

At Canterbury, the sums appropriated by the Provincial Legislature amount to £19,000. The Land Fund receipts now lying in the General Chest at Canterbury exceed £30,000, of which £22,500 would be payable into the Provincial Chest under the Government regulations, had the Superintendent been prepared to give the guarantee, that the money should be appropriated in accordance with the scheme of the Canterbury Association. Putting out of consideration the Land Fund Receipts and the appropriations of the Provincial Legislatures for Public Works, and Immigration—which appear to have been made in the anticipation of the available balance of the Local Land Fund Receipts being paid into the Provincial Chest,—the remaining appropriations will be fully met by the sums provided by the General Government.

It is impossible indeed to have anticipated a more favourable state of the Public Finances.

In reference to the distribution of the Land Fund, it will be seen by the regulations of Governor Sir George Grey, dated 8th August, 1853, that after certain deductions have been made, the balance of the Land Fund is to be divided into two equal parts, one for Immigration purposes, the other for Public Works; both being payable into the Provincial Chests. With the exception of the Province of Canterbury, this regulation has been carried out in each instance where a surplus has arisen.

By the provisions of the Constitution Act, however, the whole of the proceeds of the Land Fund are chargeable with the expenses of the General Government, in the same manner as any other portion of the Queen's Revenues in New Zealand. But the House will perhaps agree, that there is no fairer mode of apportioning the amount of general contribution to be furnished by each Province, than making it depend on the respective amounts of the Customs collection. These are a tolerably good exponent of the wealth, and number of inhabitants of each Province, and the share of the general burden ought to be mainly dependent on these two conditions. It has moreover been the tendency of Legislation in these Islands to appropriate the Land Revenues as much as possible for the benefit of the locality in which they were raised; and I do not think the House can legislate more beneficially for the Colony in respect of them, than to appropriate as large a portion as possible of the net receipts to Provincial purposes.

In reference to that part of the arrangement detailed in the Civil Secretary's letter of the 8th of August, 1853, in which allusions are made to the probability that the proportion of the Customs' Revenue payable to the Provinces, would eventually exceed two-thirds of the collections, it is necessary to remark that the annual expenses of the General Government were estimated by the Governor, on the 8th of August, 1853, to be about 21,000, including the expenditure on account of the Civil List. Had this calculation proved correct, a considerable addition to the proportion of two-thirds of the Customs' Receipts would have been available for Provincial purposes. But the Civil List alone being £16,000, this calculation allows only £5,000 for defraying the other expenses of the General Government; a sum quite inadequate for the purpose. The expenses of the General Assembly, exclusive of the Building of the House, are estimated at £5,000; the Interest on Debentures, exclusive of that on the Wellington Land Debentures, amounts to £2,225 17s. In fact, the charges on account of the Civil List and the Departments of the General Government amount to £37,329 3s. 10d. inclusive of all expenses on account of the Aborigines. Of this sum £13,000 are exclusively required for departments of the General Government not provided for in the Civil List. Even this, I think, will be found insufficient to conduct efficiently the present establishments. Since the passing of the last Appropriation Ordinance, on which the present expenditure has principally been based, the prices of the necessaries of life have nearly doubled. Pressing applications have been received from nearly every Department of the Public Service, calling the attention of the Government to the extraordinary increase of the cost of living, and the difficulty of retaining the services of the present holders of subordinate offices on the existing scale of remuneration, when those employed in other pursuits are so exceedingly well paid and are enabled from their savings to make comfortable provisions for the future. Looking, therefore, to the probability that the more meritorious and experienced officers may be induced to leave the services of the Government, unless some addition be made to the present rates of salary, it will be consistent with a proper regard to the public interests, in a time of great prosperity, to satisfy the urgent claims which have been made for a fitting remuneration of those employed in the public service of the Colony. I have made no addition to the Estimates on this account, as I prefer leaving these claims to the justice of the House.

The proportion which the General charges, as shewn in the Estimates, bear to the net ordinary Revenue of Customs is as 1 to  $2\frac{1}{2}$  nearly, instead of 1 to 3. It is evident, therefore, that instead of the proportion of the Customs' Revenues at present paid to the Provinces