

Just as I would urge that, if we really wanted money, we should borrow although the market were not disposed to take our loan on favourable terms, so I urge, with equal strength, we should not be enticed into borrowing because the market is favourable. It is pleasant to get a high price for our loans, but we must not attach too much importance to securing a little extra from the sale of a loan. A year's interest soon disposes of that if the money is not wanted. I am sure it is better to put on one side the market feeling, and to judge ourselves, on the broad grounds of public policy, what are our wants, and to what extent we shall supply them.

I take it the House means to carry out the work of defence, and that during this and the two succeeding years not less than £300,000 will be required for the purpose. I presume that we shall not permanently end assistance to nominated immigrants, and that, though we shall be less munificent with respect to expenditure on roads and bridges out of borrowed money than we have been lately, we must redeem engagements and provide a portion of the subsidy proposed. We require to provide for the purchase of Native land, and we may conclude, I suppose, that there is no intention to discontinue the construction of railways already commenced, and the consideration on their merits from time to time of other railways, subject to the conditions I have suggested as to main and district lines.

It may be urged that all these objects would justify our asking for a considerable loan, to be expended from time to time as authorized. But we are of opinion that it will be better to confine ourselves within narrow limits, and to test the effect of the readjustment of taxation and of the subsidies to local bodies. We shall therefore ask authority for only one million for 1886-87, of which £250,000 will be for defence for that and the previous year, £50,000 for immigration, £200,000 for roads, bridges, and buildings, £100,000 for purchase of Native lands, and £400,000 for railways.

It may be as well, whilst I am on the subject of borrowing, that I should say the Government have not adopted the idea I shadowed forth during the recess of borrowing money to lend in small sums to farmers on freehold security. When I spoke on the subject I did so with reservations which I expressly made. On further examination, I found that the English Government had ceased to make direct advances for land improvements, and had substituted for it a system of authorizing the issue of mortgage debentures, for which the State was not liable. This system works excellently in Great Britain, far better than the old one of direct advances, whilst the State has no liability. A Bill will be submitted to the House for giving effect to this English system. It will, I think, go some way towards satisfying the demand for cheap money for the securities of local bodies and for land improvements.

The East and West Coast and Nelson Railway of the Middle Island demands a few words. The Government are of opinion that this railway must be constructed, but they are still averse to making it at the cost of the colony. If further assistance be necessary they have no doubt that Parliament will consider how aid may be given without increasing the grants of land. They think it right to inform the Committee that they attach great importance to the construction of the line.

SUMMARY AND CONCLUSION.

Reference has been made to so many questions that it is desirable to summarise the salient points of the subjects and proposals I have brought before the Committee this evening, as well as to make clear some details.

1. That the operations of last year on the Ordinary Revenue and Expenditure Account left a credit balance of £20,000.

2. That the Public Works expenditure amounted last year to £1,336,000, and that, taking into account the million and a half loan, there was at the end of March last about two millions to begin this year with, taking the advances outstanding in the hands of officers as cash.

3. That the negotiation of our loans has proved very satisfactory, and that for the last million and a half we netted more than did the Governments of