

I estimate is about the amount that will come in for payment on account of subsidies to local bodies; and I propose to pay off £50,000 of the deficiency of 1883–84. We must either begin to pay this deficiency off or resolve to fund it, a decision I should much regret. These items bring up the expenditure to £4,103,633. On the other hand, there is revenue £4,115,900, and the surplus of £19,891 at the beginning of the year, making together £4,135,791, and leaving a surplus on the year's transactions of £32,158, which is not unlikely to be largely absorbed by Supplementary Estimates.

#### PUBLIC WORKS EXPENDITURE.

There is little more about which to detain the Committee beyond the most important consideration of Public Works expenditure, and the amount of money we shall borrow during the present year. I have already said that, taking into account the million and a half loan, there are about two millions of money available for expenditure, subject to advances in the hands of officers to be accounted for. Without trespassing on the details which my colleague the Minister for Public Works will set before you, I may say that we estimate there will be an actual expenditure of about £1,700,000 this year, which will include about £170,000 on harbour defences. It will be seen, then, that after accounting for advances, there will be but a small sum left for expenditure after the end of March next. Out of the North Island Railway Loan there will be some amount repayable for works defrayed out of other loans. As the Committee are aware, we intend proceeding with that railway as fast as possible, but the actual expenditure up to the end of March is not likely to much exceed £100,000. The Defence expenditure out of present loans will have to be repaid. It will be apparent, therefore, that we have provision for little beyond March, and scarcely enough to carry us on until the House meets in ordinary course next year.

With regard to the general question of borrowing, I must say a few words. When the Minister for Public Works brought down his plans in 1882 for the three-million loan, he stated that, if he were to stipulate for votes to complete all the works he proposed, he might have to ask for ten millions. More or less, we inherit these obligations, together with others which have grown up since; and the plain meaning is, that we shall continue year after year the construction of great works to such extent as Parliament thinks advisable. It is necessary to look the position fairly in the face, and to draw a line as to the purposes for which money should be borrowed. When we proposed the million and a half loan last session, we drew attention to the enormous proportion of it that would be absorbed by roads and bridges. One of the objects of our policy which I have disclosed this evening is to set a limit to borrowing for indiscriminate purposes. As soon as we can end the engagements at present contracted, we hope there will be little money borrowed by the colony for roads and bridges. But we recognize the great objects these works fulfil, and we propose a sufficient finance to local bodies to carry them out.

As regards railways, besides the main-trunk lines, there are hundreds of miles for which a cry comes up from different parts of the country. We propose that, in future, there shall be three classes of railways: Forest railways, the cost of which the State forests will defray; district railways, for which the local bodies recommending them shall defray one-half the yearly interest, in excess of receipts; and main-trunk lines, for which the colony shall be wholly liable.

In his Statement last year the Minister for Public Works laid down certain principles which should guide the House in relation to future borrowing. The railways have not yielded the revenue anticipated last year. The Government deemed it expedient to make some reductions in rates, believing that the tariff should not be framed solely with the view of exacting the utmost possible receipts. There were other causes which led to a less revenue. These will be explained in the Public Works Statement. But it may be said, This is a good time to borrow. The market has shown that New Zealand loans are welcome. Why not take advantage of this disposition, and borrow largely? I emphatically urge that no such view should prevail. We do not borrow to suit the market.