

demands acceleration, and I think this can be best effected by an increase in the graduated land-tax on all estates where unimproved value exceeds £100,000. I propose, therefore, to increase the rates found in the present graduated scale on such estates by 25 per cent., and in order to allow owners reasonable time to cut up their estates themselves, to give them three years before putting the increase into operation.

#### TRADE OF THE DOMINION.

Despite the fact that last year was a record one on the export trade of the Dominion, the year ending on the 31st March last showed an increase of £52,091 in value over the previous one, the actual figures being—1911, £21,543,900; 1910, £21,491,809. The imports for the year were valued at £17,713,183, an increase of £2,359,604 over the previous year. The present prospects give me every reason to believe that this general improvement will be continued, and that the producers of the country and our traders may look forward with confidence to a steadily and surely growing progress in the trade of the Dominion.

#### FUTURE BORROWING.

As I pointed out during last session, the end of our public-works scheme is now in sight. The main arterial systems of railways will not take many years to complete, and the cost of this and the future main roads of the Dominion can now be approximately ascertained. The whole should be completed within a period of fifteen or twenty years. There will be no important departure from the plan as now laid down.

The only question to be considered is this: Are the works to be completed out of revenue or by loans, or partly by one and partly by the other method? Finished these necessary works must be. To discontinue them would be inconceivable folly. They are necessary for our development, and will go on. It would, in my opinion, be wrong to throw the whole burden of constructing them on the present generation. We will hand them on to our descendants, and some of the cost should be borne by them. The most businesslike method is to spread the cost over two or three generations, the moneys required to be borrowed for finishing them being repaid by the sinking fund now established. This is fair to us and those who will succeed us. We must remember that our great neighbour Australia is about to enter upon a vigorous policy of railway-construction and the carrying-out of other great public works involving the spending by its different States and the Commonwealth Government of perhaps thirty millions within the next ten years. If our works policy were slackened, it would mean the loss of many thousands of our best workers. To allow this while our own public works are so necessary in order to round off our system of intercommunication amongst our scattered communities would be national imbecility.

The policy of the Government in this will be to borrow sufficient to push on as quickly as circumstances will permit the railways, roads, and other public works that are most urgently required, supplementing the loan-moneys each year by as much as can be transferred from the Consolidated Fund. A full statement will be made later as to the particular railways, roads, and other works now remaining to be constructed, and the estimated cost and the time required for completion of each.

It would, in my opinion, be a good plan to have the question of what are necessary railways in each Island once and for all determined by a Commission of members and experts, and that only such works should be completed with borrowed moneys. Any further sums required in excess of a certain amount per annum should be found out of revenue. This method would give a finality to our scheme of railway-construction, and it is desirable from many points of view. By such a course the country would know what was necessary over a period of years, and an amount could then be devoted annually to this purpose. I wish to state emphatically that the Government will carry on a vigorous policy of railway-construction, recognizing as I do that they are reproductive, and that it is of the most vital importance to our settlers and our business