

has been or shall be wanting on our part to take advantage of it. This process is also slow, but on it depends the best hope of reduced expenditure.

I will now refer to some of the departments separately. The Colonial Secretary's shows a large reduction, but it is chiefly occasioned by the charitable-aid vote being transferred to the charge of the permanent Act. The Geological branch has also been transferred to the Mining Department. The census occasions a large addition to the vote of the Registrar-General's Department. The Treasury shows a less sum than last year. There is a reduction in the amount for property-tax, but the vote is still large, as considerable expenditure had to be defrayed after the end of the financial year on account of the costly triennial valuation. The Industrial Exhibition will require £500, but the expenditure of last year's vote was considerably exceeded. The Exhibition has cost £8,600 net—a much larger amount than was anticipated. I attribute the chief increase of expenditure to the pleasing fact that the Exhibition had to be made more extensive than was expected, because of the liberal response made to the invitation for exhibits. Some of the additional cost is attributable to the Exhibition being opened every night, instead of three evenings a week as first intended. The Government consider that the Exhibition did most valuable service in the encouragement it gave to local industries, and the knowledge it imparted to those interested in them. It is proposed that the next Exhibition shall take place in Dunedin or Christchurch about the end of 1887, in time to forward the exhibits, if it be so decided, to the Centennial Celebration Exhibition to be held in Sydney in 1888. The Government are of opinion that an International and Intercolonial Exhibition should be held in Auckland about 1890 to celebrate the opening of the through railway. The Colonial and Indian Exhibition absorbs a large vote. There are few members who will not recognize that this colony should be adequately represented on an occasion so momentous to all Her Majesty's dominions. New Zealand was called on to assert the strength of her resources in friendly competition with other colonies. The Post Office shows a reduction, chiefly occasioned by the non-renewal of the vote of £5,000 for cable subsidy. The total amount for salaries in this department is larger. Honourable members will not feel surprised at that when they remember the new post, telegraph, and telephone offices constantly being established, which entail additional votes on the Estimates. In most cases, especially with respect to telephones, the extra expenditure is more than covered by increased revenue. Owing to new boilers being required for the "Hinemoa" the Customs Estimates, which otherwise would show a reduction, are somewhat swelled. As regards the defence force expenditure, we are only charging £12,500 to permanent defence under the Public Works Fund instead of £25,000 charged last year. The other branches of the expenditure will be explained by the Ministers in charge of them when occasion serves.

I have reserved for the last, reference to the expenditure on interest and sinking fund. The estimated amount required for these items is £1,654,500, showing a reduction of £34,846 on the sum actually expended last year; besides that, the estimate includes some £46,000 more than last year for interest on loans newly raised or to be raised. Honourable members hear a great deal about the saving effected by conversions, and, doubtless, they will like to know in what way it becomes apparent. I have carefully analyzed the whole subject, and have prepared a table which will show the actual cost of the interest and sinking fund during the last three years, together with an estimate of the present year. To make it complete, I have included the interest received on the Public Account and the cost of exchange, as these items affect each other; also the payment to the Bank of England for managing the loans. I take no account of the debentures issued on behalf of sinking fund accretions, as these are merely anticipations, but I do take account of the receipts for drawn bonds, as these represent actual results. With this explanation the table will, I think, be readily understood; and it shows—after deducting interest on new loans—that the permanent charges have been reduced each year, as compared with 1883-84, as follows: In 1884-85, £115,339; in 1885-86,