

charge the Interest and Sinking Fund on that Loan to Consolidated Fund direct, as the law requires; to retain the one-half Stamp Duties to assist in meeting that charge, amending the law to enable that to be done; and to charge against the Public Works Loan for this year only such balance of interest as I find the Consolidated Fund is unable to bear. The cash result will be much the same for this year as was proposed by my predecessor; but in the one case it will be done directly—in the other it would have been done in an indirect and misleading way. In the second place, I propose to increase the Capitation Allowance to the Provinces, by recognizing the fact that the Native population are large consumers of dutiable articles, and by giving—instead of, as formerly, an arbitrary allowance—a capitation in respect of the Natives in each Province, to the amount of 10s. per head, according to a table which will be appended to this Statement as printed. In the third place, whilst accepting, and asking the Committee to pass, the estimates of the Ordinary Expenditure, Class I. to VIII. inclusive, as they have already been brought down—because there has not been time to have them recast and reprinted, and further, because to alter the mode in which the votes are stated would confuse the accounts of both the Treasury and the Controller—I propose to calculate on a reduction in expenditure upon those Classes of at least £10,000. The Committee will remember that such reduction can only be over six months of the year, inasmuch as three months have already nearly gone, and that reductions of officers cannot take place without giving the holders some months' notice, so that the proposed reduction of £10,000 for six months of this year really represents a reduction of £20,000 on a year's expenditure.

The proposed expenditure will, with these alterations, stand thus:—

	£	s.	d.
Civil List	27,500	0	0
Interest and Sinking Fund	399,384	18	2
Permanent Charges	33,258	6	8
Classes I. to VIII., as per Estimates	383,531	3	0
Redemption Treasury Bills	45,000	0	0
Capitation Allowance	220,241	2	6
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Giving a gross Estimated Expenditure of	£1,108,915	10	4
From this falls to be deducted the savings to be made on the Estimates	10,000	0	0
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Giving a Net Expenditure for the year, of	£1,098,915	10	4
To this, however, has to be added the debit balance on the Balance Sheet of Consolidated Fund, previously stated	£33,345	18	10
Less the Civil List and Native School savings, which will not, probably, be required to be paid within the year	15,222	11	10
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	18,123	7	0
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Giving thus a Total Estimated Expenditure of Consolidated Fund (including the whole Interest and Sinking Fund on Public Works Loan of £96,000) for the year 1872-73, of	£1,117,038	17	4

being £32,038 17s. 4d. in excess of the Estimated Revenue for that year. This I propose to meet by debiting the Immigration and Public Works Fund with £34,500 of the Interest and Sinking Fund on that Loan for this year only. The difference between these two amounts will probably be required by the Supplementary Estimates, which it may be necessary to bring down.

Should I in another year have the honor of laying financial proposals before this Committee, I shall set my face entirely against charging any portion of the Interest and Sinking Fund of the Immigration and Public Works Loan to the Loan itself. It is true, that in calculating what our railways and other works will cost us, we ought to capitalize interest as a matter of account; but it is not prudent finance, that we should evade payment of current and annually recurring burdens, by placing them upon loan. By so doing, we are dealing unfairly by the public creditor who lent us the money on the faith of the Loan Act, which declared that the interest was to be paid out of Consolidated Fund