

portant principles—the adjustment of accounts between the General Government and the Provinces under the Surplus Revenues Act, and the consolidation of all Provincial loans. The first was the necessary prelude to the second. Hitherto the provinces have been considered entitled to three-eighths of the Customs revenue, the other moiety going to the General Government. But when the accounts were made up at the end of the financial year 1866-7, it was found that some of the provinces had been over-paid, while others had not received all they were entitled to. The Colonial Treasurer proposed to close the accounts on a plan which the House endorsed, and to place the relations between the General and Provincial Governments on a different footing in the future. Instead of three-eighths of their Customs revenue, the Provinces will now receive half the revenue, from whatever source derived—exclusive of their land fund—that is raised within their bounds. From this will be deducted the interest and sinking fund on the loans of each Province, as well as the charges for certain services. The accounts will be made up monthly, and should the share of revenue to which any province is entitled not be sufficient to defray the charges against it, the deficiency will be made a first charge on its land fund. No feature of the Colonial Treasurer's policy was more conspicuous than the liberality evinced towards the North Island Provinces, especially Auckland. Altogether they received a pecuniary advantage equal to at least £400,000. The consolidation of Provincial Loans had become absolutely necessary from the fact that Provincial bonds were unsaleable, while some of the Provinces were liable for large sums under engagements entered into on the faith of loans authorised, though not guaranteed, by the General Government. The Colonial Treasurer, in making his financial statement, stated that Provincial bonds would first be converted into Colonial stock, and then receive the Colonial guarantee. As most of these bonds had fallen greatly below par, in some instances as much as 25 per cent., it was obvious that in the process of conversion a considerable profit would arise. But when the matter came to be finally settled, the Government proposal was found to be completely changed. They brought in what was called the Public Debts Bill, the first clause of which declared that "from and after the passing of this Act" all Provincial bonds were to be held as Colonial stock; the process of conversion was entirely done away with, and the value of the bonds was at once raised to par. A minority in the House of Representatives protested strongly against this course, characterising it as a "gross fraud," and a "gigantic swindle" on the colony. The Bill passed the Lower House notwithstanding, and was sent to the Legislative Council. Here it met with determined opposition, and some amendments altering the objectionable clause were carried. A dead-lock between the two Houses was the result, and it was only by summoning to their aid some members of the Legislative Council who had left Wellington that the Government were enabled to carry the Bill. The general legislation of the session was mainly directed to the consolidation of existing laws.

The great public work on which the Province of Canterbury has been engaged for the last six years—the Moorhouse Tunnel—was successfully completed on May 24. As a full history of the tunnel is given in another part of the Almanac, it is unnecessary to do more here than notice the fact that the first engine, drawing goods waggons, passed through from Heathcote to Lyttelton on the night of November 18. With the exception of the harbour works in Lyttelton, which have slowly progressed during the year, and are still going on, the public works of the province have been few and unimportant. The Great Southern Railway has been completed up to and across the Selwyn, and is now in full operation. A line of railway to the West Coast was mooted in the Provincial Council, and the Government was authorised to expend the necessary funds in procuring a preliminary survey. Afterwards, it was announced that a line was quite practicable by the northern route, and that the probable cost would be £6000 per mile. But the project is altogether beyond the means of the province, and could hardly have been seriously entertained. It is probable that the surplus funds accruing from the sale of the debentures will be expended in providing, by means of tramways, for the uncompleted internal communications of the province.

Immigration, during the year, has been mainly confined to the introduction of single women as domestic servants. Six immigrant vessels have arrived from January 5 to November 30, bringing in all about 800 statute adults. Of these, about three-fourths have been single women. In connection with this subject, it is necessary to notice that prostitution has attained to such a pitch in Christchurch as to call for some stringent repressive measures. The increase of prostitutes is said to be due, in a great degree, to the indiscriminate importation of single women, most of whom land in the province without relations or friends. A public meeting in connection with this subject was held in the Town Hall, on November 21. The Dean of Christchurch presided, and most of the leading citizens were present. Resolutions were passed, the substance of which may be briefly stated—a more stringent application of existing laws, and further legislation with a view to complete police and medical supervision.

