

works under construction; while, on the other hand, there has been paid out of revenue the sum of £179,303 19s. 4d. in aid of loan. The difference, therefore, between these two sums, viz. £39,196 0s. 8d., represents the actual total amount paid out of loan for interest. The moieties of Stamp Duties payable to the Public Works Loan during the ensuing four months will more than cover this difference, and by the end of this financial year the loan will have received from revenue £241,800, as against £218,500 taken out of it, so that there will have been contributed out of Consolidated Revenue, over and above all interest, the sum of £23,300 to loan, which will be further augmented year by year. When I say that no less a sum than £2,384,942 11s. 6d. has been paid from revenue since 1870 for interest upon loans, honorable members will see the absurdity of the assertion that we have been paying interest out of loan. Last year all interest was paid out of revenue; and this year the same course will be followed, notwithstanding the fact that provision has to be made for interest upon the additional four millions last raised.

The total expenditure made from the General Purposes Loan, of which I am now speaking, up to the end of the past financial year, was £419,579 2s. 11d., and the balance then unapplied amounted to £330,420 17s. 1d.

Of the £250,000 grants to Road Boards, £175,000 appears unexpended; but against this sum £150,000 has been advanced from the Immigration and Public Works Loan, and distributed to the Road Boards, so that there is an available balance of only £25,000 for future expenditure.

The small balance of the amount appropriated for the extension of the Telegraph will be absorbed by its share of the as yet undistributed costs of raising the loan.

The balances applicable to Lighthouses and Public Buildings will each be liable to a deduction for charges and expenses. Other engagements already entered into will require the whole of the balance available for Lighthouses, and estimates of the proposed expenditure will be submitted to the Committee. The balance unexpended on the item Public Buildings will also be required for liabilities incurred before the 30th June. I shall refer again to these items in my remarks on the Immigration and Public Works Loans.

The available balance of this loan, after providing for all liabilities except the cost of raising it, will be £106,500, represented by the unused balance of £81,500 out of the sum appropriated for interest on works in progress, and the £25,000 unexpended balance applicable to grants to Road Boards.

There remains unraised of this loan £463,000, of which, however, debentures for £210,500 have been hypothecated to the Bank of New Zealand for an advance of £200,000.

I will here say a few words explanatory of this transaction, and of the advance of £50,000, to which, in my remarks upon the Defence Loan, I promised to refer. In June 1874, my honorable colleague Sir J. Vogel arranged with the Bank of New Zealand for an advance of £200,000 upon bonds of the General Purposes Loan, with a view to provide funds for the expenditure sanctioned by Parliament under that Act, and a similar arrangement was made with the Bank in May last for an advance of £50,000 against debentures of the Defence Loan. At the time when the first of these arrangements was made, it was hoped that a sale of New Zealand Bonds might have been effected at fair prices in the Colonial market. It may, however, be remembered, that in his Budget Speech of last year my predecessor referred to the apparent cessation of demand for local securities in the Colonial market, and subsequent experience has confirmed the doubts he then expressed. An endeavour was made by Sir J. Vogel, when in Sydney on his way to England, to dispose of a parcel of £300,000 of General Purposes Loan Bonds, bearing 5 per cent. interest, at par; but up to the middle of last month about £50,000 only had been sold, and it was then deemed advisable to withdraw the bonds from sale, and to close the operation. We have consequently been unable to redeem the debentures hypothecated to the Bank as security for the advances of £200,000 General Purposes Loan, and £50,000 Defence Loan; for although the colony has large funds at its disposal, it is unable to repay these advances, owing to that wholesome restriction which forbids the ways and means provided by Parliament for one service to be applied to another.