

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." To-night, Sir, I shall endeavour to redeem this promise. I trust, however, the Committee will not expect too much. The subject is one beset on every side with difficulties, and nothing but a strong determination on the part of local bodies to rely more on their own resources and less upon external help than hitherto, will render any satisfactory solution of this vexed question possible. But, before submitting for the consideration of the Committee the proposals of the Government, it will be more convenient that I should place before them the results of the transactions for the last financial period, which, through the change in the financial year, comprises nine instead of twelve months.

THE YEAR 1878-79.

I will first explain the actual financial results of the year ended 30th June, 1879. It will be remembered I estimated that, after payment of all liabilities outstanding at the close of the year, and taking credit for the assets of the year, there would be a deficit of £131,824. The actual deficit on the transactions entered up to 31st March last, in respect of the period now being referred to, proved to be £69,418. There remained unpaid, however, on that date, liabilities to the amount of £70,193, including £50,000 owing to the Bank of New Zealand as the balance of an overdraft of the late Provincial Government of Otago; while, on the other hand, further assets amounting to £5,821 have been realized since 31st March, so that the total deficit, including assets and liabilities, on 30th June last, was £133,790, instead of £131,824 as estimated.

EXPENDITURE OF THE PERIOD ENDED 31ST MARCH, 1880.

I now come to the expenditure of the last financial period. In the statement which I had the honor to make to the Committee last session, I estimated that the expenditure would amount to £3,110,262; but this sum was increased to £3,139,539 by the passing of the Supplementary Estimates. The actual expenditure to 31st March last, excluding advances in the hands of officers of the Government, amounted to £2,772,276. It will be in the recollection of honorable members that last session I proposed that in future the receipts within the year should be held to be the revenue of the year, and that expenditure made within the year should be the expenditure of the year. For reasons which I shall state presently, when I come to speak of the final results of the period ended 31st March, I shall ask the Committee to permit me to postpone giving effect to that proposal until dealing with the present year.

In accordance with the provisions of "The Public Revenues Act 1878 Amendment Act, 1879," returns of the liabilities outstanding on 31st March, certified by the several Under-Secretaries, have been laid before Parliament. These liabilities amount to £342,966, from which, however, I deduct £70,193, already referred to as belonging to the period ended 30th June, 1879, leaving a sum of £272,773 in respect of the period we are now reviewing. Adding this sum to the actual expenditure to 31st March, amounting, as I have said, to £2,772,276, we get a total expenditure of £3,045,049, as against £3,139,539, the estimated amount; there being thus an apparent saving of £94,490. A comparative return of the estimated and actual expenditure of each class, with the liabilities added, has been prepared, and will be appended to this Statement. I desire, however, to point out to the Committee that included in the apparent saving of £94,490 there are several items arising merely from an over-estimate, and which cannot be regarded as savings—such as interest, and the 20 per cent. of Land Fund payable to counties. On the other hand, there are certain necessary payments for services not provided for, which reduce, of course, the amount of the total net saving for the period. Under the head of annual appropriations, where alone savings can really be effected, the expenditure in eight classes out of eleven, after including outstanding liabilities, was £92,620 less than the estimated