

The objects sought to be attained on behalf of the Colony are these, viz.:—

To avoid the heavy loss arising from the sale of debentures at rates so much below par as those lately submitted to; the loss being occasioned by the Colony having to refund, by way of sinking fund, monies that it has never received:

To be placed in a position to release the debentures of the three million loan that have been deposited as collateral security:

To be enabled to withdraw, for the present, the remainder of these debentures from the market:

To have it in its power to wait for a favourable turn in the money market, and then to dispose of so many of the 6 per cent. Debentures as shall suffice to take up the Treasury Bills authorised to be raised at 8 per cent.

I submit, Sir, that these anticipations are not unreasonable, and proceed to the consideration of the third proposal of the scheme:

III. The Committee will not probably desire me to go into the history of our tariff, beyond barely observing that the Act of 1856 was the first on the subject after representative institutions were granted to the Colony: that the rates fixed by that Act were slightly increased by the Act of 1858: that since that date there have been no alterations.

A question has arisen as to whether it was necessary to reserve this Act, but inasmuch as the words "discharging and varying" in Sec. III. of the "New Zealand Loan Guarantee Act" can only be taken in the sense of "diminishing," and as the present Bill is a proposal entirely in the direction of increase, there exists no necessity, in the opinion of the Attorney-General, for its reservation for the assent of Her Majesty.

I go on to observe that the bill proposed is entirely on the framework of the existing Act, with the exception of an alteration in the classification of wine, whereby a differential duty is imposed on wine in wood and bottle; an improvement, I submit, whereby the consumers of fine wines and *vins monusseux* will be brought under a heavier proportionate contribution to the revenue—a burthen which such a class may fairly be assumed capable of bearing. This, however, should not be taken to imply any undue admiration of the present tariff, or, on the other hand, any attempt to revise it. The present measure is to be regarded simply as an addition to the duties, *not as a revision of the tariff*. To prepare any such measure would have required considerable time and the most careful attention; so much so indeed that previous Governments have shrunk from the task, although they have been frequently pressed to undertake it. It will, therefore, be readily conceded by the Committee that it would have been *simply impossible* for the present Government during its brief period of office to have produced any such measure. Whilst therefore the proposed tariff is only to be regarded as a *proposal for increased taxation in terms of the existing Act*, and in obedience to imperious necessity; yet I think that the comparison which I am about to submit to the Committee of the existing tariff of New Zealand with those of the several Australian Colonies and with the new tariff, as proposed, will show that our proposals cannot be regarded as calculated to violate either of the two fundamental conditions which ought always to regulate and control any increase of Customs duties—that they will in fact neither diminish consumption nor increase smuggling. For if I show (as I am prepared to do) that, taken as a whole, they are not in excess of the duties in other Colonies, I think I shall have gone a great way to establish my proposition. And when I add that three-fourths of the increase will be raised on articles of luxury—viz., spirits, cigars, snuff, tobacco, wines, and beer (measurement duties being indiscriminately raised on articles of necessity and luxury), and that no additional duty has been levied on sugar, for these two considerations, viz., because the duty is already high, and because all kinds of qualities being taxed alike by the present tariff any increase would press most heavily on those who could least afford to pay, I think the Committee will be disposed to regard the proposals with more favor than they otherwise might.

And when I further state that the addition of a farthing per pound on sugar would have yielded £15,600 to the revenue, and that we refrained from proposing this addition, much as we needed it, not because we doubted our power to carry it through the Committee, but solely because we were unwilling to add to the burthens of those who have large families and small means, on whom such an addition would have chiefly pressed, I hope, Sir, I shall be excused if I repel with some warmth the taunts of the Hon. Member from Otago (Mr Vogel), who on this occasion—and positively for one night only—has appeared in the somewhat hackneyed character of the poor man's friend.

Taking then the quantities for the four quarters ending 30th June 1863, 30th September 1863, 31st December 1863, and 31st March 1864, as a basis of calculation, I estimate that the proposed increase will yield the following results, viz.:—

Articles.	Present Rate.	Proposed Increase.	Will Yield.
			£ s. d.
Spirits	9s. $\mathcal{P}$ gallon	3s. $\mathcal{P}$ gallon	85,740 0 0
Cigars and Snuff	3s. $\mathcal{P}$ lb.	1s. 6d. $\mathcal{P}$ lb.	5,000 0 0
Tobacco	1s. 6d. $\mathcal{P}$ lb.	1s. "	31,964 0 0
Wine	3s. $\mathcal{P}$ gallon	1s. $\mathcal{P}$ gallon, in wood } 2s. " in bottle }	10,648 0 0
Ale.	6d. " in wood	3d. " in wood	8,160 0 0
	1s. " in bottle	6d. " in bottle	12,618 0 0
Tea	4d. $\mathcal{P}$ lb.	2d. $\mathcal{P}$ lb.	13,561 0 0
Goods by Measurement	4s. $\mathcal{P}$ cubic foot	1s. per cubic foot	27,585 0 0
Goods by Weight	3s. per cwt.	1s. per cwt.	2,940 0 0
Total Increase			£198,216 0 0

If we distribute this increase in accordance with present arrangements, which we propose to do, we shall obtain—

For general Colonial purposes, five-eighths, £123,885.

For Provincial purposes, three-eighths, £74,331.

Before reviewing the tariffs of the Australian Colonies, I may observe that the only other articles included in our tariff, besides those enumerated above, are sugar, coffee and cocoa, firearms and