

manner contribute 5s. for every £1 raised by private subscriptions. The Government of the colony will thus be spared work it is not desirable they should perform, and the Consolidated Revenue will be relieved of supporting these institutions beyond the rateable contribution I have mentioned, and the expense of inspecting them so as to see that they are properly managed. In the term "Charitable Institutions," I do not include Lunatic Asylums; the charge for these we place upon the Consolidated Revenue.

We propose to assume the charge of and responsibilities for the railways. There are unanswerable reasons, to which I have already referred, for this step. The only question is, On what terms should it be taken? Our proposal is that, in consideration of the colony accepting the liability for constructed and authorized railways, and for those yet required to complete the trunk lines, as also the liability for the cost, past and future, of immigration, a certain contribution from the Land Revenue should be made. We do not see how otherwise it can be done, without recourse to large direct taxation; nor do we see how there can be two opinions as to the fairness of the proposal, considering how the railways and immigration have raised the value of the waste lands of the Crown, and made them more saleable.

The Land Revenue of each Province should from the first have been made to bear the entire interest on railways in course of construction within the Province. My colleague showed last year that it was a mistake to suppose we had paid that interest out of borrowed money; that notwithstanding a limited power to do so had been taken, it had not been exercised to an amount that more than covered the special revenue contribution devoted to public works in the shape of the one-half of the Stamp Duties. In theory, paying interest out of capital whilst works are in course of construction, and considering such interest part of the cost, is sound, and for private enterprises may be reasonable enough. But, in practice, the public instinct rebels against such a course when pursued by a Government; and I was very glad, the year before last, to be able to state to the Committee that the proposal of the Government was to take the whole responsibility of interest on the cost of works, finished or unfinished, upon the revenue, and not to use the power we possessed to partly charge it to loans. But whilst the colony was thus careful to refrain from charging on loans an expenditure open, as I have said, rather to an instinctive than to a theoretical objection, it did not, as it might well have done, relax its previous intention not to make the provinces feel the burden of the uncompleted works. It adhered to the principle, as between itself and the provinces, of capitalizing interest on cost during construction, and relieving them of all charge until the railways—constructed, equipped, and opened for traffic—were handed over to them, or worked on their account. This really amounted to the colony, from Consolidated Revenue, lending to the provinces money on permanent loan. I have more than once said we had to submit to expenditure to induce the provinces to rest contented with our performing work so signally useful to them as the railways, with which we have literally gifted them; for up to their completion they not only incurred no charge, but largely enhanced their revenues by sales of land induced by the prospect of railway communication. I do not hesitate to say that, in letting the Consolidated Revenue bear the cost of the interest on these works whilst in course of construction, we submitted to expenditure which should have been charged on the Land Revenue of the provinces respectively interested.

Lunatic Asylums.

The colony to become liable for the cost of railways.

How the charge is to be met.

Payment of interest out of loans,

Has been limited to amount of Stamp Duties paid to Public Works Account.

Arrangement as between Colony and Provinces.