

which here exist. It has been said that New Zealand colonists are heavily taxed. Let us, without stopping to consider the qualifying facts, assume this to be true, and then look at it from another side. Here is a community of some 600,000 people who, in a time of long-continued and almost unexampled commercial depression, with some of their main staples very low in market value, yet raise a public revenue of, say, £3,500,000 a year. That is the sum they annually contribute to the State, mainly, if not wholly, out of their earnings; and it may be fairly inferred that these earnings, and the wealth they represent, bear no unfavourable comparison with those of other peoples, when out of them, and, as I have said, in a time of long-continued depression, they are able to make and maintain such a contribution. Yet in spite of this very large contribution, I hope I may even say—partly in consequence of it—there is, I believe, no community in the world of the same number, and spread over as large a surface, where on the whole, and allowing for inevitable exceptions, the material conditions of life are more favourable, or possessed by the people in greater abundance. In the second place, it is not less necessary to bear in mind the important and salutary financial changes already referred to. These changes are not only important in themselves as involving large and immediate economies in administration and in public works, but still more so as showing emphatically that we both mean to live within our means, and have approved, and are adopting, the steps necessary to insure this most desirable result.

The misrepresentations I have spoken of are to be greatly regretted for their effect upon our credit in London, and still more so because, owing to the extraordinary ignorance of the great mass of the English people of all things relating to the colonies, they tend most materially to turn from our shores that class of settlers whom we most need, and who would do best here—men with some capital, who could make profitable use of our waste lands, whether agricultural, pastoral, or mineral. It has very often been said, yet I would again repeat, that the introduction and settling upon our unoccupied lands of this class of settlers is one of the most important functions of the Legislature and Government of the colony.

It may be convenient that I should state briefly at starting what, in the opinion of the Government, is the chief financial work which requires to be done this session.

Firstly: To see that our ordinary expenditure is reduced to the lowest practicable point; and, this being done,—

Secondly: To devise a means to raise sufficient revenue to prevent the recurrence of a deficit; and in doing this we must, as far as can be done without loss to the community at large, assist our local industries and manufactures; and

Lastly: We have to reduce the expenditure of borrowed money on our public works to a much greater extent than was proposed last session.

The general course of action I have here indicated will, I am sure, meet with the cordial approval of the Committee. It is not and cannot be the work of any one party. No doubt honourable members may object to this or that proposal of the Government for accomplishing what is aimed at, but the difference will be only as to the means to be used and not as to the result to be achieved.

With these preliminary remarks I pass to the consideration of the financial transactions of last year.

REVENUE AND EXPENDITURE, 1887-88.

It will be remembered that, when the Financial Statement was made last November, I was blamed by a high financial authority for having predicted a much larger deficit than was likely to occur. I regret to say that the results of the year have been less favourable than I anticipated.

Upon the proposals then submitted (particulars of which will be found in Table No. 9 appended to last year's Statement) it was estimated that the deficit on the year's transactions would probably be £253,305 on the Ordinary Revenue Account and Land Fund Account conjoined. This estimate was subsequently