

FINANCIAL STATEMENT.

like that of all other votes, should be furnished to the Government to be laid before the Legislature; also that the police and gaols should be subject to inspection and report by an officer to be approved by the Colonial Government, with a view of enabling it to satisfy this House that its votes have been usefully applied. I may state at once that the amount which the Government is enabled to propose for the current year is seven shillings per head in each case. There would remain to the Provinces the Land Fund collected within their borders, and the strictly local revenue raised under provincial enactments, the amount of which is shown, by a return already on the table of this House, to be not inconsiderable. We believe, Sir, that if Parliament is pleased to assent to this important change, not only will the work of the Government of the Colony be considerably simplified and facilitated, but in most instances the Provinces themselves, freed from their present debts and relieved from all doubt as to their financial resources, will be placed in a better position to devote themselves to the discharge of those important functions of colonization and settlement which in many parts of New Zealand are still left to them to fulfil.

Of course, Sir, it will be suggested that such a change as I have indicated, however desirable on general grounds, may affect very unequally the various Provinces of the Colony, and may in some cases, unless this inequality is adjusted, cause considerable practical injustice. In order to assist the Committee in arriving at a correct judgment on this point, I lay before it a table showing how much for the present year each Province would gain or lose by the proposed change. This table is framed on the basis of the population and estimated revenue for the present year, any changes in which would of course seriously affect its results. It was prepared before the result of the conversion of some of the Provincial Loans was fully known, and as that operation is still incomplete it has not been thought expedient to embody its partial results in this table. It proceeds on the assumption that the current financial year will add £25,000 to the revenue of Auckland, and take away £10,000 each from Westland and Nelson, from which a considerable migration is now going on.

TABLE SHOWING FOR THE FINANCIAL YEAR 1867-8—

Province.	Estimated Moiety of Consoli- dated Revenue, 1868-9.		Estimated Charges.		Interest and Sinking Fund on Loans.		Total Charges.		Balance.		Contri- bution to Provinces of 7s. per head.	Cost of Harbour Depart- ments, less Fees and Dues.	Loss to Provinces.	Gain to Provinces.						
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.										
Auckland	85084	0 0	29476	0 0	45400	0 0	74876	0 0	...	10208	0 0	16912	7 0	2491	11 11	...	9195	18 11		
Taranaki	4986	0 0	3546	0 0	1500	0 0	5046	0 0	50	0 0	...	1525	13 0	391	7 3	...	1967	0 3		
Wellington	55465	0 0	20088	0 0	15712	0 0	35800	0 0	...	18665	0 0	7682	10 0	881	14 5	11100	15 7	...		
Hawke's Bay	13960	0 0	6900	0 0	7720	0 0	14620	0 0	660	0 0	...	1849	1 0	584	13 7	...	3093	14 7		
Nelson	47936	0 0	14293	0 0	5171	2 5	19464	2 5	...	28471	17 7	8334	18 0	*316	4 3	20453	3 10	...		
Marlborough	4710	0 0	3723	0 0	1323	14 0	5045	14 0	335	14 0	...	1529	17 0	266	15 2	...	2132	6 2		
Canterbury	76629	0 0	30506	0 0	30187	0 0	60893	0 0	...	15936	0 0	13448	15 0	1719	18 7	767	6 5	...		
Westland	59912	0 0	19124	0 0	30187	0 0	49311	0 0	...	10601	0 0	5366	6 0	2991	6 2	2213	7 10	...		
Otago	131918	0 0	43667	0 0	57865	1 7	101532	1 7	...	30385	18 5	16999	3 0	2491	16 5	10894	19 0	...		
Southland	18711	0 0	7635	0 0	24674	9 0	32309	9 0	13598	9 0	...	2780	1 0	1595	16 0	...	17974	6 0		
TOTALS	499321	0 0	178953	0 0	219739	7 0	398697	7 0	14044	3 0	115267	16 0	76453	11 0	13414	19 6	45429	12 8	34363	5 11
														316	4 3					
														13098	15 3					

* Harbour Receipts in excess of Expenditure.

It will be seen that the loss to some of the Provinces would in the present year be considerable, while the gains of some would be of importance. In those cases in which the loss is in reality the loss of the revenue collected in one Province, but in reality paid by the inhabitants of another, in the manner which I have already described, we do not consider that any real injustice is involved in the change we now propose, and no adjustment is therefore necessary. This remark applies chiefly to the case of Otago and partially to Wellington. There are, however, other cases, as Nelson and Southland, which stand on a different footing.

Southland has borrowed excessively, and the Interest and Sinking Fund on her debts amounts to a large sum, while her contribution to the Consolidated Fund, on which the aggregate of the Provincial Debts will, if our proposals are adopted, be hereafter charged, is a comparatively small amount. It is not reasonable that she should be altogether relieved at the expense of the Colony from the consequences of her borrowing. According to the Estimates of the present year she would gain £17,974 per annum by the new arrangement. We propose that she should, during the period over which the repayment of her loans would extend, contribute £12,000 per annum from her Land Fund to the Consolidated Fund, and that in the event of her Land Revenue in any one year exceeding £52,000, the surplus should be applied to the redemption of this annual subsidy.

In the case of Nelson we find an adjustment required in an opposite direction. She has been economical in her expenditure, and prudent in her borrowing. The annual Interest and Sinking Fund on her own Provincial Loans is very much less than the share which, according to her present population and revenue, she would contribute to the aggregate Interest and Sinking Funds of all the Provincial Loans if they were made a general charge on the Consolidated Fund. Nelson is therefore clearly entitled to some redress. In determining the amount of her claim, several contingencies must be taken into consideration. The effect which the proposed change will have upon the interests of Nelson, as shown in the table, is of course calculated upon her present revenue and population; it is a result for the present year only, and must vary from year to year in the same proportion as that which the revenue and population of Nelson bears to the rest of the Colony also varies. One reason why the debt of Nelson is at present small in proportion to her population is the fact that that population has, by means of the North Westland gold fields, been more than doubled within the last two years; and the removal of any large part of her gold-mining population to more attractive regions would immediately place Nelson more nearly on a par with the other Provinces than she is at present. A similar effect would follow in the not impossible event of the district