

Land Fund
deficit of £21,820
to be made good
by transfer
from Ordinary
Revenue
Account.

fund. There is an estimated deficit in the present year in the Land Fund, through the probable decline in cash sales, of £21,820, which I propose to meet by transferring a similar amount from the Ordinary Revenue Account, which will come out of the estimated surplus. The simple and direct plan of dealing with the matter is to amalgamate the Ordinary and Land Fund Accounts, instead of maintaining the distinction which has been made for many years; and this would have been done in the present year but that I desired to preserve the usual comparisons.

£100,000 of
surplus to be
applied in reduc-
tion of funded
debt of £400,000.

The Committee may remember that my predecessor made a proposal in 1887 to pay out of the sinking fund accretions, under "The Consolidated Stock Act, 1884," to the amount of £40,000 a year, the deficit of the year 1888 amounting to £400,000. It was also proposed that "any credit balance of ordinary revenue, from year to year, shall be devoted to the same purpose, instead of being carried forward to the next account." Short-dated debentures were issued to cover the deficiency. The debt still remains, the arrangement to extinguish it not having been put in force. We now propose to apply £100,000 of the surplus of the year to the reduction of this debt.

Proposed tax of
2½ per cent. on
totalisator
receipts.

We propose to place a tax of 2½ per cent. on the money passing through the totalisator, which will amount to about £10,000 a year, and for the remainder of the present year to about £5,000.

SUMMARY.

Summary of
present financial
proposals.

These various proposals I shall now bring together to show the financial result: Cost of penny postage, £40,000 (I do not include the intercolonial postage, as the negotiations are not completed); £30,000 for opening up land for settlement; £6,000, duty on Native leases; £21,820 to meet estimated deficit in Land Fund; and an appropriation of £100,000 to pay off debt incurred in 1888 to meet the deficit of that year. The total of these various amounts is £197,820. Deducting this from the estimated surplus of £257,660, we have a net surplus available to carry forward of £59,840. To this has to be added the tax on the totalisator amounting to £5,000, bringing up the surplus for the current year to £64,840, which will be an ample margin to provide for supplementary estimates and possible contingencies.

Revised surplus,
£64,840.

REVENUE RESOURCES.

Table No. 11.
Indirect taxation
cannot be
depended on.
Direct taxation
must remain.

A table attached to this Statement shows the revenue per head of population derived from some of the main items of the tariff, and points to the fact that it will be impossible to depend in the future on the increased consumption of alcoholic liquor to strengthen the Consolidated Fund. This fact is gratifying from a temperance point of view, and I only point it out in order that we may guard against an undue reliance on what is termed the elasticity of the Customs revenue. A time of great prosperity, high wages, and constant employment for the labour-classes will bring with it, no doubt, an enlarged consumption of luxuries, and on the whole the Customs revenue under such circumstances will continue to increase, but not rapidly nor to a great extent, more especially as the colony will continue to manufacture more and more of those articles which fall within the limits of protection under the tariff. Stamps will, as greater wealth is diffused among the community, continue to give a yearly increase, and must be considered as one of the pillars of our financial system. The railways can never, I think, be relied on for revenue purposes. If they pay interest on the cost of construction, they will do all that need be expected, as any excess ought to go in the way of reducing the cost of production in lower rates of carriage. Direct taxation in the way of a land- and income-tax must remain, with the development of our industries, a fruitful source of income, and an equivalent of the amount obtained from the present property-tax may for some time be a necessity. When the nature of our obligations will permit it, we are of opinion that relief should be given on the necessities of life now paying duties through the Customs; but we must be certain, while the great object is being reached, that we shall have sufficient revenue to meet the growing demands on the Consolidated Fund, arising through