

Again, it is not generally known that among these estates were a number of sheep-runs and pastoral properties entirely unfitted for close settlement—of such area and value that no private individuals could purchase them. These would not cut up to advantage. Not being suitable for close settlement and small pastoral runs, they have remained in the hands of the Board, and I am happy to say they have been worked at considerable profit. These are in a better condition to-day than they were at the time they were handed over.

It is only fair to the Board to state that the whole of the real estates in its hands have been offered to the Government and have always been open to private purchasers. The prices offered by the Government Land Purchase Board, when the offers by the Government had been refused, have in every case, when the land was sold privately, been considerably in excess of the Government's offer—in some instances by more than £1 per acre. Take, for instance, the Rangiruru Estate. Government offered £25,950; it was sold privately at net £31,686, or £5 736 more. Then, also, the Carnarvon Estate: Government offered £39,072; it was sold privately for £47,226, or £8,154 more. To have sold at the prices first offered would have been unfair to the shareholders of the bank, and would not have reduced the liability of the colony.

MIDLAND RAILWAY.

Last session an Act was passed under which Parliament authorised the sum of £150,000 being paid to the debenture-holders and shareholders of the Midland Railway Company. The manner of payment was to be by the creation of debentures at par, bearing $3\frac{1}{4}$ per cent. interest. The proceeds of the sale of debentures was to be paid into the Public Works Fund, out of which payment would be made to the debenture-holders and shareholders. Nothing has yet been done.

It was no doubt anticipated that, the $3\frac{1}{2}$ -per-cent. debentures being at the time considerably over par, the $3\frac{1}{4}$ per cent. would easily realise par. On making inquiries it was found the debentures would not realise par. The debenture-holders claimed that they were entitled to £150,000 in cash. A meeting was called and a strong protest made against acceptance of payment in debentures. Subsequently another meeting was held, when, under protest, the debenture-holders and shareholders agreed under protest to accept debentures.

As the amount they were to receive was fixed at £150,000 as mentioned in the Act, being the sum which at a meeting in London I promised to recommend Parliament to provide for, I am constrained to advise that an amendment of the Act should be made, and that stocks should be sold sufficient to realise £150,000. I am advised that stock bearing the unusual rate of $3\frac{1}{4}$ per cent. interest would be an undesirable innovation; and, in order to relieve irritation and to remove all grounds for grievance, I strongly recommend the course indicated, so that there may be now and for all time a satisfactory settlement of this long-standing dispute.

NEW MARKETS: EXPANSION OF TRADE.

In my Financial Statement of 1897 I drew attention to the necessity for extending our trade eastwards and to the Pacific islands. The following passage is worth repeating:—

“I have drawn attention to this matter for the purpose of comparison, and to show the keen competition that exists in the other colonies, tending to keep down the rates of freight, and giving greater facilities for communication.

“In the report of the Victorian Government on the despatch of the Secretary of State for the Colonies detailed information is given in respect to subsidies to steamship lines, and I find that the payment to the German line of steamers is £200,000 a year, and to the French line £120,000. The P. and O. and the Orient lines each receive £85,000 per annum for the weekly service to Australia; and £245,000 is also received by the P. and O. Company for the Indian service.”

I also called attention to the action of the United States in proposing to annex the Hawaiian Islands. That annexation has taken place. I also called attention to the fact that the United States was then anxious to with-