

forthcoming. I had the matter immediately attended to, and found there were a couple of pounds coming to him, and had it not been for the extension of the £5 gratuity the man would have been overpaid about £3. The Under-Secretary for Defence has never refused any advance where it is shown that the money is due, and a special staff are kept busy at the present time doing nothing else but paying advances; and we have advanced about £3,000 in excess of the moneys in our hands belonging to the Imperial Government. To show how ludicrous and foolish is the statement which has appeared to the effect that it was owing to the tightness of the New Zealand finances that our boys were not paid, it will be well for me to state that the total amount involved is about £20,000. Already we have advanced £3,000, and an application has been made to the Imperial authorities for the amount due by them. In the meantime we have advanced about £3,000, as already stated, and as fast as certificates are given payments are made; and this course will be followed without, I am happy to say, embarrassing our finances.

FEDERATION WITH AUSTRALIA.

As honourable members are aware, a short time ago a Royal Commission was appointed to take evidence in New Zealand and Australia in regard to the federation of this colony with Australia, and this was reported to be undesirable and not at present in accordance with the wishes of the people of this colony. The tariff of the Commonwealth has not as yet been submitted; but, inasmuch as some eight million pounds is required to meet revenue requirements, it may be taken for granted that there will not be any serious alterations in the Australian tariffs, nor is it likely that the Federal tariff will materially affect the trade relationship as between New Zealand and the Commonwealth. A cordial and friendly feeling exists between this colony and the Commonwealth, and there is no foundation for the fears of many that, because New Zealand has not deemed it prudent to federate, the farmers of this colony will in sending their products to Australia be penalised.

BRITISH MAIL-SERVICES.

In accordance with what was approved last session, nothing further has been done respecting the San Francisco service, and we are, as arranged, paying for actual weight of mail-matter carried, the amount paid last year being about £17,000. The Oceanic Company are anxious that a contract should be entered into for a specified period, and the matter is receiving consideration. The subsidy asked, however, is much higher than would be reasonable for the colony to pay. Whilst it would be inadvisable to discontinue the San Francisco service if it can be got on fair terms, it would also be a good thing to have direct communication with Canada *via* Vancouver if it could be brought about by the payment of a reasonable subsidy. Suggestions have been made that a transshipping service to Fiji to connect with the Vancouver steamers should be established. This would not be acceptable, or meet the requirements of the colony. It has also been suggested that there should be an improved service as between New Zealand and Australia, and, seeing the number of magnificent steamers belonging to various companies trading from Great Britain to Australia, an effort to bring these lines of steamers to our colony is worthy of consideration. It is quite feasible, and could be done at a reasonable cost. With regard to the San Francisco and Vancouver mail-services, proposals will be submitted to the House later on dealing with these mail-services.

PACIFIC CABLE.

I feel sure that it was with pleasure that honourable members noted that the Pacific cable contract had been entered into; and preparations for the laying of the cable are now being proceeded with. An officer representing the Pacific Cable Board has visited New Zealand, and, in conjunction with the Superintendent of Telegraphs, has selected a site for the cable-station at Doubtless Bay. The completion of this cable is a matter of great importance to our colony, and it will enable New Zealand and Australia to have an independent cable between