

ful that finally we may have the advantages to this country of regular services by the three routes—Vancouver, San Francisco, and Suez. These, together with the direct services that are being run for passenger and cargo purposes between New Zealand and Great Britain, should place us in a position in the overseas carrying for our general trade of much greater advantage than at present.

BY WIRELESS.

Referring to wireless telegraphy, Sir Joseph Ward said:—I am of the opinion that considerable developments are likely to take place within the next 12 months, and this country should wait and obtain the best system obtainable. Three wireless stations should be erected in New Zealand, of sufficient power to enable communication to be made with Australia, and for a radius of about 1200 miles from the extreme north of the mainland; and simultaneously legislation providing for the establishment of the wireless system on passenger steamers trading from New Zealand should be passed. I hope to be in a position to lay definite proposals before Parliament next session.

COST OF PENSIONS.

The widening of the scope of the Old-age Pensions Act in 1908 has been mainly responsible for an increased expenditure of £11,560 during the financial year just closed. As, however, the majority of those obtaining the benefit of the new provisions did not participate until after October, the full effect will be much more pronounced during the current year, for the first six months of which the increased expenditure has been at the rate of £26,000 per annum. The number of pensioners increased by 827, the greatest numerical advance since 1901, the percentage to the population eligible by age being 34, as against 32 in 1908. The question of the full exemption of pensioners' bona-fide homes has been raised, and has received considerable attention at my hands. It will further increase the expenditure, and in these circumstances it is only fair that when pensioners have relations who are able to maintain them, but allow the burden to fall on the State, the pensioner's property should go to the State. This will enable a contribution towards this humane fund to be made instead of the money going into the coffers of comparatively well-to-do people, who have been relieved from the monetary obligation that would have been entailed upon them but for the existence of the old-age pensions.

INTER-ISLAND FERRY.

The Wellington-Lyttelton ferry service was next dealt with, Sir Joseph Ward stating:—Up to the present the service has been carried on by the Union S.S. Company in a satisfactory manner, but the Government are considering whether the time has not arrived when something definite should be given effect to in order to own and control the steamers carrying the mails and passengers, a large number of the latter being travellers on the Government railways in both the North and South Islands. The matter has been the subject of negotiations with the Union S.S. Company, and should it assume a definite shape the House will be duly advised. Two steamers of the Maori type are necessary, so as to give a close connection on every night of the week except Sunday, thus enabling the transport of mails and passengers to be carried out under State administration at both ends.

THE RETRENCHMENT SCHEME.

Sir Joseph said the extraordinary drop in the value of some of our principal products brought about an alteration in the commercial condition of the country that told its tale upon the revenue. For the six months of the present year the Customs revenue is not satisfactory. This fall in the Customs revenue, on top of the large reductions made in Customs duties, adversely affected our general financial results, and a reduction of public expenditure became necessary. This the Government at once faced, though naturally with reluctance. Advantage was taken of the position of affairs to amalgamate some Departments, and where we formerly had 30 Departments we now have but 19. The establishment of a uniform system of accounts, now being considered by a special committee, will certainly lead to further economies being effected. The total number of employees who were affected by the reductions cut into operation was, of all classes, 940.

PROPRIETARY RACE MEETINGS

The attention of Government has, said Sir Joseph Ward, been called to conditions under which galloway and pony races are conducted, and the Government is of opinion that they should be stopped, and the House will be asked to do so. The number of race meetings held throughout the Dominion is too great, and proposals will be submitted to limit them, and at the same time the House will be given an opportunity of deciding what form of betting is to be allowed on racecourses.

DEATH DUTIES.

