

Another valid reason for the State stepping in is the necessity that exists for having a reserve of coal, at least at the four centres, to meet contingencies that might arise. At the present time the arrival of extra steamers and vessels requiring coal interferes with the ordinary demand, and a coal-famine ensues. We have had several in the last year or two; and that there should be a coal-famine in a country like New Zealand, which is teeming with coal, points to a serious defect, the remedy for which is the opening of a State coal-mine. The House will, this session, be asked to pass the necessary legislation, grant the authority, and provide the means for working a State coal-mine.

REDUCTION OF MORTGAGE-TAX.

In my last Budget I stated that "for some considerable time the interest on mortgages has steadily decreased. During the past ten years interest on mortgages has fallen about one-fourth; this makes the penny in the pound on capital value a very heavy tax." I have not altered my opinion, and still consider that the mortgage-tax is too high, and that some relief should be given, provided the finances of the colony permit. Whilst desiring to keep good faith with Parliament, to do so this session would be imprudent, unless the loss of revenue occasioned thereby is recouped.

FINANCE OF 1901-1902.

EXPENDITURE.

As I have already mentioned, the suggestions for departmental expenditure caused me no little anxiety, for I was confronted with estimates involving what appeared to be at first sight extraordinarily large expenditure. After careful examination and pruning, I am able to submit estimates of expenditure which, although undoubtedly large in the aggregate, have been kept down to the lowest limit after taking into consideration the abnormal and non-recurrent expenditure they contain. The estimates for 1901-1902 are set down at £5,763,814. The actual expenditure of last year amounted to £5,479,703. There is therefore a proposed increase over last year's expenditure of £284,111, and I will, as concisely as possible, run over the various heads of expenditure which cause this large excess. Loans recently raised cause an addition of some £70,000 for interest, while the old-age pensions is answerable for £18,000, which is most of the excess in expenditure under permanent Acts. In the Colonial Secretary's Department the visit of their Royal Highnesses has necessitated provision for £50,000, and £18,000 is required for the census. Exception will not, I feel sure, be taken to the expenditure incurred upon the Royal visit. It was the general desire of the people that the reception and entertaining should be creditable to our colony, befitting the great occasion, and pleasing to our future King and his gracious lady. The increased volume of the business of the Postal and Telegraph Departments has necessitated additional clerical assistance, and with the ordinary increases arising from the classification has added some £15,000 to the postal and telegraph estimates, in addition to a loss of some £7,000 as contributions to the San Francisco service. I have already mentioned the increase in the proposed expenditure for educational services, and shall refer more at length to this subject hereafter. The Department of Agriculture is rapidly growing, and the officers are undoubtedly of great service to the farming community. To meet the extra calls upon the department a good many more skilled officers have been engaged, consequently extra expense incurred; but it must be borne in mind that the department obtains payment for the services rendered in the shape of fees, which are paid into the Consolidated Fund. The increases in other departments are small, and scarcely call for comment. I may again mention that out of the £284,000 of proposed increased expenditure this year (of which £210,000 belongs to the annual appropriations) fully £120,000 arises from exceptional items, which are not likely to be of a recurring character, to which we must add the increased cost of postal and telegraph and educational services, which amount to quite £90,000, and are consequent upon the