

It is with regret I announce that the Government do not feel themselves justified in proceeding with the classification of the Civil servants this year. Seeing the extent to which their anticipations of revenue have been disturbed, they do not think it would be acceptable to the House or to the country that they should undertake for the next few years the liability to additional expenditure which classification in any shape would undoubtedly entail. The House must, however, remember that a certain amount of increases on present salaries is demanded in bare justice to many ill-paid officers. Instead of the £6,500 increase they proposed to ask, they will ask for £2,500. One thousand pounds of the amount they propose shall be allocated to the Post Office, and the balance to other departments, but in no case to officers whose salaries exceed £250 a year.

The Government feel as strongly as possible the desirability of retrenching the expenditure to the utmost extent possible consistent with efficiency. As I pointed out when I made the Financial Statement the costly nature of the Civil Service depends largely on the conditions with which officers' appointments are hedged round. What with leaves of absences and allowances, the dispensing with officers is attended with extra expenditure for a considerable period, and the cases are numerous in which officers dispensed with filter back into the service. Of course, the rights of officers already in the service cannot be interfered with, but we shall bring in a Bill providing for different terms of engagement for officers taken into the service after the passage thereof. The amalgamation of large departments will be another source of economy, which should be kept in mind when Under-Secretaries retire. Another plan we have in view, which will conduce both to economy and efficiency, is to train up cadets into an acquaintance with the duties of several departments, with a view to amalgamating the duties of officers in different parts of the country, and lessening their number.

We have anxiously searched the Estimates over with the object of finding items for saving expenditure. I regret we are not able to do much. We are willing to reduce the vote for Armed Constabulary and Defence by £10,000, and I think we may save some thousands in the expenditure of other departments without, however, taking less votes than those set down.

It will be necessary, instead of making the property-tax three-farthings, to add an eighth, and to make it seven-eighths of a penny. I may observe also that under the new Property Assessment Bill it is expected that £10,000 will be added to the amount of property-tax estimated in the Financial Statement. I have already shown we require to make up £159,000 for diminished revenue and for supplementary estimates. The various items in aid of this, to which I have separately referred, may now be summed up as follows:—

Surplus shown by Financial Statement ....	....	£32,000
Part of deficit 1883-84, postponed ....	....	50,000
External Defence charged to Public Works Fund....		25,000
Savings in Armed Constabulary and Defence ....		10,000
Reduction in vote for Civil Service classification ....		4,000
Property-Tax under estimated ....	....	10,000
Property-Tax additional one-eighth of a penny ....		47,000
		£178,000

This will leave a surplus of £19,000 after providing for the Supplementary Estimates, to the extent of £12,000, and I hope they will not exceed that amount.

I would have preferred adhering to the arrangements proposed by the Budget, and I believe that to have done so would have been more for the interest of the colony. The substitute, however, of an additional eighth of a penny to the property-tax is not very onerous, and with its aid we have the right to expect a small surplus at the end of the year.