

railway which had been made out of provincial funds, the proceeds of such sale to be applied to the construction of branch railways: that proposal came to nothing through the Bill which was to authorize the transaction having been lost. The Government have carefully considered the subject during the recess, and have come to the conclusion that they would not be justified in diverting any of the present loan for the construction of branch railways when there is not sufficient to complete the making of the main trunk lines. The Government will submit a Bill to authorize the main trunk lines of railway constructed with provincial funds and other provincial property, which it will be right to take over upon the abolition of the provinces, to be valued; and to provide that the value of such property shall be set against an equivalent amount of provincial debt, which shall thereupon cease to be a charge on such provincial district, and shall henceforth be a charge upon the colony only. Pending the proposed valuation, it has been estimated, for present purposes, that the present worth of the Canterbury lines, less the amount spent by the General Government on Branch Railways, will be, say, in round numbers, £600,000—and that the value of the Otago lines will be, say, £270,000. Subject, as between the colony and the provincial districts, to these deductions the funded debts of the provinces will remain as at present chargeable on the Land Fund, and the item of £118,370 7s. 7d., now under consideration, represents the amount transferable to the revenue to meet the annual charge on those debts for the eight months. The interest on the present Provincial Debt for four months will be deducted as usual from the capitation.

A few words as to the last item in my estimate of revenue, and I shall have finished my remarks on the subject of Ways and Means. The item we have come to is headed "Contribution from Land Fund for Interest on Cost of Railways completed," and the amount set down is £127,520. The House has so often affirmed the propriety of this charge upon the Land Fund that it is unnecessary for me to say anything upon that point, and I only refer to the item in order to state that the amount has been computed on the basis indicated in "The Immigration and Public Works Act, 1871," and that credit has been given for the estimated excess of receipts over expenses on the working of the lines.

I close my remarks on the estimated Revenue and Expenditure of the Consolidated Fund for the year, by stating that the items to which I have referred make up a total Consolidated Revenue for the year of £2,355,747 0s. 11d. To this sum I add the surplus of £120,446 8s. 10d. with which we began the year, making a total of £2,476,193 9s. 9d. as our Ways and Means. From that total I deduct the amount of the Expenditure, estimated at £2,405,400 3s. 11d., and we have an estimated surplus of £70,793 5s. 10d.

#### LAND FUND.

From the peculiar nature of our Constitution, it must be a matter of very great difficulty for persons at a distance to understand our finances, or even to ascertain with any accuracy what yearly revenue we have. It is clear that, if our revenue is to be fairly compared with the revenues of the Australian colonies, the Land Fund should be brought into the Public Account. One considerable item, the rent from Pastoral Leases, amounting to £128,300 per annum, is certainly revenue. The remainder, although treated as revenue in other colonies, has never been so treated in New Zealand. The Provinces, which since 1856 have had the administration of the fund, have endeavoured from the beginning, and in the main fairly, to apply the proceeds of sales of land to their proper uses—public works, immigration, and endowments for education, and other legitimate purposes—and, upon the whole, have succeeded as well as was to be expected. I say "in the main fairly" because it cannot be denied that the existing dissatisfaction with provincial institutions has arisen, in a large measure, from the tendency of Provincial Governments to lay out an undue share of provincial funds in the neighbourhood of the principal provincial towns, or in other favoured districts. There have, moreover, been many instances of lamentable waste of both the estate itself and the proceeds. But no true estimate of the capabilities of the country for bearing its debt, or of the probable use we shall make of borrowed money, can be