

Bills, of which sum a moiety would vanish concurrently with the present financial year; but the present tendency is in an opposite direction, for the amount of Treasury Bills in existence is now above £800,000 — more than double the original sum referred to of 1874–75, and, instead of there having occurred any decrease in this particular form of the Colony's indebtedness, the original sum may now safely be multiplied by two. Not only have we been unable out of the superfluities of the present to pay off the deficiencies of the past, but the necessities of the present have shown themselves to be far greater than before, and the charge upon the Consolidated Fund has now become so large that to meet these Treasury Bills out of the fund upon which they are by law a proper charge appears to me to be hopeless. In the year 1875–76, a further issue of Treasury Bills was requisite in aid of revenue to the amount of £172,000. In the last year, a further issue of £260,000 became necessary, and the late Colonial Treasurer proposed to repeat a similar temporary borrowing this year "as a receipt in aid," but for this occasion the Fund upon which the advance is to be secured is not the Consolidated Fund or the ordinary revenue of the Colony, but the Land Fund of the Provincial District of Otago. A similar loan would have been raised on the security of Canterbury, had it not been found possible to take £58,000 in cash from its Territorial Revenue. Such a condition of affairs, Sir, as this is not considered by us in any way satisfactory. There appears to be a sad want of that equilibrium—that evenness of balance—in our financial system which, before all things, must exist if we intend to maintain our position as a solvent State, our reputation as prudent, careful colonists, and, above all, our credit in the English Money Market.

OUR POSITION WITH REGARD TO PROVINCIAL LIABILITIES.

Nor, Sir, is this all: if it were, perhaps it would not be so difficult to secure an even balance between our means and our requirements as, I fear, may possibly be the case—or to use a homely phrase, to learn how to make both ends meet. Last session, this House finally determined to abolish the Provincial system, and in so doing had to make all Provincial liabilities Colonial liabilities, for which this House has to make provision. The burden which has been undertaken by that policy is, in my opinion, greater than was ever anticipated. The difficulty of ascertaining the amount of Provincial liabilities seems to be very great, and that of finding the means wherewith to liquidate them when ascertained seems to me to be still greater.

Up to the 30th June last, the sum of £237,500 had been advanced from loan to meet payment of Provincial liabilities, and there existed on that date, overdrafts at the Bank on Provincial Account, the sum of £105,888, or an aggregate sum of £343,388, which total may be reduced by £45,888, being the amount of balances in hand to meet liabilities on Provincial Account, thus leaving still unsupported the sum of £297,500.

Sir, so much I have said for the period up to the 30th June last, and from that time I may be allowed to travel upon a different and perhaps more uneven track. There are known to be at the date on which I am now speaking still further liabilities on Provincial Account outstanding, amounting to £279,766, reducible by about £30,000 due from Land Fund and other sources, leaving a total