taxation, or even to be content with our present position, but rather as a consideration which may afford us some amount of consolation under the weight of a burden which, for the present, we cannot escape, but which will, I trust, be gradually lessened by the increase in the wealth and population of the Colony, and by improvement in its administration.

A full consideration, Sir, of this important subject, on the part of any person whose duty it has been, as it recently has been of my colleagues and myself, to deal practically with the difficult question of governing this Colony in the most efficient manner at the smallest cost, must, I believe, bring home to the mind a deep conviction that one of the most serious obstacles to be found in the way of affording relief from the weight of present taxation, is to be met with in the financial relations of the General and Provincial Governments. I can illustrate my meaning by a reference to the estimates of expenditure now before the Committee.