

MEMORANDUM ON THE LOAN ACT, 1862.

Leaving on the face of the accounts as they stand at present, unaudited by the Colonial Authorities, a sum of £152,269 16s. 0d., for which the Colony must make arrangements to pay, if the Imperial Government really intend to charge this country with the full amount of its liabilities on account of the expenditure incurred during the Taranaki war.

The sum of £200,000 has been voted by the Legislature, contingent upon the Colony obtaining the Imperial guarantee, to assist in the execution of such measures as the Governor, acting with the advice of His Executive Council, may adopt for the permanent re-instatement of the settlement and inhabitants of Taranaki.

The balance of the half million loan is proposed to be expended in the formation of roads in the Northern Island of New Zealand, for the purpose of opening up the country; and this will be the only portion of this large sum of money, the expenditure of which will be of at all a reproductive character. If any permanent good is to be done in the Northern Island; if the European population is ever to do more than occupy the country in the immediate neighbourhood of the coast; if the civilization of the native people is ever to be an accomplished fact, road-making must be one of the principal means by which these desirable results are to be brought about. In any event roads are necessary. Troops cannot move without roads. The success of military operations cannot be secured without roads. Peace cannot be established; civilization cannot spread; property cannot be made available without roads. The Civil Institutions for the benefit of the natives cannot, in all their fulness, be brought into operation; the balance wheel of the machinery, namely, the power to be given to the natives to dispose of their own lands, cannot be set in motion without roads, whilst with them the whole difficulty is solved. The country is no longer the finest military position for guerilla troops. Traffic passes along with facility from point to point. The civilizing effects of commerce are felt in every direction; communities spring up in different localities; and by means of these great channels of communication, these high roads of commerce, the country is not subdued but civilized.

The effects of the Taranaki war press heavily upon the resources of the Colony; a loan of £150,000, for war purposes, has been already raised and spent, and it is now necessary for a similar purpose, to raise a loan of half a million more. Not only has one Province been completely destroyed as a European settlement, but every Province of the Northern Island has felt, more or less severely, the depressing influences of this war. Deeply as this is felt by the colonists, there seems to be no adequate appreciation in England of the extent of their sufferings. The population of New Zealand numbers barely 100,000, and yet they have submitted to burthens, independent of commercial losses, equivalent to a tax of £5 per head on the whole community. A similar tax on the people of Great Britain would amount to the sum of £150,000,000, an amount which would be looked upon, it is presumed, by English financiers and economists as a no light addition to the national debt, on account of the unproductive expenditure for war.

Ministers look with confidence for that amount of aid from the Home Government, at least, which is asked for in obtaining the Imperial guarantee to this loan. If the burthens the Colony is called upon to bear are great, its resources are not small. In 1856, the Imperial guarantee was obtained to a loan of £500,000, and in that year

the Ordinary Revenue of the Colony amounted to	107,801	4	4
and the Territorial Revenue to	76,176	7	7
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				£183,977 11 11		

In the year that has just passed, the Ordinary Revenue of the Colony amounted to	378,790	0	0
and the Territorial Revenue to	347,353	17	3
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					£726,143 17 3		

These figures will show that England runs no risk in giving her guarantee to the loan that is now asked: nor can Ministers believe, under all the peculiar circumstances of the case that the guarantee will be denied.

In applying for this loan, Ministers desire to be distinctly understood that they do not regard either the payment of the Militia expenses, the re-instatement of the Province of Taranaki, or roads constructed for strategical purposes, as fair charges against the Colony, and they consider that any sums paid by the Colony, under these heads, ought to be taken into consideration in the final adjustment of account between the Imperial and Colonial Governments, whenever that adjustment shall take place.

READER WOOD.

Treasury, Auckland,
20th October, 1862.