

occurring before the loan was raised, serious loss would result to the colony in raising it; that delay in passing the Act would have caused embarrassment and loss in making necessary further temporary arrangements for meeting engagements, these temporary expedients being the very thing I had with much trouble been arranging to avoid; and that serious delay must have resulted if the amended Act which has been passed had been postponed until after the delivery of this Statement.

And now let me say a few words as to the expenditure of loan money for the year. We think that no further contracts should be let on the North Island Trunk Railway, and very little, if any, work be done on the other lines named in the Schedule of the Loan Acts, for the present year. But, it may naturally be objected, if we are going to spend so little, why should we not have borrowed less? I think, Mr. Hamlin, the reply to that is sufficient. We are now about to go upon the London market for the last time for three years at least. Whatever, therefore, may be wanted within that period must be provided now; and, having to look forward so far, and, considering the large works unfinished, some of which must be continued as our means and the other circumstances of the colony will allow, whilst others of little comparative magnitude, but of immediate necessity, have to be undertaken, it would be eminently unwise not to allow ourselves some reasonable margin. But I certainly need not recapitulate here the arguments which last session induced the Legislature, whilst insisting on great retrenchment, to sanction this loan as involving true economy. And, though we are now proposing to expend the loan even more slowly than was then contemplated, the colony will not be put to the least additional expense by reason of the whole of the loan being immediately raised. Such part of the proceeds of the loan as require investment can be at once invested in redeeming the Imperial guaranteed debentures, and others if those should not prove enough.

POST OFFICE SAVINGS BANK.

The Committee will remember that last year I promised that I would, as soon as possible, invest some of the Post Office Savings Bank deposits in Imperial guaranteed debentures. This has been done to the extent of £200,000. The Government are desirous of increasing the amount invested on easily saleable securities, but the difficulties are great if the present rate of interest which is payable to the depositors is continued, and this seems desirable as long as it can be done without loss to the colony.

It is very gratifying to find that the deposits and number of depositors continue to increase, and that even during the first three months of this year the increase in the deposits has been £67,000 over the withdrawals, and the increase of the depositors 1,781. The amount of deposits on credit in the Post Office Savings Bank on the 31st March, 1888, was £1,861,337, and in the other Savings Banks, which are also guaranteed by the colony, was £600,967, making a grand total of not less than £2,462,304, amongst 99,277 depositors. These figures and the fact they disclose—that a large part at least of our industrial classes are able to put by and invest such very considerable sums from their earnings—afford satisfactory evidence of the substantial prosperity of this most important class of our community.

PROVISION FOR THE DEFICIT OF 1887-88.

I have now, Mr. Hamlin, to state how it is proposed to meet the £128,603 standing to our debit on the 31st March last. We are, I assume, all agreed that it must be paid off, and not made part of the permanent debt. This being so, and there being nothing in hand to pay it with, the question arises as to what form the necessary taxation shall take. It is clear to the Government that we must not let the paying off this debt depend upon the occasion of a sufficient surplus at some future time, and we think a special tax should be imposed and set apart for the purpose. Our proposal, if somewhat novel, will, I