The existing legislation with regard to the imposition and collection of death duties calls for amendment, and I propose to introduce a new Death Duties Bill, which will impose two descriptions of duty, viz., death duty in respect of estates of deceased persons, and gift duty in respect of gifts made by a person in his lifetime. Death duties under the proposed bill will consist of two kinds, viz., estate duty and succession duty. The bill will provide for a graduated rate, rising from 2 per cent in estates of £2000 and increasing to 8 per cent in cases of estates of £100,000. Estate duty will be imposed not only upon the property of a deceased, which vests in his executor or administrator under his will or interest, but also upon certain other property which for this purpose is deemed to form part of this estate. For example, entailed estates, property over which the deceased possessed a general power of appointment, gifts made by the deceased within three years of death, and settlements of property to take effect on the death of deceased. Similar provisions to these are contained in the English law, and are distinctly necessary in order to safeguard this duty against existing and future evasions. Unlike estate duty succession duty will be imposed as in England, not upon the property of deceased, but upon each separate interest taken off the property by others, whether as legatees, devisees, or otherwise. The rate of duty will depend upon the relationship between the successor and the deceased. Up to a very large amount a widow, child, or grandchild pays no succession duty. Up to a large amount a man who succeeds to his wife's property pays 2 per cent, and after that amount is reached the rate is increased. Other relatives not more remote than a cousin, pay 5 per cent, and more remote relatives and strangers in blood pay 10 per cent. No succession duty is payable on any property left in trust or to charitable, educational, religious, or other public purposes in New Zealand. Although estates under £1000 are exempt from estate duty, they pay succession duty in the same manner as larger estates. If a man leaves an estate worth £10,000 to his widow and children, it will pay an estate duty of 8 per cent, but no succession duty, except in respect to the portion of the estate which exceeds £4000. If, however, he leaves his estate to a remote relative or stranger in blood, it will pay estate duty at 8 per cent, and succession duty graduated upon the total amount. Duty will be imposed on all gifts made by any person in his lifetime, with the exception of gifts of less than £500 in value, and of gifts to any charitable use, the rate of duty to be 5 per cent of the value of the gift. The new duty will differ from the existing duty in two chief respects. First: The new duty will be imposed on all gifts, whether made by an instrument in writing or not. Under the existing law gift duty is merely stamp duty imposed upon the instrument of gift, if there be such an instrument. Consequently gifts of money and other gifts, however great in value, now escape duty altogether. Recent illustrations have shown how the existing law may be employed to effect successful evasions of death duties in some of the largest estates. Second: Existing gift duty is levied at the same rate as the existing death duty, therefore, it depends partly on the aggregate value of the donor's estate, and partly on the relationship between him and the beneficiaries, instead of depending solely on the amount of gift.

BANK TAXATION.

The banks have not been contributing to the revenue a fair proportion of the income tax by comparison with other public companies or private firms. An increase was made in 1900, but even this has not recovered any of the lost ground. The ratio of the average assets and liabilities to be taken as forming the basis for taxation was in-

creased to 10/- per centum in 1900. Since then the increased prosperity of the Dominion, in which the banks have shares, has further accentuated the position. I propose to further increase the rate in order to produce £14,000 per annum additional. I will also ask for authority, in order to bring it more into fair proportion of the total revenue obtained from this source, to increase the charge made under the Stamp Act, 1908, on the bank note issue from 10/- per cent to 15/- per cent. This will give £18,000 additional revenue.

INCOME TAX.

The graduated income tax needs re-adjusting on a more equal graduation. It is anticipated that the scale which is appended will produce an increased revenue of about £80,000 and equalise the difference in rates as between firms and persons and companies. I propose to ask the House to make provision for a system of graduated income tax upon the following scale, allowing an exemption of £500:—Under £400, at 6d. in the £; £401 to £600, 7d. in the £; £601 to £800, 8d. in the £; £801 to £1,000, 9d. in the £; £1,001 to £1,250, 10d. in the £; £1,251 to £1,500, 11d. in the £; £1,501 to £1,750, 1/- in the £; £1,751 to £2,000, 1/1 in the £; over £2,000, 1/2 in the £.

RAILWAY CONSTRUCTION.

In order to prevent the possibility of unpayable railways being established in the country, those which, upon careful examination, it is found are likely to render a return of less than three per cent, I propose to submit legislation to end the inroad that such losses make upon the general railway revenue of the country by the construction of railways that are not likely to return as low a rate of interest as that I have named. Legislation upon this important matter will be submitted during the session.

As there must of necessity be a certain amount of doubt as to what the position of the Customs revenue will be at the end of the year, which depends upon the general condition of trade, I feel that it is incumbent in the best interests of the country that the financial position should be put upon such a basis as will provide both for any possible shrinkage of Customs revenue, and also for fresh expenditure incurred by any new undertakings that circumstances render it necessary to establish. To enable this to be done, it is necessary to provide additional revenue, and I now submit a proposal, by which I consider the result desired can be arrived at. The increased expenditure under all headings is as follows:—

