

the cessation of borrowing large amounts of money in the English market. For, if we are to maintain our credit and financial independence, borrowing in that market must cease; while any local borrowing is likely to be confined to the absolute necessity of carrying on those essential works of colonisation, such as the settlement of the people on the land, on which depend so directly the prosperity of the community.

On the other hand, if the machinery of government could be simplified, and judicious retrenchment carried to its proper limit, the expenditure side of the account might still be considerably reduced. But we are strongly of opinion that any material reduction must come from a more direct and simple form of administration, directed to the attainment of practical ends; and it will be necessary to see that our measures of legislation do not include liabilities which will render this form of economy an impossibility.

THE FLOATING DEBT.

The amount of the floating debt incurred to meet past deficits is £550,000. This will be reduced to £450,000 by the appropriation of £100,000 out of the surplus of the year, as already explained. Can this floating debt be further reduced? The Government thinks that, though by law the released sinking funds in connection with the loans undergoing conversion pass into the Public Works Fund, a portion of them should be used to pay off debt which was incurred to aid the revenue; and I propose to transfer from the Public Works Account £100,000 of the sinking funds set free, thus in the present year reducing the floating debt by the sum of £200,000, and leaving outstanding £350,000 to be dealt with in future according to the state of our finance. I have also to add £128,605 paid off mainly by the primage duty to the £200,000 now proposed to be extinguished, and we shall then have effected a reduction in this species of debt amounting to £328,605.

The aid to revenue in debentures issued against the sinking-fund increases belongs to a different category from what I have been explaining. These debentures must nearly all be paid off by a self-acting system according to law. As I have shown, about £179,000 will be available through the conversion operations to redeem debentures in the present year, in addition to the sinking fund released from the drawing loan of 1867, amounting to £146,600. The nature of the complicated and ingenious operations under "The Consolidated Stock Act, 1884," is such that, while we are issuing debentures in aid of revenue in anticipation of the sinking fund falling in, we are at the same time paying off debentures already issued. In the present year we issue £282,300, and shall pay off about £325,500.

THE CIVIL SERVICE.

The Government recognise that vigorous measures are required to place the Civil Service of the colony on a satisfactory footing. They have discovered that departments have been overmanned and do their work imperfectly, and they have had to apply the pruning-knife of retrenchment. The operation is always to be regretted, for very often hardships result; the task of reducing the Service at the risk of depriving families of their means of subsistence is one from which most men shrink; but it has to be done. The justification is that the welfare of the whole community demands the most rigid economy in the administration of affairs. It is a fact that the Civil Service has been disorganized and quite powerless to do anything to help itself. To be economically administered, the Service must be under one administrative body, and, at least in the lower grades, the officers must be interchangeable in the different departments. Retrenchment, to be effective, must go on continually; thus, when an officer dies or retires, the question should always be asked, Has an opportunity occurred for promoting greater economy and efficiency? Every promotion should mean both, for true economy does not mean cheeseparing in salaries, but getting the right man into the right place. Is it possible to have a Civil Service in which the country shall have confidence? The Government believe that the Civil Service Bill which will shortly be introduced has in it such elements of sound reform as will enable this question to be answered in the affirmative. It asks the heads of