

country, in a financial point of view, to Military Settlers and others, it is my duty to inform the Committee that these, together with the incidental but necessary requirements of the existing Defence Service, cannot be estimated at less than £200,000 for the current year. That is, as I am informed, the amount of the absolutely unavoidable expenditure of the Government, but it is not by any means the whole of the expenditure which the Government proposes for purposes of Defence. The present prospects of the Colony are hopeful. Active Native aggression has ceased, and, except in one particular locality on the West Coast, tranquility may be said to be re-established. This state of things it will be the anxious desire and effort of the Government to improve and make permanent; but at the same time it behoves us, now that the Imperial Forces are likely to be altogether withdrawn, and the country left to its own resources and resolution, to be prepared, to the best of our means, for every eventuality, and to organize and have ready such a force as shall be sufficient to check disturbance and put down disaffection wherever it shall exhibit itself in open and criminal acts. It is the intention of the Government therefore, recognizing the plain and imperative duty that attaches to its position, to propose to the House the enrolment of an extra force of between eleven and twelve hundred men, to consist chiefly of volunteer Military Settlers, but to comprise a small body of mounted men and artillery, who shall be specially organized and made in every way serviceable and efficient for the defence of the country in conjunction with the Militia of the several Districts. The amount estimated as necessary for this force, and for the ordinary Volunteer and Militia Expenditure for the year (supposing it to be a year of continued peace) is about £109,000, which, with the £200,000 required for the actual engagements of the Colony, as before stated, to Military Settlers and others, brings up the total of the proposed Expenditure for Defence purposes to £309,000, against which, or in aid generally of the Revenue for the year, there will be available the balance of the Loan yet unchanged.

I have stated to the Committee that the expenditure chargeable upon the Loan during the past year, so far as it can yet be ascertained, amounts to £411,391 18s. 7d. A statement of this expenditure and of any charges which may still have to be brought to account, as well as any others which the Legislature may consider it necessary to place against the Loan when the proper legal appropriation comes to be made for the period and for the amounts expended and unappropriated since the 1st April, 1865, will be laid before the House on, I hope, an early day; but it may be desirable that I should now, before proceeding to consider the revenue and expenditure of the current year, advert to the transactions affecting the Loan which have taken place during the past year, and endeavour to state to the Committee the position of the Colony in respect of actual indebtedness at the close of it. Of course the Committee is aware by the printed correspondence with the Crown Agents for the Colonies, of the recent disposal of nearly an additional half million of debentures (6 per cents.) It is a matter for congratulation both for the Government and the country that the arrangements for that purpose have been attended with results upon the whole so satisfactory, especially when it is considered how very different these might have been had any delay occurred in putting the Loan on the market. At the date of our last advices the whole of the £500,000 offered had been disposed of or exchanged against 8 per cent. debentures, with the exception of £18,200, and it is very possible that the next English mail may acquaint us with the sale of that sum also at 92—the rate at which, notwithstanding the almost unparalleled panic in the money market, the last two amounts were disposed of. Another satisfactory circumstance in connection with the Loan liabilities of the Colony is the announcement which reached us by the last mail from England that the Home Government intend to guarantee, as originally suggested by the Crown Agents, the half million of 4 per cent. debentures which Mr. Weld's Government transferred to them on account of the debt due by the Colony, and the first half year's interest upon which became payable on the 1st May last. The effect of such a guarantee being given will no doubt be highly advantageous to the credit of the Colony, and along with the measures which are in the contemplation of Government, greatly tend to restore the value of its securities, whether already placed or still remaining to be offered.

I have had prepared for the information of the House a Statement which will be laid on the Table, of New Zealand Loans authorized and raised; the rates of and annual charge for Interest and Sinking Fund, &c., made up to the 30th June last, and showing the total indebtedness of the Colony under various Loans and Loan Amendment Acts at that time. The amount of Debentures issued and then unredeemed (excluding of course the £100,000 temporarily advanced to the Province of Auckland, and which are to be returned or otherwise accounted for at the end of December next), was £3,395,737 15s. 11d., against a total authorized debt of £3,650,000 (less an accumulated amount of Sinking Fund of £116,414 1s. 8d.) To the above £3,395,737 15s. 11d., representing permanent liabilities, (but of which by the way £588,256 13s. 8d. has been apportioned against Provinces, to the relief of the Colonial Treasury, in interest and sinking fund, to the amount of £40,160 a year) must however be added certain 8 per cent. Debentures to the amount of £3,800 negotiated in Australia by the Bank of New Zealand within the last month or six weeks, and advices as to which reached the Treasury only since the Statement above referred to was completed, (and which I may state are the last 8 per cent. Debentures which the Government propose to issue); so that the total permanent debt of the Colony on the 30th June last amounted to £3,399,537 15s. 11d., less the accumulated sinking fund of £116,414 1s. 8d. Consequently we were then within our borrowing power by the sum of £250,462 4s. 1d., or in other words, that was the unraised balance of the Three Million Loan of 1863 at the termination of the financial year.

In addition to the statement just referred to of Colonial loans, there has been prepared a statement of those of the several Provinces, made up to the end of December last, which I shall also lay on the table, as a return which has been carefully compiled, and that furnishes ready information upon a subject of great importance, to which the attention of the Legislature has already been directed.

I have said that £250,472 4s. 1d. is the unraised portion of the Loan, and it is so; but I must guard the Committee against supposing that this amount is all available for future expenditure on the various objects of the Loan. We are not in so good a position, notwithstanding all the efforts that have been made by my Honourable colleague at the head of the Government to nurse what remained to him on assuming office in October last and to limit to the very utmost further