4. That the Legislature from 1871 to the present time have consistently determined to charge any deficiency for railways, first, against one-half the stamp duties, second, against the Land Fund of each province, and, in the event of these funds not being adequate, then against its general revenue, leaving the province to recoup itself or not by direct or other taxation as it might please.

5. That in 1875 the Abolition Act was passed, but did not come into force till the 1st November, 1876. Shortly before the Abolition Act became law, "The Financial Arrangements Act, 1876," was passed, which provided that the interest on cost of construction of railways was to be charged against the Land Fund of each provincial district, for the first two years at 2 per cent., for the next three years at $1\frac{3}{4}$ per cent., and for the next three years at $1\frac{1}{2}$ per cent., and no provision was made in that Act for charging any deficiency in working expenses; and apparently it was intended that all charges against Land Fund should end after eight years, and in "The Public Works Act, 1876," which repealed all the existing Acts relating to public works and immigration, no provision was made for any local charging.

6. That in 1877 the Financial Arrangements Act made the Land Fund colonial revenue, taking over all liabilities for railways which up to that date had been charged locally against the land funds of the several provinces or provincial districts. In 1879 Parliament decided not to use any of the proceeds of the land sales in aid of revenue, but to apply them to local public works.

7. That the Land Fund of the colony, after paying all charges upon it, has, since 1877, been more than sufficient to cover the loss to the colony upon the interest and working expenses of the railways.

8. That there is no evidence in any of the Acts relating to public works of an intention to specially "tax property increased in value by the construction with public money of railways, roads, bridges, harbour, and other public works."

9. That, in the opinion of the Committee, the principle on which such taxation can be justified is a reasonable one, but, so far as the Committee is aware, it has never hitherto been successfully acted on by any Government.

10. That the Committee have carefully considered the practicability of giving effect to that principle, and with that view have discussed the several propositions made to carry out that object.

11. That the plan which former legislation suggests, of specially taxing provincial districts, the Committee reject, as involving serious unfairness in many cases, and as being opposed altogether to a national system of public works, especially railways.

12. That the raising of the property-tax has been proposed as an easy and equitable mode of obtaining a contribution for the additional value given to properties by public works. This involves such large and very complicated questions, that the Committee are not prepared to give any opinion as to such a plan, which could of course be easily carried out, but would probably be very unfair in its operation. In many cases, it would lay additional burdens on property not benefited by public works expenditure, while Crown and Native lands, and property below £500 in value, however much they might be benefited, would make no contribution.

13. That the proposition to tax only properties specially increased in value, appears at first sight to be fair; but, as regards the past, is open to the objection that, in many cases, probably the majority, the present owners, having become purchasers since the construction of the works benefiting their properties, have already paid for the enhanced value in the purchase-money.

14. That the same objection is not applicable to the future; and the Committee see no objection to apply, to that extent, the principle enunciated in the resolution of the House, provided that the owners of property to be affected are heard by Parliament before expenditure is incurred.

15. The Committee is of opinion that, when any railway or portion of a railway made out of the proceeds of any future Loan Acts shall be open for traffic, if the net returns from such railway or portion of a railway, after deducting working expenses, and all costs of repairs of permanent-way, rolling-stock, and plant, be not sufficient to pay the interest upon the money expended in making such railway or portion of a railway, then the Governor in Council shall raise an amount sufficient to pay such interest by imposing and levying a tax on the increased value of all land benefited by the formation of such line of railway.

16. That any public works to be commenced henceforth shall be undertaken on the condition that property which may be specially benefited by such works shall be subjected to such special charge or treatment as the General Assembly may hereafter determine.

17. That, having regard to the limited time at their disposal, the Committee are not prepared to suggest the necessary legislation; and they recommend that the subject should be carefully considered during the recess, and taken up by the Assembly in the next session.

EDWD. T. CONOLLY,
Chairman.

4th September, 1882.