

FINANCIAL STATEMENT.

STATEMENT of COLONIAL and PROVINCIAL LOANS converted into Five per Cent. Consolidated Stock with One per Cent. Sinking Fund, to 30th June, 1868.

Description of Stock.	Total Amount authorized by Act.	Rate of Interest and Sinking Fund.		Amount converted	Original Annual Charge on Amount converted	Rate of Conversion.	Amount when converted.	Total Charge for Interest and Sinking Fund after Conversion.	Total Annual Saving.	Total Increase in Nominal Debt.
		Interest.	Sinking Fund.							
	£	Per cent.	Per cent.	£	£	Per cent.	£	£	£	£
<i>General—</i>										
"New Zealand Loan Act, 1860" ...	150,000	6	2	54,300	4,344	113½	61,630	3,698	646	7,330
"New Zealand Loan Act, 1863" ...	3,000,000	5	1	410,600	24,636	99½	408,547	24,513	123	Less 2,053
		6	2	861,300	68,904	113½	977,575	58,654	10,250	116,275
<i>Provincial—</i>										
"Auckland Loan Act, 1863" ...	500,000	6	2	457,500	36,600	109	498,675	29,920	6,650	41,175
"Canterbury Railway Loan, 1860" ...	300,000	6	2	156,400	12,512	109	170,476	10,229	2,283	14,076
"Canterbury Loan Ordinance, 1862" ...	500,000	6	1	163,800	11,466	109	178,542	10,713	753	14,742
"Otago Loan Ordinance, 1862" ...	500,000	6	1	341,300	23,891	109	372,017	22,321	1,570	30,717
TOTALS ...	4,950,000			2,445,200	182,353		2,687,462	160,048	22,305	222,262

Already, therefore, a reduction in the annual charge upon the Colony on account of its loans, far more than commensurate with the increase of the capital debt, has been obtained; and there is every reason to believe that the ultimate result of the mission on which the Colonial Treasurer is now engaged will be a further considerable diminution of these annual charges, as well as the accomplishment of that desirable object, the substitution of one description of New Zealand Stock for the great variety of loans by which the Colony, up to the present time, has been represented in the London money market. I feel sure the Committee will agree with me as to the advantages of such a result, and will concur with the Government in its appreciation of the judgment, care, and zeal displayed by Mr. Fitzherbert in the discharge of the important task entrusted to him, and the successful accomplishment of which, we are assured on the most satisfactory, independent testimony, is mainly to be attributed to his exertions and his ability.

In addition to the financial operations in London which I have mentioned, the Colonial Government has, under the provisions of the Public Debts Act, been called upon to provide £27,280 for the payment of debentures issued under "The Nelson Debentures Act, 1858," and which became payable on the 1st July last. These debentures are, by section 2 of the Public Debts Act, made payable by the Colony, but the Act makes no provision for the recovery from the Province of Nelson and Marlborough of the money thus paid; the matter stands over, therefore, for adjustment by the General Assembly.

In compliance with a request from the Superintendent of Wellington, twelve months' notice has been given for paying off, on the 1st July, 1869, loans amounting to £50,000, raised under the Wellington Loan Acts of 1854 and 1855, and bearing interest at 8 per cent. This further proof of the value of the provision made by the Assembly for the consolidation of Provincial Liabilities cannot be otherwise than satisfactory to the Committee.

By the Public Debts Act, expenditure was authorized for taking up Loans of Southland and other Provinces, and for extraordinary services, such as Lighthouses, Marine Surveys, Telegraph Extension, &c., to the amount altogether of £1,114,000. This sum has been raised under the Consolidated Loan Act, or rather bonds to that nominal amount have been issued in London, realizing at 97 per cent. a sum of £1,080,580. The manner in which this money has been or will be disposed of is shown by the tabular statement which I beg to lay upon the table. (See p. 7.)

In reference to the figures given in this table, I beg to add the following remarks:—The payment of the certificated liabilities of the Province of Southland mentioned in this statement has chiefly to be made in London, and, by the last advices from Mr. Fitzherbert, he was about to take steps for effecting this payment. The Lighthouses, Telegraph Extension, and Marine Surveys, are in progress: the latter work has been seriously impeded by the boisterous weather which has prevailed during the last autumn and winter, and which has been most unfavourable for operations of this nature; the expense of this survey will exceed the estimate by about £3,000. The amount appropriated for Lighthouses, although not actually expended, has been to a considerable extent contracted for, and the full amount of £19,725 will be required. The sum set apart for ordinary Defence service has been expended in the manner and for the purposes shown in the detailed estimates laid before the House last session. These estimates included sums payable on account of pay and rations of Military Settlers, and for expenses incurred in locating them on their land. I need not point out that these items, which have figured so often and so largely in New Zealand Estimates of late years, is a legacy to us from former Governments, from the obligations of which we have been powerless to escape. The Committee will hear with satisfaction that, except a trifling payment still to be incurred for surveys, the obligations entered into with the Military Settlers are at last completely discharged, and the gulf in which, year after year, so much of the good money of the Colony has been swallowed, is at length closed. It will be recollected that the sum set apart for Contingent Defence was intended to meet expenditure in which the Government might become involved by renewed Native disturbances. Although events during the past year in the neighbourhood of Opotiki would, in strictness, have justified the expenditure of a considerable portion of this sum, it had, as will be seen by the tabular statement, been untouched, except to a small extent, before the 30th June. Since that date, claims upon this vote have been considerable; but I still entertain the hope expressed on a recent occasion, that, unless the existing operations assume wider dimensions, or are more protracted than there is at present reason to anticipate, their cost will be covered by the unexpended balance of the vote for Contingent Defence. The Committee will perceive that the amount authorized to be raised in lieu of unissued Provincial Debentures is in excess of that which has been actually wanted. This is owing to the fact that, a few days before the Public Debts Act was passed, a considerable portion of the Canterbury Debentures, which this Act was intended to cover, had been sold in the London market, of which fact neither the Government nor the Legislature could be aware when the Act was passed.

The general result, Sir, of proceedings taken under the Public Debts Act is, that the total sum realized is, owing to the discount at which the bonds were issued, less by £26,000 than the nominal amount authorized to be raised, but is still, for the reasons shewn in the Table I have produced (see p. 7), in excess by about £43,068 of the amount really required for the various purposes specified in the Act. This amount the Government proposes, after defraying the cost of raising this loan, and which will amount to £10,000 at least, to devote to the paying off Treasury Bills now in circulation. The indebtedness of the Colony will therefore not be increased, if the whole sum raised should not be required for the purposes specified in this Act.