

those countries. I regret to say that some friction has arisen owing to the Government of New South Wales, one of the contracting parties, having granted concessions to the Eastern Extension Telegraph Company inimical to the Pacific cable. Canada strongly resented the transaction, and at one time it looked as though the error committed would imperil the cable. I am pleased to say that the trouble has passed over, and progress is being made with the work. It is not likely that any claims for payment on account of interest will come to charge this year. The Pacific cable will serve as an additional cable route for England, and doubtless the Board will see the propriety of allowing a local service being established between Australia and New Zealand. The rates for the existing lines between Australia and New Zealand are not satisfactory, and it would be in the interests of the Australian Commonwealth, as well as of New Zealand, to have the whole of the cables between these two countries State-owned.

ADDITIONAL FUNDS.

The minds of honourable members having been relieved in respect to the Consolidated Fund Account, the next—and to many members the most important—matter demanding attention and consideration is the public-works expenditure, the amount of money to be expended, and the amount of money proposed to be raised. It would be out of place for me to trespass on the domain of my colleague the Minister for Public Works by going into details. I may say, however, that we estimate there will be an expenditure of about £1,950,000, the expenditure on railways and roads being approximately about the same as last year. The balance on the 31st March last was £232,515. To this may be added £800,000, the balance of the million loan of last session, and we propose to transfer to the Public Works Fund £500,000 of the surplus of the past year, making the total assets £1,532,515. Seeing the estimated expenditure is £1,950,000, it will therefore be necessary to ask authority for a further loan. In endeavouring to bring our borrowing within reasonable limits, considerable difficulty has been encountered owing to the heavy expenditure and liabilities which have been incurred during the last four months, and I have some mis-giving as to the amount to be asked for which will be sufficient to carry us on until next session; certainly the greatest care and economy will require to be exercised by myself and colleagues to keep the public-works expenditure within the ways and means. We shall be aided in this endeavour if honourable members will restrict their demands in respect to the requirements of their districts. The time is most inopportune for extensive borrowing. The prolonged disturbed conditions in the Mother Country, caused by circumstances well within the knowledge of honourable members, has had an effect on the financial world of an abnormal character, and to such an extent as to render it unwise to ask for more than one million, for a larger sum might prove, at this juncture, injurious to the credit of the colony.

PUBLIC WORKS FUND WAYS AND MEANS.

Balance brought forward	...	...	...	...	...	£ 232,515
Balance of loan of last session	...	...	...	...	...	800,000
Transfer from Consolidated Fund	...	...	...	...	...	500,000
New loan...	...	...	...	...	...	1,000,000
						2,532,515
Estimated expenditure	...	...	...	...	...	1,950,000
Balance	...	...	...	...	...	<u>£582,515</u>

GREATER NEW ZEALAND.

The action of the Imperial Government in agreeing to the extension of the boundary of the colony so as to include the Cook and other islands, has given general satisfaction, and such enlargement taking place on the day of the arrival of their Royal Highnesses the Duke and Duchess of Cornwall and York, was pleasing in the extreme. The fact that the inauguration of Greater New Zealand