

In order to prevent the concessions upon the duties between the two countries and the proposed subsidy to the line of steamers between Canada and New Zealand being provided for out of our present revenue, I propose to make up from £10,000 to £20,000 per annum by a readjustment of the death duties. So far as I can learn New Zealand is the only colony where property devolving upon a widow or widower is exempt from succession duty, and I believe there is no such exemption in England at the present day.

As the law here now stands all property devolving upon a widow or widower is absolutely exempt, and where either take a life estate in property yielding a yearly income of less than £500 the duty is postponed until the death of the life tenant. In comparison with other countries this appears to me to be much too liberal, and I propose—(1) To exempt all estates under £300; (2) subject to such exemption, to abolish the exemption on all property devolving upon a wife or husband absolutely; (3) and, in order to determine the rate of duty, that all property disposed of by will, settlement, gift, or family arrangement be aggregated as in England.

An amendment of "The Deceased Persons' Estates Act, 1881," will be introduced so as to give effect to the above proposals. Independent of the fact that it is desirable to provide for the loss of revenue by the admission of certain articles from Canada free, I see no reason why, where valuable legacies have been left, they should escape taxation, which they do not escape in other countries.

PACIFIC CABLE.

The important question of establishing a Pacific cable by an all-British route to Canada and England has engaged the attention of the Government during the recess. The matter proceeds somewhat slowly, owing to the fact that several countries are interested with New Zealand in the establishment of this link *via* the Pacific, and joint action is necessarily required. The Canadian Government are very much in earnest in their desire to have their country connected with the colonies by a cable touching the Pacific Islands *en route*. The matter is one of much importance to New Zealand. At the present time, as honourable members are aware, our cable-connection crosses a number of territories outside the British Empire; and in the event of war the maintenance of communication through so many countries would be greatly imperilled. Owing to the isolated position we occupy, there probably is no country to which in this respect war would be of more serious consequence. This fact renders it all the more necessary that we should do all in our power to hasten the establishment of a Pacific cable, quite independent of the commercial advantages thereof. It is proposed to ask the House to assent to the necessary legislation to give the Government power to co-operate with Canada and other countries interested in pushing forward this project. A careful analysis of the cost, and of the commercial possibilities resulting from the establishment of such a cable, demonstrates that it would not involve any heavy contribution or responsibility on the part of New Zealand. I feel sure that honourable members on both sides of the House will recognise the importance of our endeavouring to remedy the unfortunate position of affairs, which might, should an emergency arise, result in seriously affecting the industries of New Zealand.

CONVERSION OPERATIONS.

While in London I took the opportunity of making full inquiries as to the prospects of converting our future stock into 3-per-cents. As the result of careful and extended inquiries, I am of opinion that this can be done with much advantage to the country, in the way of further large saving of our annual interest-charges. In the delicate and difficult operations that surround large financial transactions it is obvious that many matters of detail require to be provided for, and it becomes important to choose an opportune time to carry out a conversion scheme of magnitude.

It has occurred to me, as a matter for careful consideration, whether a scheme could not be formulated whereby the addition to our debt, arising from further conversion operations, could not be so provided for as to pre-