

It would be idle to suppose that any general principle could be rigidly applied in a Colony in which so many different conditions exist as are to be found in the different parts of New Zealand. It is, therefore, necessary that I should state more particularly how Ministers propose to give effect to the principle of obtaining security, in the shape of railway reserves, for the cost of railways hereafter authorized to be constructed. With respect to the Provinces of the Middle Island, the Government propose to take blocks of land to the value I have indicated, the proceeds in each case to be solely applicable to the railway liabilities of the particular Province—the yearly revenue arising from occupation or use to be devoted to the payment of interest, and the revenue arising from sales to be applied to the redemption of the debentures. In the North Island, a precisely similar practice cannot be adopted, because so large a portion of the land is at present in the hands of Natives. The Government propose to meet this difficulty, by providing for the purchase of large blocks of land, as the Natives may prove prepared to sell them; and it is intended that two-thirds of all the land so purchased shall be set apart as security for railways, upon terms similar to those to be applied in the Middle Island. When it is borne in mind, that these reserves will pass to purposes exclusively Provincial, namely, the meeting of charges for railways within the Provinces respectively, I think that setting apart such lands will not be considered a hardship. On the contrary, what we propose will be, to those who hold landed property, an assurance that they may ask for the advantages which result from railways, without having to dread excessive taxation as a consequence. It should also be borne in mind, that we do not propose to deprive the Provinces of all interest in the railway reserves; for, it will be provided that 15 per cent. of the proceeds shall be paid to the Provincial Loan Account, to be available in payment for Provincial works, such as Roads, Bridges, and Branch Railways; or, if there be no loan account, to a separate Provincial account for the same purposes.

It now becomes a question, considering the large landed estate we are bent upon acquiring, how much additional money we should at present take power to borrow. The Government intend to ask the Legislature to authorize the construction of certain main railways—the works not to be proceeded with hastily, but (with some exceptions) to be extended over a considerable period. It is right that the Government should indicate what further railways they consider—in the present state of knowledge upon the subject—it is desirable should be authorized; and it must be remembered that the cost of the lines already sanctioned very considerably exceeds the amount as yet authorized to be borrowed for the purpose. But it is by no means necessary that we should now make full provision for lines the construction of which will be extended over long periods: if we provide for the wants of the next two or three years, we shall, I think, be doing all that is required. It is the custom in Australia to authorize from time to time the issue of loans; and also from time to time to authorize the construction of works out of such loans. Taking all things into consideration—the amount now available and the amounts which may be expected to arise from sales of land included in railway reserves—the money needed to pay for existing contracts, that necessary to meet liabilities under contracts which must be entered into, and the possible cost of the railways for which we intend to ask authority—the Government think that it will be sufficient to satisfy all requirements for a considerable time to come, if there is provision in the new Loan Bill for a sum not exceeding £1,500,000 for railway purposes. It is also intended that the Bill shall include provision for £500,000, on account of the purchase of Native lands.

The Railways which it is intended to ask authority to construct, are—From the Mataura to the Clutha; from Dunedin to Moeraki; from the Waitaki to Timaru; from Mercer to the frontier; and, whenever opportunity offers, from the frontier south, so as to join the main trunk line wherever surveys show that it is desirable the junction should be effected. I may at once say that the Government attach the greatest possible importance to the last-named railway, not only because of the immense district it will open up—a district in which there is every reason to believe the Government will, sooner or later, acquire very large tracts of land—but because it will mass upon and near the frontier a population such as will

No rigid rule can be enforced.

Proposed mode of procedure.

Middle Island Provinces.

North Island Provinces.

To provide monetarily for the wants of next two or three years, will be sufficient.

Proposed to ask authority to borrow £1,500,000 for Railways; £500,000 for Purchase of Native Lands.

Railways to be constructed;