One way out of the difficulty, perhaps, would be to increase the borrowing powers of local bodies. To this, however, many objections may be urged. Some people are of opinion that the colony should raise the money, and leave the local bodies to expend it; but here, again, we should trample under foot a fundamental principle on which the new order of things was so recently based—namely, That no money shall be raised by the colony the expenditure of which is not to be placed directly under the control of this House. For my own part, I have never believed that that principle ought to be rigidly and unreasoningly observed; but it was one of the cardinal points of Abolitionism, and I presume it will be adhered to by the present Parliament.

Altogether, I confess that this is one of the most difficult problems which we are now called upon to solve, and there can, in my opinion, be only one out of two fair solutions—either the colony should close its bowels of compassion in respect of every application for roads and bridges, however exceptional may be the claim (and they are all exceptional in the opinion of the claimant), or it should distribute its gifts to all upon some equitable basis. As it is, unless we go into the money market, there will be nothing to distribute over and above the subsidies already fixed. There remains, therefore, only the one solution, of every locality relying upon itself. I need scarcely say that, under all the circumstances of the case, we have been reluctantly compelled to turn a deaf ear to numerous and pressing applications for local works throughout the colony. I omitted to observe that the two amounts above referred to are irrespective of a sum of £225,000 which is required to meet provincial liabilities, and £35,000 for roads in Native districts.

It will be recollected that last Session a Bill was introduced, intituled "The Settlements Works Advances Bill," the object of which was to enable the Government to open up lands for settlement before they were put up for sale. In many localities Crown lands are comparatively inaccessible, and unless they are, to some extent, opened up by roads, they are likely to remain unoccupied or be sold below their value to speculators. This Bill, however, did not become law, as the Government did not specify the precise localities in which the proposed expenditure was to be applied. We intend to ask a vote of £58,590 for this object, full particulars of the proposed expenditure of which will appear in the Public Works Estimates. It is estimated that this amount will, at an average of 2s. 10d. per acre, enable upwards of 414,000 acres, in various districts throughout the colony, to be brought into the market, under conditions which will largely enhance its value.

It will be seen from the Public Works Estimates that a considerable sum of money is required for expenditure on various public buildings throughout the colony. Among those to which I may specially refer is the Lunatic Asylum at Dunedin, which is too small for the number of inmates, and which it is proposed to remove to a more suitable locality, being an extensive reserve of 900 acres of Government land, the cultivation of which on the part of the patients will, it is hoped, render the institution self-supporting, thereby relieving the State of a large annual burden which must otherwise continue to devolve upon it. It is proposed in the new establishment to make suitable provision for the cure of inebriates; to enable which class of patients to be dealt with, some special legislation will be necessary.

It is also intended to erect upon the same reserve adequate separate buildings for the Otago Reformatory and Industrial School for boys and girls. The cost of this latter will be more than recouped by selling the property upon which the school at present stands.

While on this subject it may not be deemed out of place to notice, that the hulk in Wellington Harbour belonging to the Public Works Department, being no longer required, we propose to have her fitted up as a Training School and Reformatory, into which boys convicted of criminal offences may be drafted from all parts of the colony, instead of their being associated with hardened criminals in the common gaols, or mixed with those whose only crime is that they have been left destitute and neglected.