

*Fifthly*, That it relieves the Land Fund from liability to the charge of the General Government, throwing the whole on the Customs. The proportion which has hitherto been maintained between the Ordinary and Territorial Revenues of the two Islands shews that this objection is of a trifling character, and that the incidence of the charges of Government would be very slightly varied in favor of the Northern Island by retaining the liability of the Land Fund. But independently of this consideration, we defend the exemption of the Territorial Revenue.

(1.) Because it is not a legitimate Fund from which to defray the ordinary charges of Government, inasmuch as it ought, according to an established principle of Colonial Policy, to be dedicated to Public Works, Immigration, and other local purposes, giving value to the Waste Lands, from the sale of which it is derived.

(2.) Because the Customs Duties (constituting nearly the whole of the Ordinary Revenue of the Colony,) are on the contrary a most proper fund to be so charged, inasmuch as the amount of those duties does with great exactitude represent the Governmental needs by the population from whose consumption the duties arise. This is well exemplified in New Zealand. The large Customs of the Northern Island in considerable part arise from Native Trade, and on the other hand a large proportion of the expense of Government is incurred on account of the Native Population in that Island. The Customs Revenue very fairly represents the relative wealth and population as well as the cost of Government in the several portions of the Colony, and therefore reasonably should bear the cost of the Government of the Country; and should the Land Fund of the Middle Island increase, as some persons expect will be the case, the Customs cannot fail to progress in a corresponding ratio.

*Lastly*, The question whether Auckland ought or ought not to bear other burthens besides those with which she is to be specially charged, is foreign to the present question. In point of fact a large majority of the House of Representatives has affirmed the fairness of the present arrangements. It will be time enough to impose any further liability on the Province of Auckland when the occasion requires it.

From what has been said in answer to the specific objections raised against the proposed measure it will have appeared that the political parties of the Colony agree on several important points in reference to these Financial arrangements. On all hands it is admitted that the present form of the Company's debt is an intolerable burthen and must be got rid of by special loan.

In like manner it is admitted that the cost of purchasing Native Lands is far too great to be thrown upon the Current Revenue, and must be provided for by special loan.

Nor is there any difference of opinion as to the propriety of charging the outstanding liabilities against the Colony at large.

But whilst all parties agree in the principle of loans for the above objects, various proposals have been made for apportioning the repayment of such loans in a different form; and it is fair to lay those proposals distinctly before Her Majesty's Government.

It has been proposed to fix the whole loan as a part of the general charge of Government on the aggregate Revenue of the Colony, Ordinary and Territorial, charging the Land Fund in proportion to the Ordinary Revenue at the rate of two shillings and sixpence per acre to one third of the Ordinary Revenue. To such an arrangement one strong objection immediately presents itself, viz.: That as the price of Land varies in the different Provinces, a calculation based on an equal acreage payment would involve the most unjust inequality of contribution by the different Provinces. In Canterbury, the price of Land is £2 per acre, in Wellington, 10s. The effect of the higher price is to reduce the quantity of Land sold, and the Land Revenue; so whilst Wellington would contribute on the larger Land Revenue at the rate of one-fourth, Canterbury would contribute on the smaller Land Revenue at the rate of one-sixth, and so in proportion.

But the main objection to this proposal was its want of finality. It left the Land Fund open to indefinite liability on account of Native Land Purchases. When the present Loan should be exhausted, to what fund would recourse be had for new Purchases? Simply to borrow money to supply present needs without securing permanent relief would in the long run but increase the evils temporarily alleviated.

To meet this latter objection, Mr. Fox in the course of debate in the House of Representatives, proposed, as has been already stated, to modify the original proposal by limiting the contribution from the Land Fund for all purposes and for all time, to 2s. 6d. per acre, and by accepting the sum of £180,000 as a final provision for the extinction of Native Title; a proposal which had at least the merit of finality, and could not but have been acceptable to the Middle Island. But the objection to unequal contribution by Provinces selling Land at different rates was fatal to it, causing it to be rejected by the great majority of the members for the Provinces of the Northern Island. Both to the original proposal and to its modification the objection that an undue burthen would be thrown on Ordinary Revenue to the Relief of the Land Fund applies in a greater degree than to the Government proposal. The result of the debate places the fact beyond question that the plan proposed by the Government is the most equitable and least liable to objection which has been suggested; and so far as the public opinion of the Colony can be ascertained, it has received the general approval.

It remains for us only to pray that your Excellency will impress upon the Home Government the urgent importance of giving effect to the proposed arrangement; and the disastrous consequence which must ensue to the Colony from its failure.

(Signed,)

C. W. RICHMOND.