

Acquisition by foreigners of the status of British subjects within New Zealand by the process of naturalization has demanded careful consideration, and a measure will be submitted to you repealing the Aliens Act, 1908, and its amendments, and substituting a new law incorporating certain provisions of the Imperial Act of 1914, but excluding the adoption of Part II of that Act, which provides that naturalization in any part of the Empire should confer the rights of a British subject in every other part. My Government, after full discussion with the Imperial Government, has decided to ask the New Zealand Parliament to adhere to the principle which has prevailed hitherto, that the rights of a British subject in New Zealand, which include exercise of the franchise, shall be acquired only by such foreigners as have resided for some considerable time in New Zealand, and have proved by their conduct during that residence that they are fit persons to share with us in the government of the Dominion.

I deeply regret that since I last met you the Dominion has lost through death the valuable services of Sir William Herbert Herries, a member of the Executive Council and for many years a very highly respected member of the New Zealand Parliament.

MR. SPEAKER AND GENTLEMEN OF THE HOUSE OF REPRESENTATIVES,—

The results of the financial year ending on the 31st March last have been extremely satisfactory. The reduction in expenditure as compared with the previous year amounted to £2,203,078, and, notwithstanding the remissions in taxation granted by Parliament last year, the revenue has exceeded the estimate by £1,329,443. The result is a surplus of actual revenue over actual expenditure of £1,315,683. It is gratifying to have so substantial a proof of the prosperity of the country generally, and of the success of its industries. Evidence of the Dominion's credit is, in addition, afforded by the terms of the loan floated in London in the month of May for the sum of four million pounds, at the rate of four per cent., issued at ninety-two. The loan was largely oversubscribed, and the reduction in the rate of interest ensures a substantial relief of the burden on our revenues as compared with the rates on previous recent loans.

The estimates for the current year have been prepared on a basis of that rigid economy in public expenditure which my Ministers regard as essential. The burden of taxation was largely increased by the war, and reductions of that burden can only be effected consistently with safe finance by curtailment of expenditure from the Consolidated Fund, and by careful limitation of the extent to which the Public Works Fund, consisting of borrowed money, is utilized.

I have observed with deep regret, and sincere sympathy for the sufferers, the damage caused by the recent floods in various parts of the Dominion, especially in the South Island. My Government has already, in reliance on your confirmation, provided moneys to aid persons who have lost property and public bodies which are unable to repair great damage, but it is clear that further provision from the Public Works Fund will be necessary towards restoration of roads and bridges damaged or destroyed.

The Main Highways Board under the Act of last year has recently been appointed. Provision of money urgently required for the essential operations which the Board is to conduct and control is a matter which my Ministers consider will require your early and careful attention.

The position of our returned soldiers has received anxious consideration from my Ministers. It will be remembered that two classes of advances for repatriation purposes have been established—the first for the provision of land for soldiers desiring to settle, which was later extended to provide for the erection of houses on the farms of such soldiers, and the second for enabling returned soldiers to undertake trading and other forms of industry apart from land. This latter class also included provision of advances for the purchase of furniture. With regard to the second class of advance, the record of the soldiers is one of which the Dominion may well be proud. Advances of this class have amounted in gross to £2,330,000, nominally secured on chattels, but really resting on the honour and good faith of the men who received the money. No less than £1,260,545 of capital advance has actually been repaid. In the vast majority of cases all interest has been paid; only a very small amount is in arrears. Less than 3 per cent. of those to whom such advances were made have failed to meet their obligations, and in the majority of those few cases the failure has been due to misfortune. But it is the first class of advances upon land for settlement and for purchase of stock and, later, upon houses for the soldier settlers, amounting in the aggregate