

£800,000 of Guaranteed Debentures (part of £4,000,000 Loan) to be kept as a reserve.

Advantages of that arrangement.

highly undesirable that use should be made of £800,000 of the guaranteed one million included originally in the Four Million Loan. Debentures for £200,000 of the guaranteed sum have been sold, or, are about to be sold in England. The Imperial Guarantee Act Amendment Act, which has now been passed, renders easy the carrying out of the arrangement I made with the Treasury authorities when I was in England, but from which those authorities retreated, on the ground that the terms of the original Act imperatively forbade it: I mean, an arrangement for putting the guaranteed debentures aside virtually as a reserve fund, to be used when required. The Government propose that this course shall be taken with the balance of £800,000, the debentures, when guaranteed, to be lodged in the Bank of England, to be sold only when the necessity for selling them exists, with a power to the Loan Agents to borrow against them, from time to time, in anticipation of the sales of other debentures. The effect of this arrangement will be twofold: firstly, it will save the Colony from difficulties that may arise in the way of obtaining money during crises, such as have occurred and may again occur; secondly, it will render it safe for the Government to sell a less amount of debentures in advance of actual requirements, and will therefore necessitate the payment of a less amount as interest than would otherwise be necessary. The guaranteed debentures will enable advances to be obtained, no matter what the condition of the money market; and, therefore, it will not be necessary to have command of amounts so largely in excess of actual requirements as must otherwise be held, despite the cost in the shape of interest.

Indeed, the time and the mode of negotiating loans for the purposes of Immigration and Public Works must necessarily engage the most anxious attention of a Treasurer who desires to see the operations conducted upon terms most favourable to the Colony. The Government propose, therefore, to include in the new Loan Bill a provision by which any portion of the amount to be raised may be applied to the purposes to which, under the existing Act, the £800,000 of guaranteed debentures are applicable; and, in like manner, that the £800,000 may be devoted to any of the purposes provided for in the original Loan Bill, or to be provided for in the new one.

The disposition to make great purchases of land,

makes absolutely necessary the taking of land as security for any railway not already authorized.

In considering what further amount of money should be authorized by the new Loan Bill to be borrowed, I must ask the Committee to bear in mind what I have already stated—That the Government do not consider it consistent with the obligation to carry out those works which have to be constructed by the Colony, that the Colony should borrow money for the Provinces on account of local works, however desirable they may be. Therefore, the Government have proposed the plan already indicated, by which the Provinces may provide for their own requirements, on the same principle as, in England, the Metropolitan Board of Works, and similar boards and bodies, may do. But I have also directed the attention of the Committee to the fact, that the increased value of land is being evidenced by the disposition shown to make immense purchases; and the Government might find themselves confronted by the difficulty that the landed estate over which security had been given by the Provinces had been sold, without the money realized having been set apart to meet payments on account of railways. That difficulty must be met; and the Government have come to the conclusion already explained, that, whilst it may not be desirable to carry out the original intention as to railway reserves, in the manner at first proposed, it is their duty to see that, before the construction of any railway not at present authorized is commenced, security over land shall be provided. I have to state, therefore, as a point of policy upon which the Government entertain the strongest opinion, that, excepting coal railways, not another yard of railway, in any part of the Colony, should be authorized, without security, in the form of landed estate, being given to the Colony. I have before indicated this view, in what I have addressed to the Committee; and I have said that, in dealing with such land, the Government propose to apply to the several blocks the Land Laws of the Province within which the blocks are situated—except that the Governor may, with the advice of the Superintendent of a Province, agree to plans having for their object special settlement upon such land.