

£20,000 Treasury Bills issued on account of Confiscated Lands, to be paid off this year out of proceeds of lands.

£500,000, outstanding balance, Treasury Bills, payable end 1874.

No abstract objection to addition of that amount to permanent debt.

These Bills issued consequent on Native difficulties;

and posterity should bear some part of charge of removing those difficulties.

But by renewing Bills for short term, in Colonies, addition to permanent debt avoided: and that course recommended.

Reduction of rate of interest,

A success.

Why lower rate than 5 per cent. not proposed before.

The outstanding Treasury Bills, except those to which I have referred, fall due in November, 1874; and it is necessary we should decide whether they are in part to be paid off, and in part renewed, or whether the whole amount is to be added to the permanent debt. Bills for £20,000 of the amount were issued on account of Confiscated Lands; and I propose to pay them off out of proceeds arising from those lands. During the last year, as will have been gathered from what I have said, we paid off £45,000 of Treasury Bills; during the present year, we propose to pay off £45,000, besides the £20,000 just mentioned, which will leave at the end of next year an outstanding balance of £500,000. I do not think we should find it difficult to make provision for paying off all the outstanding Treasury Bills during a term of years. The taxation it would involve would not press heavily on the community, if the present prosperous condition should continue. The Government incline to recommend that provision be now made simply for renewing these Treasury Bills for a short term of years, leaving it to the House to provide from year to year for paying off such amount of the Bills as it may be found that the excess of revenue over expenditure will permit. At the same time, the Government do not consider that there would be any abstract objection to the conversion of this balance of Treasury Bills into part of the permanent debt of the Colony. There certainly does not seem to be the objection to this course which might be urged against converting a temporary deficit into permanent debt. The Treasury Bills were, it is true, issued to make up deficiencies in the Revenue; but there was no clear line drawn between the objects which might and might not properly be charged to the future. The House has since decided—and there can be no doubt as to the justice of the decision—that it is perfectly legitimate to ask those who come after us to share in the expenses which Native disturbances have occasioned. The old system was a mixed one. Large sums were payable annually for interest and sinking fund on debts occasioned by Native difficulties; and besides that, considerable expenditure for the same purposes was placed on the yearly estimates. But the Revenue would not stand the double charge, and borrowed moneys came in as aids. I do not think it would be difficult to trace the existence of these Treasury Bills to the exceptional circumstances created by Native difficulties; and if so, those who will enjoy the advantages of the removal of those difficulties ought not to complain if some part of the charge is devolved upon them, accompanied as it will be by an ample heritage out of which to meet the liability. But, although I do not recognize any abstract objection to making the amount of these Bills an addition to the permanent debt, I am of opinion that by renewing them for a short term of years, in the Colonies, we shall avoid adding to the Permanent Debt, and much reduce the amount of interest till the Bills are paid off. Probably a saving of several thousand pounds a year may be effected; and a convenient opportunity will be afforded of paying off the Bills whenever it is found desirable so to do.

Honorable Members are aware that we have made a bold and determined attempt to reduce the rate of interest payable on our loans. This attempt, which in some quarters has been characterized as a failure, I claim to be a success—a very great success, and one that will prove extremely valuable to the Colony.

I wish it to be understood that, in reducing the rate of interest, we neither implied nor intended to imply any reproach to the former Colonial Treasurer, the Honorable Mr. Fitzherbert, for the rate which he fixed. In the operation of consolidation which he conducted at Home, he had to be guided by many considerations, and especially by the consideration that he could not afford to imperil success. If the anticipation did obtrude itself on his mind that at no distant day the rate of interest could be reduced, he had also to consider whether a reduction would be accepted at the time. I am persuaded that to have then fixed a lower rate of interest would have been attended with a responsibility from which he was bound to shrink. Mr. Fitzherbert obtained £97 for the portion of the loan he negotiated. This was a very high price for a drawing-fund loan; for it need scarcely be observed that repayments by annual drawings are attractive in proportion to the discount which is bridged over by a repayment at par. To have to submit to repayment of one or two bonds out of a number held, is an inconvenience, unless the rate of repayment is considerably larger than