

stated must be considered as very satisfactory. In accordance with the legislation passed last session, the Police Provident Fund was merged with the Public Service Superannuation Fund on the 1st April, 1910, the amount transferred being £32,204 7s. 1d., and the number of contributors 785. The police are now entitled to the same benefits as the rest of the service, and the fund is on a satisfactory footing.

POST-AUDIT.

It is intended to, as far as possible, change the present system, where it exists, of pre-audit to that of post-audit.

The business of the country done through Government Departments will thereby be much facilitated. There is no necessity to have small payments, obviously due, pre-audited. The large sums paid out by the Public Trust Office have for nearly twenty years been audited after payment. The greater number of the payments by the Post Office are likewise post-audited. Under the post-audit system the responsibility of the authorizing officers for the payments which they sanction is brought home to them. The officers administering a Department have the knowledge necessary for them to determine whether or not a charge is a proper one. The Audit Office has not the special knowledge of each particular case. In pre-audit the responsibility rests with the auditor, and should be more equally divided. With the paying-officer under the present system, the motive for prudence is less strong. If there is a difference of opinion between the audit and the Department under the pre-audit system the person to whom the money is due suffers by the delay. The change has been decided upon after careful consideration, and the public will be benefited by it.

Where large sums have to be paid away, and the safety of such transactions depends upon some questions of title, such as purchases under the Land for Settlements Acts or advances of State moneys on mortgage, pre-audit will be retained.

DEFENCE.

The important question of defence has engaged the attention of the Government during the recess, and, in view of the changes in the system consequent on Field-Marshal Viscount Kitchener's report, it will be necessary to ask Parliament to make considerable alterations in the Act in order to place the defences of New Zealand on a sound footing, and a Bill with this object is now before Parliament.

I may here remark that the name of the Dreadnought is to be "New Zealand," not "Zealandia" as was announced by me a short time ago. The change is consequent upon a suggestion from the Admiralty that the new Dreadnought should be named "New Zealand," they at the same time expressing their willingness to change the nomenclature of the present cruiser of that name. The Government readily acquiesced in the suggestion, and the battleship given by this country is to be called after our Dominion "New Zealand," which I think it will be agreed is most appropriate. Upon our recommendation it has also been decided that the existing cruiser of that name is to be renamed the "Maori."

VISIT OF LORD KITCHENER.

In connection with Field-Marshal Viscount Kitchener's visit to New Zealand a special memorandum has already been laid before you, and I feel sure you are fully conversant with its contents. I may mention that one part of the Field-Marshal's report deals entirely with the fixed harbour defences of this Dominion, and, being of a confidential nature, it necessarily follows that it cannot be made public.

I feel sure the good results that will accrue from the Field-Marshal's visit will be of a lasting benefit to this Dominion.

However much we all deplore war, we cannot close our eyes to the fact that every nation has in recent years been arming itself at a great rate, and has also been devoting itself to the all-important question of efficiency, both on land and sea. We have a valuable possession in our charge, and conse-