

£540,000, and deducting from it £442,739 ordinary expenditure, we have a balance of £97,261 remaining. In other words, if you are content to consider that the items of which I have spoken as extraordinary or exceptional, are fairly chargeable against borrowed money, you will conclude that you have a surplus of £97,261 over the expenditure fairly chargeable to revenue. That, I think, at once and effectually does away with the idea that we are borrowing money annually for the purpose of paying interest upon our loans. The surplus shown by the view which I have taken is very considerable. If you say that our revenue should be sufficient annually to pay off the sinking fund, we may pay it off, and still have a surplus of £50,663. Whether or not a portion of this surplus should be reserved for Defence purposes, or for reduction of taxation, I will not now pause to consider; because, when I come to Ways and Means for the present year, it will be my duty to state to you the opinion of the Government as to the manner in which the future revenue should be dealt with,—as to the charges which should be made against that revenue, and as to the extraordinary charges which, as the Government think, should be defrayed out of borrowed money.

PUBLIC WORKS AND IMMIGRATION.

Before proceeding to the estimates of revenue and expenditure for the coming year, it is necessary that I should relate to you the policy of the Government which will affect that revenue and expenditure.

Last year, we had in this Assembly many evidences that the colonizing spirit was re-awakening. During the recess, from all parts of the country, those evidences have been repeated, in the anxious desires expressed for a renewal of immigration and of public works. I now ask you to recognize that the time has arrived when we must set ourselves afresh to the task of actively promoting the settlement of the country. I am about to state the proposals which the Government, after mature consideration, have decided to submit to you. I wish the task were in abler hands, for it is an onerous one.

I will, very briefly, trouble you with the principles which are at the base of those proposals. They are, 1stly, That both Islands should aid in the colonizing work; both be placed in a position to contribute to the general requirements; both share in the results obtained.

2ndly, That it is inexpedient to embarrass colonizing operations with unnecessary political changes; and that, therefore, it will be wise to adhere as closely as possible to the political institutions with the working of which we are familiar.

3rdly, That the conditions and circumstances of different parts of the Colony vary widely, though there is throughout the Colony the same necessity for colonizing operations.

I think that a recognition of these principles will be apparent in the proposals I am about to describe.

We recognize that the great wants of the Colony are—Public Works, in the shape of Roads and Railways; and Immigration. I do not pretend to decide which is the more important, because the two are, or ought to be, inseparably united.

I will first refer to Public Works. One Island, we are aware, is tolerably well provided with ordinary roads, but is deficient in railways. The other Island is deficient in both railways and roads, and wants, moreover, the special means for constructing them, in the nature of a public estate. We have to consider the best means of supplying those wants, and also how far those means should be made accordant with the conditions which have grown up as between the two Islands. The Middle Island will not consent to colonize the North Island at the expense of neglecting its own colonization. Whatever it consents to, as for the North Island, it will expect and require to be done as for itself. The North Island, unsettled, can do but little. The North Island, settled, will support a fully equal share of population, and meet a fully equal amount of the general liability. We propose that, in a part or parts of the North Island, the Colony shall be at the cost of constructing a trunk road, to place it or them in communication with the rest of the Island. The expense of this we estimate to be £400,000, requiring an

Results of Analysis
of Expenditure.

Colonizing Opera-
tions demanded,

and should be under-
taken.

Government Pro-
posals.
Both Islands should
aid.

The work should not
depend on political
changes.

It is necessary
throughout the
Colony—but condi-
tions various.

Public Works.

Equal treatment of
the two Islands.

£400,000 for a Trunk