

the actual annual cost per cent., after taking into account the premium or discount, brokerage, and commission, of each of the colonial loans raised in London since 1870:

| Name of Loan. | Date of Raising. | Amount Raised. | Amount of each Issue. | Nominal Price. | Rate of Interest per Cent. | Currency. | Cash received per £100 Bond. | Actual Annual Cost per Cent. | Average of Annual Cost exclusive of Loan of 1874. | Average Annual Cost, inclusive of Loan of 1874. |
|--|------------------|----------------|-----------------------|----------------|----------------------------|-----------|------------------------------|------------------------------|---|---|
| | | £ | £ | £ s. d. | | yrs. | £ s. d. | £ s. d. | £ s. d. | £ s. d. |
| Immigration and Public Works Loan, 1870 (£4,000,000) | April 8, 1871 | 750,000 | 1,200,000 | 95 16 9 | 5 | 36 | 95 0 6 | 5 6 4 | | |
| Defence Loan, 1870 (£1,000,000) | " | 450,000 | | | | | | | | |
| Immigration and Public Works Loan, 1870 | April 9, 1872 | 850,000 | 1,000,000 | 100 10 6 | 5 | 36 | 99 13 11 | 5 0 4 | | |
| Defence Loan, 1870 ... | " | 150,000 | | | | | | | | |
| Immigration and Public Works Loan, 1870 | July 31, 1873 | 500,000 | 500,000 | 102 10 0 | 5 | 36 | 102 0 3 | 4 17 6 | 4 19 6 | 5 0 7 |
| Immigration and Public Works Loan, 1870 | Jan. 16, 1874 | 500,000 | 500,000 | 98 0 0 | 4½ | 30 | 97 9 7 | 4 13 2 | | |
| Immigration and Public Works Loan, 1873 (£2,000,000) | May 29, 1874 | 1,500,000 | 1,500,000 | 98 0 0 | 4½ | 30 | 95 3 9 | 4 16 3 | | |
| Immigration and Public Works Loan, 1874 (£4,000,000) | Mar. 10, 1875 | 4,000,000 | 4,000,000 | 94 0 0 | 4½ | 30 | 90 19 7 | 5 1 10 | | |

From this it will be seen that the actual annual cost of the last loan, after making allowance as above stated for the redemption of the discount, &c., is £5 ls. 10d. per cent. The average rate of interest on the loans negotiated in London since 1870, exclusive of the last loan, is £4 19s. 6d. per cent., and inclusive, £5 0s. 7d. per cent. With this I think we should, on the whole, be very well satisfied, as in the original estimate, when the public works and immigration scheme was first introduced, it was calculated that the money might be obtained for 5½ per cent.

I have indicated above that the whole proceeds of the late loan was being paid into the Bank of New Zealand in London, to the Public Account; papers relating to this subject have already been laid upon the Table by command of His Excellency. The balance remaining in the Bank of New Zealand on the 31st May, after repaying a sum of £660,000 advanced by the Bank of England upon the security of the £800,000 Imperial guaranteed 4 per cent. debentures, was £2,056,716 11s. 8d., but against this sum drafts on the Crown Agents to the amount of £1,050,000 had, up to the 30th June, been discounted by the Bank in the colony. By a perusal of the papers above referred to, honorable members will learn that Sir J. Vogel has entered into a special arrangement with the Bank of New Zealand in London, whereby the Bank agrees to pay interest on the balance at credit of the New Zealand Public Account at the rate of $\frac{3}{4}$ per cent. below the current Bank of England rate of discount, instead of 1 per cent. as under the arrangement previously existing. It will be observed also that the probable average balance at credit of the account for the year is estimated by Sir J. Vogel at £1,500,000, and that he proposes to invest in Exchequer Bills any sum in excess of that amount.

I think it unnecessary to enter into the particulars of any of the loans contracted before 1870. They impose a heavy annual burden upon the colony, and to the extent of fully three millions were quite unproductive, being for war expenditure chiefly incurred under officers of the Imperial Service. The history of these loans is too well known to require further explanation from me. I will pass on to a statement of the amount raised and expenditure made under the several Loan Acts of 1870, 1873, and 1874.

DEFENCE AND OTHER PURPOSES LOAN, 1870.

I take first the Defence and Other Purposes Loan. The £1,000,000