

incurred during that period, for the public service of the Colony, the effect of which must be to burthen the Colony with a debt. On the other hand, it is argued that wrong will be done by the General Assembly now disturbing arrangements made and acted upon by Sir George Grey with the Provincial Governments; upon the strength of which their whole financial operations have been carried on. It is urged that, as to incurring debt, the only question is whether debt shall be incurred by the General or Provincial Governments, the necessities of the one being at least equal to those of the other; whilst it is suggested that the General Government may borrow with greater facility than the Provincial Governments.

In reply to the appeal to good faith, it is said, that Sir George Grey's Circulars of the 8th August, 1853, distinctly point to a future adjustment. That is admitted, but not, as on the other hand is contended, in the sense of admitting new charges or opening the door to new appropriations; but only to determine the exact quota of the Provinces, upon ascertaining finally the amount of their respective Revenues. Then, it is pointed out, that great inequalities exist in the proportions of Revenue accruing in the respective Provinces in different years; Canterbury in particular, during the period under consideration, had a Revenue of about 40,000*l.*, whereas in other years it has not amounted to more than from 15 to 20,000*l.* To relieve the revenue of that period from the charges in question, and throw them upon future years, will have the effect of easing that Province from its due proportion of contribution.

It is impossible wholly to overlook the practical results of whatever rule may be adopted, but whatever that rule may be it is the opinion of your Committee, that it should, as far as possible, be governed by rules of justice, irrespective of consequences as affecting one Province or another.

The foregoing remarks are founded on calculations submitted by the Auditor-General, in which throughout, it is assumed that the sums required for the purchase of Native Lands are deducted from the General Territorial Revenue. The total amount so expended from the 1st January, 1853, to 30th June, 1855, including ascertained outstanding liabilities, exceeds £100,000. Of the extent and particulars of this expenditure the Legislature, until the present Session, has known little beyond the fact, vaguely stated, that from some source or another large sums of varying amounts were required to be, and were being, expended in the purchase of Native lands; indeed, it is only by the enquiries of your Committee that any certain information on this head has now been obtained.

The Government itself seems apparently unaware of the extent and magnitude of its liabilities. The Colonial Treasurer informs us that he knows nothing of Mr. McLean's accounts or transactions. The Auditor-General returns Mr. McLean's and Mr. Kemp's accounts, so stated as to make it appear that the sum of £41,000 remains open as "Balances unaccounted for." Nor does he seem to have been aware, until informed by your Committee, that upwards of £15,000 was still outstanding as liabilities on this account. It is due to the Auditor-General to state that he appears to have warned the Government not to exceed in the purchase of Native Lands certain specified limits. There is ground for complaint that an expenditure, which up to the 30th June, 1854, had reached no less a sum than about 53,000*l.*, should not have been expressly brought under the notice of the Assembly during the first and second Sessions; and that an expenditure of not less than 50,000*l.* including outstanding liabilities, should have been incurred during the year last past, in contravention of the obvious meaning of his Excellency's Message No. 5, which clearly intimates that "no active negotiation for the purchase of Native Lands" would be carried on, leading the House, by natural inference to believe that no extensive or costly purchases would be made. The question how to provide for and apportion the cost of purchasing native Lands, is one of the great political, as well as financial difficulties of the colony. It is the bone of contention between the Northern and Middle Island. The great bulk of the Northern Island still remains unpurchased from the Natives. The native title, with trifling exceptions, is extinguished throughout the whole of the available lands of the middle Island. Treating the cost of native Land purchases as a charge on the *general* Revenue. The interests of the two Islands become antagonistic. The constitution act places in the hands of the Governor the delicate task of expending in