

men or women with families. In neither of these two kinds of applications will there be allotment by ballot. A careful examination of the fitness of applicants will be made, and suitable areas allotted to them. Public works, consisting of roads or railways, will be promoted contemporaneously with these settlements, and where applicants are without the means necessary to enable them to carry on the work of bringing their farms into cultivation up to the reproductive point, such settlers will be offered work on the roads and railways for either a certain number of days a week or a certain number of weeks a month. By this means I anticipate that these settlers will be enabled to carry on until their farms are sufficiently productive to maintain their owners. Ample facility will be given, moreover, to these settlers to form farmers' co-operative banks, and so obtain capital to help the members of the associations. This proposal, by eliminating the ballot system, will remove much of the present discouragement in failure to draw an allotment, and will also check to some extent the traffic which has here and there arisen in selections under our Land Act. I intend this system to be applied to private lands voluntarily or compulsorily acquired from present owners, both Native and European, and also to large areas of Crown lands. It aims at promoting the dual purpose of public-works development and closer settlement. In order that these associated settlements may be made more attractive to settlers with young children a rural telephone system, connecting the settlers with a centre from which medical aid and other urgent needs may be obtained, will be supplied by the Government.

STATE NOTE-ISSUE.

I propose to ask the House to change the system of issuing bank-notes. These will in future, after reasonable notice is given, be issued by the Government, as is done in Canada and other places.

It must be understood that this is not in any way a recognition of paper money in lieu of the present methods of currency and exchange. The proposal is to make a State monopoly of an operation hitherto carried out by private institutions, and will be based upon the principles of the Canadian system, which have worked most satisfactorily for many years past.

The value of the notes in circulation in New Zealand is about £1,600,000. The tax on this is 3 per cent. This will, of course, be lost by the Dominion, but the State will gain in other ways. The banks will pay gold to the Treasury for the notes, and the State will not have to pay interest on moneys so received. The Treasury must keep a full reserve in gold coin to ensure stability of the notes issued. I will submit fuller details when submitting legislation. In case of loss or destruction of the notes, the Dominion will, of course, benefit. There are sound reasons for and against the change, but on the whole I am convinced that it is in the interests of the country that the issue of notes should be a function of the State. This can be done with much advantage to the people, and without injury or dislocation to the business of the banking institutions of the Dominion.

REDUCTIONS AND INCREASES.

Owing to a heavy shrinkage of revenue in 1909, I asked the House to adjust the railway rates for long distances, and I think, in view of the satisfactory position of our revenue, these may now be readjusted, and I propose to do so partly to the public and partly to the railway employees. With a view to facilitating and encouraging long-distance travel, I propose to reduce the fares for all distances over 200 miles. The present rates are 1½d. per mile for first class and 1d. per mile for second class, irrespective of distance. Under the proposal I am submitting the rate per mile for all distances over 200 miles will be 1½d. per mile first class and ¾d. per mile second class. The value of this concession on the basis of the existing traffic will be £50,000. The whole of the long-distance second-class carriages are being converted from the present longitudinal seats to reversible chair-seats, and this will greatly add to the comfort of the larger section of the travelling public.

Proposals will also be submitted to the House for amendments to the Schedule to the Government Railways Act. This will provide for increases of