

PART II.

By the Hon. Mr. FITZHERBERT, 7th December, 1864 (in continuation of Part I. of 3rd December, 1864).

MR CARLETON,—

The excitement into which the House has been thrown by the proposal to suspend the Standing Orders, so as to enable certain money bills to be introduced, and one of them to be passed through all its stages this evening, is a poor preparation for that calm discussion of financial questions which is absolutely necessary for their due consideration. I cannot, however, blame myself for this result. When it is a question of raising the Tariff secrecy must be observed, and surprise follows secrecy. I was prepared, therefore, for some expression of alarm, but I did hope that this would subside so soon as explanations were given. I can only say, that my desire has simply been, to submit to the Committee the financial propositions of the Government *as a whole*.

Now, however, that the obstacles interposed by the rules of the House have been removed, I shall pay regard to the very brief limits of time necessarily allowed for the consideration by this Committee, and the transmission to honourable Members sitting in another place, of any Bill that may be agreed on, and shall compress my statement into the narrowest space that the magnitude of the proposals will permit. And if, Sir, the bare enumeration of our liabilities on a former occasion was declared to be tedious, I promise the Committee that the statement of the remedies proposed shall be concise. But, assuming the conclusions of my former statement as data, it must be evident that any remedies for such a state of the finances as is therein disclosed must be vigorous if they are to be effective.

The scheme then I have to propose, for enabling the Colony to extricate itself from its financial difficulties and maintain its credit, is contained in the following proposals, viz. :—

I. To raise One Million sterling by Treasury Bills at short date and an increased rate of interest.

II. To raise the rate of interest to 6 per cent. on the unsold bonds of the permanent loan of Three Millions.

III. To increase the taxation of the country by raising the Tariff.

These, Sir, are undoubtedly large proposals. Either one of them singly would be insufficient,—they are submitted as a whole; and I am prepared to show that they are not larger than the exigencies of the Colony demand. I am aware that any proposition to raise the Tariff is sure to be unpopular, but it ought not to have been altogether unexpected; for it required no prophet to foretell that it could not be long before we should be driven out of the fool's paradise that consists in the belief that war can be regarded as a profitable venture; and that sooner or later we should be condemned to go forth and provide for its demands with the sweat of our brow, and acknowledge the wisdom of the decree that taxation follows in the train of war. Whilst, however, in obedience to an imperious necessity, and in the endeavour to remedy financial embarrassments which it had no part in bringing about, the Government is prepared to incur some amount of popular displeasure, yet it is not prepared to undertake the heavy responsibility implied in its financial scheme unless it receives the hearty support of the Committee.

I proceed to consider the proposals of the scheme separately and in detail :—

I. In reference to the Bill authorising the raising One Million sterling by Treasury Bills, I explain that the Bill circulated a day or two ago was a mere draft, and was distributed in error, and that the features of the Bill now submitted are these, viz. :—

(1) The Treasury Bills therein authorised to be raised are in anticipation of the “Loan Act, 1863.”

(2) The period they may run is limited to three years.

(3) The maximum of interest is fixed at 8 per cent.

(4) They cannot be sold below par.

It is calculated that, with such stipulations as these, the Treasury Bills authorised to be issued under the Act will be readily sought for by the general public, in case the banks should decline to take them.

Granted, then, that One Million can be raised by these means, the next question is, “Do we require such an amount?”

Referring to my former statement, and omitting liabilities the settlement of which may be deferred for the present, I state the amount that ought to be provided between the present date and the 30th June, 1865 (independent of the ordinary charges of Government), in round numbers, at

£1,200,000	0	0	
To meet which there is receivable by the Crown Agents	300,000	0	0

Leaving a deficit of

£900,000	0	0
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for which provision has to be made.

I think I have answered the question, and shewn that in asking for authority to raise one million not more than a sufficient margin has been left.

Before, however, dismissing the consideration of the extent to which it is desirable to make immediate provision to meet our liabilities, I embrace this opportunity to make a statement respecting the relations between the Government and the Bank of New Zealand. I carefully guard myself against the inference that the Government admits the propriety of the stipulations of the 27th September. It, however, freely admits that the Bank of New Zealand has made considerable sacrifices to assist the Government; and feels it, therefore, to be its duty to conduct its business through the agency of that Corporation, provided that can be done on fair and equitable terms.

II. The Bill for raising the interest on the debentures authorised to be raised, but not yet issued under the “Loan Act, 1863,” provides—

1. That the interest be raised to a maximum of 6 per cent.

2. That the debentures shall not be sold below par.