

Every other sinking fund is a delusion and a snare. The time has come—I think it came some years since, when the increase of taxation was in consideration—when the intolerable burden of the sinking funds must be recognized. There is no reason whatever why the colonists, who are exerting themselves to lay broad and deep the foundations of great public works, which will be a splendid and magnificent heritage to those who come after them, should attempt to pay off piecemeal portions of the public debt whilst they are borrowing more, and whilst they are bearing the heavy burden of paying interest during the construction of the works. I speak advisedly of this splendid heritage. New Zealand is acquiring a monopoly of railways at a total cost less than in many old countries has to be paid for merely buying the land on which to construct them. Twenty-five years hence, compared with the value of these works, the public debt will be a bagatelle—that is, if the colony does not doze during the twenty-five years as it has during the last five years.

But, even though it was dozing, the railways did good work. What more logical evidence of their value is required than that supplied by the Railway Department, in its last annual report, with regard to the progressive increase of traffic. The following is a statement of the principal traffic in local products for the past five years :—

	Wool.	Timber.	Grain.	Minerals.	Horses and Cattle.	Sheep and Pigs.
	Tons.	Tons.	Tons.	Tons.	No.	No.
1879-80 ...	41,895	149,428	240,144	321,060	30,393	260,816
1880-81 ...	42,387	169,695	421,142	406,266	27,230	280,683
1881-82 ...	44,681	192,905	375,725	433,659	22,511	319,837
1882-83 ...	51,703	197,231	367,428	510,088	37,455	449,470
1883-84 ...	62,066	183,449	432,223	574,312	35,948	656,612

#### THE SINKING FUND.

The sinking fund during the present year is estimated to amount to £244,000; that is, during the present year we shall reduce our debt by that amount. It increases progressively. I have had a calculation made which shows that during the ten years next ensuing, the present sinking fund will be increased by £3,022,800. In other words, during ten years the people of the colony will be paying off three millions out of the taxation. I contend they cannot afford to do this; that it is placing on the colony a fearful incubus. The million paid off during the last five years has told severely on the colonists. If it had been saved to them, New Zealand would be in a different position this day.

The sinking fund accrues in different shapes. There is, first, a direct contribution; secondly, the interest and compound interest on accumulations of some sinking funds; and, thirdly, the progressive increase of annual drawings under other sinking funds. I will not now discuss the mode by which it is best to save to the colony the annual payment. I shall bring down a measure to deal with the subject. I am quite aware that our obligations, as they exist, must be fulfilled. Nevertheless, any time during the last five years the Government, by an Order in Council, with perfect regularity, and in a manner no human being could take exception to, might, under existing statute law, have saved the colony a great part of this heavy burden. My proposals are to virtually relieve the permanent charges this year to the extent of the sinking fund, say £244,000. I propose we should not be idiotic (I use a strong phrase) enough to tax the people to pay off a little fragment of our debt; no other colony does it. Recently in Victoria the first railway loan, amounting to some millions, fell in for payment. No one conceived the idea of taxing the people to pay it off; every penny was renewed, as a matter of course.

Without going into particulars, I may state that, of course, the process under which the sinking fund will be relieved, and relief also given to the anomalous condition of loans nearly run out, on which the yearly charges are so heavy, is through the process of conversion in one shape or another. And here I must say a few words, at the risk of rendering myself amenable to the charge of egotism, concerning the means whereby the process of conversion has become so profitable. In 1875, I was in England on an