

First, that there is great work for us to do in the way of extending the railway system, of feeding the railways, and of opening up the country by the construction of roads and bridges, and, at intervals, when the colony needs it, of increasing the population by immigration, which, to speak moderately, cannot be in any sense exhausted for two or three generations. To put it in another form, the people have before them, for a longer period than it is necessary to look forward to, the task of colonizing the country. They have not to do this by spurts, with intervals of inaction, but by steady and continuous action.

The second point I have to ask the House to remember is that, inasmuch as we are not engaged on a spasmodic work, but on one that will last our lives and the lives of our children and children's children, we must endeavour to bring to its performance as much of system as is possible.

If we consider these two points jointly it will be evident that they really amount to no more than this: that we must steadily pursue the functions of colonization as fast as, and no faster than, our means permit; and it will also be evident that, though we may make prognostications of the extent of the future money at our disposal, an exact determination can only be arrived at from year to year.

But, in order to obtain a general index of the future means, it is necessary to know what is the policy of finance that is to be adopted.

The Colonial Treasurer has already, at some length, enunciated the views of the Government on the subject, and I may be permitted to supplement what has been already stated.

Taking the present year as a starting point, the object after this year will be to bring the expenditure charged on the Consolidated Fund within the means of that fund without the aid of the property-tax. We foresee that that can easily be done by shifting to local expenditure some of the present charges made on the Consolidated Fund—notably the charitable expenditure, and some other small items, let us say, amounting with the charitable aid, to some £100,000 a year. It is clear that the local bodies cannot undertake this without an additional revenue, and, to dispense with needless points of controversy at present, we may suppose that the £100,000 is supplied by either a property-tax or a land-tax.

But other revenue will also have to be supplied to local bodies, as it cannot be satisfactory to continue for a lengthened period the policy of making and maintaining roads and bridges out of borrowed money, which has been virtually what has been going on for some time. The borrowing for roads and bridges cannot be abruptly brought to a conclusion, but its cessation must be an end kept in view. I need not further pursue the subject of providing local revenue, but may come to that which is of most moment to my present object—considering how we are to find the means of pursuing colonizing operations. If we accept the starting point of this year which I have assumed, we shall have to ask ourselves how, without increasing the taxation, we may have the means of meeting the additional annual charges on the money borrowed for the work of colonization.

There are three sources of increased revenue, or increased means, to which to look forward: First, the natural net increases of revenue from year to year. Second, the increase of revenue from new railways, and also the increase in revenue (apart from natural increases) from existing railways, as they are fed by new railways, roads, and bridges. And Third, the annual saving from reduced rates of interest on loans converted, apart altogether from the saving of the expenditure of sinking fund, with which I have, in this Statement, nothing to do.

Now, there should be next year, and for some years to come, at least a net natural increase of revenue of £50,000. There should also be over many years an average additional saving of at least £20,000 annually on account of reduced interest on converted loans. Some years it will amount to a great deal more. From the other source, if we pursue the wise policy of endeavouring as soon as possible to obtain returns from borrowed money expended, we should obtain considerable increases of revenue apart from the natural increases. When the North Island Trunk Railway is finished the increases from feeding to all the fragmentary systems in the Island will be enormous. Putting this prospect on one side, I anticipate that, if you allow me to pursue the works with a view