Interest on cost of a Dreadnought, £70,000; 4 per cent per annum for extinction of loan, £80,000; contribution to railway superannuation fund, £25,000; contribution to public service superannuation fund on account of merging of police fund, £5,000; total, £30,000. Additional cost of internal defence, £100,000; additional armament and equipment, £150,000; extended over three years at £50,000 a year. This gives a grand total of £330,000. To meet this, I propose to obtain from the altered system of death duties an additional £150,000, by abolishing the break in the long-distance mileage rates upon railways, and making rates uniform to 1d. per mile second-class and 1½d. first-class, £100,000 per annum; by the adjustment of the income tax by making it a graduated one, £80,000; by imposing one per cent additional upon the true value of all dutiable goods, £50,000; by charging 2½ per cent on the total receipts of race clubs, £38,000; and from banks, £30,000. This gives a total increase in revenue of £448,000, leaving a balance of £118,000; which is not, in my opinion, too large a sum in order to provide for unforeseen expenditure. It is only fair to all classes of the community to give a slight contribution towards strengthening our position in matters of defence, and in respect of the item of one per cent upon Customs I propose to ask the House to authorise us to fix it until March 31, 1911, only. It is but reasonable to expect by that time the improved and increasing condition of our trade will give a much larger return than at present obtaining from Customs and other sources of revenue. I cannot impress too strongly upon hon. members, and upon the country generally, the fact that in face of concessions amounting to, in round figures, £600,000, that

came into operation during the last year, and, of which during that period £400,000 in Customs took place, our revenue, which amounted to £9,000,000, was only £55,000 short of that of the previous year.

NEXT YEAR'S ESTIMATES.

The expenditure for the present year is estimated at £9,015,878, as against an actual expenditure last year of £8,785,512. The permanent charges show an increase of £292,767, while the ordinary departmental expenditure shows a decrease of £48,275. The estimated revenue for the current year is set down to produce £9,020,000, or £18,815 more than the actual of last year. I think it is safe to estimate our Customs revenue for the current year at £2,163,000, or £171,248 less than the previous year. The Minister for Railways estimates the railway revenue at £3,050,000, and the expenditure at £2,143,500. This will leave a net revenue of £906,500. Beer duty is stated at £113,000, a slight decrease on the actual of last year, which may be looked for consequent on the increase of no-license areas arising from the results of last local option polls. The land tax estimate is £325,000. In estimating the income tax, as the assessments for this year will be on the returns of income of the year ended March 31, 1909, I have deemed it prudent to take into consideration the comparative depression that existed during that period, and do not think it wise to count on a revenue from that source of more than £300,000, as compared with the actual collection of £321,044 for last year. Registration and other fees show a decrease of £24,000, as last year's revenue included a receipt of £23,500 poll tax from Chinese immigration which cannot be expected this year in view of the educational test now insisted upon. At the close of last year there was a balance brought forward of £194,321; add estimated revenue, £9,020,000, making £9,204,321; deduct estimated expenditure, £9,015,878, leaving a surplus of £188,443 at the close of the year.

PUBLIC WORKS FUND.

The balance at credit of the Public Works Fund on March 31 last was £383,709, to be augmented by balance of 1908 loan not raised, amounting to £50,000, making a total ways and means available at the date of £433,709. The position of the fund may be set forth as follows:—Balance March 31, 1909, £380,709; balance loan, 1908, £50,000; loan authorised by Finance Act, 1909, £1,250,000; loan authorised this session, £1,000,000; for 18 months' expenditure, £2,683,700.

REVIVAL OF TRADE.

The financial stringency which has prevailed throughout the world during the year may happily be regarded as a thing of the past. Professed prophets of evil, who wait their Jeremiahs at the smallest cloud shown in the financial horizon, are already changing their note now that the sky is clearing.

THE RATE OF BORROWING.

In conclusion, Sir Joseph said:—I have placed before you matters of great moment. By giving effect to the proposals that it has been my duty to set before you our financial position will be enormously strengthened. I do not think it is wise for this country to continue borrowing annually for public works to the extent that it has been doing, and if the proposals I have outlined are given effect to we should, with, I hope, an early increase in the revenue from the Customs, be able to set aside at least £500,000 per annum after the altered taxation has been in full operation for a year. To that extent the future borrowing for the purpose of carrying on the necessary works for the development of the country can be reduced.

RHEUMATISM.

ITS CAUSE AND CURE.

Rheumatism is a most painful disease. Many are bent and physically disabled by the torture it inflicts. The disease may settle in the large muscles of the back, neck, or thigh; or in the joints of the arms or legs. The pains may dart from one muscle to another, and may be constant or occasional, but all are produced by the same cause, excess uric acid in the blood. BIKHUMO is the best, and only sure remedy. It neutralises and drives out the poisonous acid, relieves the pain, removes the swelling, and effects a speedy and permanent cure. From all chemists and stores at 2/6 and 4/6 a bottle.