The extremely low price which has ruled throughout the year for all kinds of agricultural produce, and the consequent loss entailed upon a large and important section of the community, have directed very general attention to the subject throughout the Southern Provinces. The result has been the experimental shipping of wheat to England. In every case to which public attention has been drawn, these shipments of wheat have been eminently successful. The grain has arrived in excellent condition, in spite of the long voyage and the rapid alternations of climate, and has been sold in London at a price which, after deducting all charges, would leave at least an encouraging remuneration to the producer. An Agricultural Produce Export Company has been established in Canterbury, which will devote itself mainly to finding out the best market for all sorts of agricultural produce, and the cheapest means of conveying that produce thither. The shareholders of the company are principally farmers. In the neighbouring province of Otago several local companies of a similar nature have been formed.

Although of no great importance, we may refer to a temporary agitation among the unemployed of the so-called working classes. The agitation reached its height in July, when several public meetings were held, and pressure brought to bear on the Government. The Provincial Council was in session at the time, and a Commission was appointed to enquire into the allegations of a petition emanating from the unemployed. The result was, that the Council authorised the Government to expend a certain sum of money in finding employment for those who were really out of work. By some the agitation was looked on as the last effort on the part of the working men to keep up the high rate of wages which has prevailed for the last three years. It was alleged that if men would submit to a reduction in proportion to the fall in the price of all sorts of produce, and consequently in the cost of living, abundance of employment would be found. Such, to a very considerable degree, was the case, and the agitation died away.

The Land Sales for the year have fallen far below what they have been for some time past. For the eleven months ending November 30, they amounted to a little over 43,767 acres, representing a revenue of £87,534.

The past year will long be remembered as a disastrous period in the commercial annals of Canterbury. At the close of the year 1866, despite a crisis of almost unprecedented severity at home, we looked around us, and whilst enumerating various circumstances which might fairly be regarded as so many sources of prosperity, we flattered ourselves that our province might escape at least with but a mild visitation of such a trial. Subsequent events have since proved our views to have been too sanguine. It soon became evident that even in our small commercial community there was much that was artificial, and that an apparent prosperity existed amongst us which was only supported by a system of over-trading, always resulting in disaster. The utter prostration of trade in England naturally led to a material decline in the price of our chief staple, wool. The sales of public lands (to a great extent, perhaps, from the same cause), exhibited a marked falling off, whilst grain reached a price utterly ruinous to the farmers of the province. With February commenced a series of failures, causing great distrust and uneasiness, which lasted throughout the greater part of the year, and from which we are but now gradually recovering. We think the greater part of our troubles may be traced to two leading causes, viz., the spirit of extravagance and over-trading which characterised the transactions not only of the importer of goods, but of the whole of our community, and the wretched return received by agriculturists for their grain crops. In both cases, however, the remedy has discovered itself. In the first instance, necessity has enforced economy, and bitter experience, together with a more stringent system of punishment, has, or at least, should have, put a stop to reckless over-trading; whilst attention has been drawn to new outlets for the surplus stocks of grain produced in the province. It appears that good samples of wheat shipped at a moderate rate of freight, are likely, for some time at least, to command such prices in the Home market as will prove encouraging to the grower, and that Australia has lately come into our market for the remainder of last year's and the now growing crop of barley. We should, in all probability, have earlier felt the advantage of this latter, had tonnage from Lyttelton been more plentiful, and greater facilities for export in the shape of cash advances, been obtainable. We shall not be out of place in referring here to the great event of the year—the completion of the Moorhouse Tunnel—as a subject not only gratifying to our pride as colonists, but as the probable means of most materially benefiting us as a commercial community. Commenced in the year 1859, the work, with but little interruption, has quietly proceeded, and railway communication between the plains of Canterbury and the port is now complete in every