

objection being the necessary diminution of the quota. The alternative is to subdivide each island into several fairly equal large electorates, each conterminous with the aggregate of particular electorates of the House. A definition of the subdivisions in such a manner as to secure real community of interest within the boundaries of each electorate is perhaps possible, but there is grave danger of failure if, at the first election, many electors should find themselves separated by a boundary from those with whom they ought properly to be joined in the choice of their councillors. In the report of the English Royal Commission presented to the Imperial Parliament in the year 1910 will be found a lucid exposition of the principles of proportional representation, and of the several systems adopted by the countries in which it is in force.

ELECTORAL REFORM.

The Government is fully sensible of the great necessity for electoral reform, and in due course a measure will be submitted for the consideration of members by which the system of second ballots will be repealed and another method of election substituted.

FINANCE REFORM.

STATE-GUARANTEED ADVANCES ACT.

An amendment of the Advances Act will be submitted handing back to the office for investment the funds now held by the Public Trustee. The repayment of the moneys borrowed by the office will be provided for in the same sinking fund as the rest of the public debt. The principal moneys repaid by instalments by present mortgagors will thus be made immediately available for advances to new borrowers, and the necessity for further borrowing in London to supply the annual needs of the Department will be considerably lessened.

LOANS FALLING DUE.

The loans falling due during the next seven years are as follows :—

	£
From 1st May to 31st March, 1913	3,298,666
Year ending 31st March, 1914	1,777,700
" 1915	9,830,865
" 1916	4,259,702
" 1917	1,885,240
" 1918	724,290
" 1919	1,400,015
Total	<u>£23,176,478</u>

Of these loans there is payable in—

	£
London	10,568,550
Australia	2,133,550
New Zealand	10,474,378

Of the £3,298,666 falling due this year, honourable members will be pleased to know that I have arranged for the renewal of £800,000 due 1st August at $3\frac{1}{2}$ per cent. at par, and for the renewal of £1,744,066 due at various dates at $3\frac{3}{4}$ per cent. at par, and that I have every reason to believe that the negotiations for the remainder will be satisfactorily settled.

The £9,830,865 due in 1915 includes £3,142,600 of the £5,000,000 loan not yet converted. If further conversions take place, then the £9,830,865 will be correspondingly reduced.

LOAN CONSOLIDATION.

The consolidation of our short-dated debentures has given me grave concern. It will be seen from the above table that during the next seven years a very large portion of our public debt will require either to be renewed or to be paid off by fresh loans, and arrangements will need to be made accordingly.