

formed without taking into account these significant facts, that our Land Revenue, exclusive of gold duty, has averaged for the last six years £580,613 1s. 4d.; that it has never been brought into our estimate of revenue; and that at least three-fourths of it has been always applied to local public works, education, and the payments of interest and sinking fund upon Provincial Loans, the proceeds of which have been spent upon local public works. The Land Revenue for the year is estimated at £702,192, and the returns already show that in some cases the Provincial Governments have much under estimated the probable receipts under that head.

With regard to the Gold Duty, I may state that the Government has no intention at present of abolishing, or even of reducing, that imposition. The gold mining community are the pioneers of the district to which their pursuit leads them, and their demands for the means of intercommunication are necessarily large and imperative. The Government recognizes the necessity of meeting these demands, and it proposes to apply the whole of the gold revenue, including the export duty, to the maintenance of the roads and public works upon the gold fields.

I have, as yet, said nothing about future finance as affecting Public Works and Immigration; it is, however, a subject which has received our careful consideration, and the conclusion to which the Government has come is this: that, considering the position of the colony, the state of the money market, and the large sum out of previous loans yet unexpended and partially unraised, which is still available, provision has been already made as far in advance as is possible. We are of opinion that it would be unwise to again enter the London money market with any new loan for some time to come. We think the duty of the Government now is to concentrate its attention upon careful yet vigorous administration. We propose to extend the expenditure of the funds just mentioned which are still available, amounting to the very considerable sum of £4,010,586 11s. 7d., over a period of two years. This will enable us to go on with the formation of the main trunk lines, immigration, and other important works, such as lighthouses, telegraphs, and public buildings.

I will now as shortly as possible put before the Committee the financial effect the proposed changes will have upon the municipalities, road boards, and other public institutions in the Provinces of Auckland and Canterbury. I have selected these two provinces, the one as representing those provinces which are practically unable to perform the duties of governing, and the other as being the most favourably affected by the proposed change.

It will be admitted on all sides that the present financial position of the Province of Auckland is a public scandal, and the continuance of such a state of things as now exists there ought not to be permitted. The necessity for a remedy is imperative and immediate. It is for this House to determine what that remedy shall be, and how it can best be applied. The people of Auckland require to be placed in a position of financial independence, and the proposals of the Government will satisfy that demand. The province, as a whole, will be provided with all necessary institutions of a provincial character—its police, gaols, harbours, lunatic asylums, and educational establishments will be provided for out of the revenue of the colony, and its larger public works will also become matters of colonial concern. The cities will receive the revenues arising from auctioneers', publicans', and other licenses for trading, within their boundaries—together with a contribution equivalent to the rates collected up to one shilling in the pound. The out-districts will receive the revenue from publicans and trading licenses within their boundaries, the tolls on roads and bridges, and a contribution equivalent to two pounds for every one collected as rates. Under prudent local management each of these communities can secure its own independence, and it will have an income growing with its growth and adequate to its own wants. The Thames will no longer be governed by or dependent on the city of Auckland, but will have the administration of its own funds. The out-districts, such as Tauranga, Waikato, and the Bay of Islands, receiving, besides the items of income referred to above, an addition of two pounds for each pound collected by rates, will possess larger and more certain means for improving their several districts than they have ever yet enjoyed. I have no doubt that the City Council of Auckland, with the aid of the