

receipts from our land sales for Public Works and Immigration. The best mode of dealing with this fund, should the House determine to create it, I do not now propose to consider,—this will be one of the questions for decision next session,—a great work will have been accomplished if it should be determined to create the fund.

Sir, the Government entirely disapprove of sacrificing the public estate to make up either a temporary or a permanent deficit in the revenue, or of selling land for any other purpose than for settlement and occupation. Proceeding, therefore, upon the assumption that land sales receipts are no longer to form part of the ordinary revenue or income of the colony, I eliminate them, retaining, however, the pastoral rents which are really revenue, and find that the estimated revenue for the year is £2,945,900. Deducting from the total estimated expenditure of £4,013,078 the services included therein, amounting to £247,509, which are properly chargeable against the revenue from land sales—viz., the cost of administration and surveys, and the 20 per cent. of receipts, &c., payable to local bodies—we get £3,765,569 as the estimated expenditure of the year; and if from the estimated expenditure we take the estimated revenue, we get £819,669 as the deficit for which we have to provide for the future.

I will, Sir, now, with the permission of the Committee, deal, in the first place, with the deficit of £819,669, leaving for the present the question of the deficiency to be provided for this year. Some exception may be taken to calling this a permanent deficit, as it will be said, and said truly, that our receipts from Taxation, Services rendered, and Railways are increasing yearly, and this increase, no doubt, will afford relief to some extent. But I have thought it prudent to put against this the increased interest we shall have to pay upon the new loan and upon fresh borrowing, which must certainly occur, and also the increase upon our ordinary expenditure, which is sure to take place. There is no reason to suppose, judging from present circumstances, that the expenditure or revenue will differ materially next year from that above stated; I shall therefore take, as sufficiently accurate for all practical purposes, the above estimate of expenditure and revenue, to show the probable effect of the financial policy the Government are proposing for adoption.

I will first ask the Committee to turn for a moment to the table of the estimated expenditure (Table E), which, upon examination, will be seen to contain one very large item of £275,620 for subsidies to local bodies. Many honorable members think this contribution in aid of rates wrong in principle, and many more think that, considering our present financial condition, payment of it should cease at the end of the year. I am one of those who think it fair and reasonable that the State, as the State, should contribute towards the cost of keeping open and improving the means of communication throughout the country, and that it is altogether a mistake to suppose that by striking this item out of the Estimates the people of the colony will be relieved to that extent from taxation. To all those who have given any attention to local subjects it is well known that an amount equal to this large sum must be raised for local works; striking this item out of the Estimates will therefore be no real relief to the country at large, nor will it leave more money in the pockets of the settlers; but the question as to the fairest and easiest means by which the necessary amount can be raised is no doubt open to discussion, and is well worthy of the serious attention of this House. The Government, however, have come to the conclusion, after careful consideration, that a better means than the present of raising this money can be devised, and they will therefore recommend that the subsidies next year should be discontinued. Should the House determine to retain them, taxation will have to be proportionately increased. The important question of local finance is far too large to go into this session, therefore I will say no more upon the subject now, except, Sir, that the Government fully recognize the fact that it is their duty to submit to this House, upon its first meeting next session, a scheme which shall place local finance on a satisfactory and something like a permanent basis; and, by satisfactory, the Government understand placing local bodies in such a position as will enable them to obtain as far as is possible sufficient funds for all necessary works, while drawing a broad and distinct line between local and general finance; and such a scheme the Government will endeavour to mature before the next meeting of Parliament.