

will be extended over a period of about three years. It is also proposed to establish complete systems of torpedo defence for all the ports, as, without this additional outlay, the batteries themselves are not considered to be thoroughly effective. The cost of these, including all necessary firing and observing stations, boats, cables, and stores, will be about £35,000, and will include all the most modern improvements in this branch of military science.

The total cost of the scheme of defence will not exceed £300,000, which is considerably less than has been paid for the fortification of any of the principal Australian ports. At the same time the natural advantages afforded by the places to be defended in New Zealand, and the adoption of the latest improvements in ordnance, should render their security from attack equally well assured.

PUBLIC WORKS FUND.

On the 1st April, 1884, there was £488,912 to the credit of the Public Works Fund, to which had to be added £389,000, the last instalment of the loan of a million negotiated in January, 1884. Together these amounts make £877,912. To this must be added receipts during the year of £100,000, the proceeds of deficiency bills; £500,000 temporary advances; and £845,000, the instalment of the million loan negotiated in January last, which was brought to credit before the end of the financial year. There was besides £4,113 received under section 9 of "The Railways Construction Act, 1878." The receipts, therefore, amounted altogether to £2,327,025. As against this the expenditure was £1,336,727, leaving a balance of £990,298 on the 31st March, 1885. Of this, however, about £250,000 was outstanding as advances in the hands of officers, and there was £600,000 besides required to pay off the deficiency bills and the temporary advances. The expenses of negotiating the last million of the three-million loan had not been brought to account, but on the other hand an instalment of £155,000 of this loan remained to be paid. It will be seen, therefore, that, of that famous three-million loan, together with its little sister, the £250,000 colonial inscribed loan, all had passed away on the 31st March last, excepting about a quarter of a million and about a like amount in the hands of officers to be accounted for.

In these figures the million loan authorized for the North Island Trunk Railway has not been included: that loan, as honourable members are aware, not having as yet been raised, and the funds for the works so far undertaken on that railway having been temporarily provided by advances from loans authorized for other purposes. These advances will, of course, have to be recouped when the loan for the North Island line is floated.

The credit balance, therefore, at the commencement of the present financial year, was, as I have already stated, £990,298. To this has to be added £155,000, the last instalment, to which I have also alluded, of the three-million loan, and £1,500,000 for the loan of that amount floated in May, making together £2,645,298. On the other hand there must be deducted from this sum the £600,000 required to pay off the deficiency bills, and to repay the temporary advances obtained last year. There will thus remain a little over two millions available for expenditure on the 1st April last, subject, however, to the quarter of a million in the hands of officers to be accounted for, and subject to the cost of negotiating the million loan in January, and the million and a half in May last.

It is necessary I should say a few words as to liabilities, because, although the subject is yearly explained by Ministers, there yet seems to be a considerable want of knowledge concerning it. The votes taken each year for Public Works expenditure do not represent, and are not meant to represent, the expenditure within the year. They represent expenditure on account of liabilities already existent, and authority to enter into further liabilities without reference to the time it may take to fulfil them. Hence, with two exceptions, which will be seen in the Estimates when brought before the House, the votes which I shall ask for will represent in all cases a great deal more than the proposed expenditure during the year. But honorable members, before I detail the votes, will like to know the broad estimate I make of the expenditure