

between the two, it is impossible to draw an arbitrary line between them, because officers of the ordinary character, who have ambition and ability, are constantly stalking into the more advanced grade. The direction in which inducement has been given in New Zealand has not been in the shape of assured promotion, but in that of more or less assured position, tending to make the officers dread throwing up the certain advantages which they have gained. The knowledge that it is on the security of their position that the officers have counted has had a tendency to make Governments excessively reluctant to enforce retirements. We have come to the conclusion that a complete change is desirable, and that officers admitted in future to the service shall have the right to less retiring compensations, whilst all officers shall have before them those more immediate advantages which tend to spur them on to zeal and excellence. The saving in the one will, we believe, in the end compensate the temporary increase in the other; for though, as I have said, classification means additional initial expenditure, the time is not long before, by reaching to the top of each class, and by vacancies in the higher offices, reductions set in.

As regards the conditions of future entry to the service, we hold that, as it is open to officers entering to accept or refuse them, there can be no hardship in fixing our own conditions. Those conditions, we propose, should be a right to only one month's notice or salary if the officer has been not more than eighteen months in the service, and to only three months' after a longer service. To make the Government independent of those considerations which always create reluctance to dispense with an officer's service, we propose, further, that it shall be a condition of any officer's joining the service in future, no matter in what capacity, that ten per cent. of his salary shall be impounded, to be invested at compound interest, and to be given to him on his leaving the service or to his representatives on his death.

As regards the classification, as we do not think the House will consent to its involving large expenditure to commence with, we propose to introduce it in a manner that will make its effects gradual, so that, as its operation in the direction of increase becomes developed, its effects in the direction of decrease will begin to make themselves apparent. We propose to deal with seven classes: the industrial—which will comprise the non-clerical—the cadets, and five other classes, ranging up to salaries as high as £500 a year only. Cadets will have an annual increase of £10 up to £120, but they will not increase beyond £80 unless they pass the first examination. Class I. will commence with salaries of £120, and there will be four annual rises of £5 and four of £10 each to £180. Class II. will commence at £190, and there will be five annual rises of £10 each to £240. Class III. will commence at £250, and there will be six annual rises of £12 10s. each up to £325. Class IV. will commence with £340, and there will be four annual rises of £15 each to £400; and Class V. will commence at £420, and there will be five annual rises of £16 each to £500. We propose that this year the only effect, beyond the classification of the officers at their present salaries, and the rise in the industrial class, will be to give to Classes I. and II. a bonus of £5 to each officer, and that next year the rises according to scale will commence with those classes on the salaries of this year without bonuses. For the next two years (not including the present year) we propose that the officers of Classes III., IV., and V. shall have bonuses of £5 on the salaries of this year, and that rises according to scale shall commence the year following on the appropriations of the previous year without bonus. The Committee will not, I hope, think these increases too large when I say that an officer who made an advance each year, and was never stopped at the top of any class, would take nearly thirty-five years in reaching from £120 to £500 a year. Taking the chances of detention at the top of each class, an officer would be fortunate in running the gauntlet within forty years. I do not mean to say that it will be impossible for rises to be more speedy. It will be open to the Government of the day to promote officers from one class to another before they reach the top of the lower class. We do not propose that rises from class to class shall be by examinations. This we know is a favourite plan, and we have well considered it, but we cannot recommend it. Examinations