

The greater portion of the increase asked for under the annual appropriation is absorbed by no less than six Departments, as under :—

Department.	Estimate, 1903-4. £	Actual, 1902-3. £	Increase. £
Industries and Commerce and Tourist Department	43,377	18,680	24,697
Post and Telegraph Department	524,670	485,860	38,810
Education Department	555,440	526,820	28,620
Working Railways Department	1,360,000	1,354,151	5,849
Police Department	127,433	123,699	3,734
Lands and Survey Department	169,410	129,443	39,967

Honourable members will admit that these are Departments which cannot be allowed to suffer for want of funds. Other classes show a reduction of expenditure to the extent of £131,396; and I am sure members will be pleased to find that this year there is a reduction in the Defence expenditure of no less a sum than £56,992, while the Colonial Secretary's class shows a reduction of £65,825.

In going through the estimates, members will find that substantial increases have been given to the Magistrates and to several heads of Departments and to experts. This is in keeping with increases granted to heads of the classified Departments under existing law. On comparing the salaries of the heads of our railway service, Secretary of Customs, the Commissioner of Insurance, the railway, insurance, and other experts, with what is paid in other colonies and countries, and what is paid by corporations and private companies, it will be found we have men with equal, if not superior, capacity, yet their salaries are very much below those paid for similar service outside.

The inevitable result follows, and the colony has lost, and will lose, its most capable public servants. It is false economy not to pay well trained, brainy men whose experience and technical knowledge ever command good salaries. In submitting these increases we have not omitted to recognise that with the increased cost of living, and having given faithful service, those receiving lower salaries in the unclassified Departments are entitled to consideration, and the increases to them we submit to your approval.

I sincerely hope the time is not far distant when the whole of the public service may be classified, and that superannuation or insurance may be provided for the school-teachers and for the highest to the most humble of our State servants.

ESTIMATED REVENUE, 1903-4.

Turning now to our ways and means for the year, I have, after careful consideration, set down our receipts from revenue proper as £6,468,000. In addition, the revenue will be aided by £60,600, being the proceeds of debentures issued in respect of the accretions of sinking funds for the current year, thus making a total available ways and means receipt from all sources of £6,528,600, or £84,491 more than was received last year.

For the Customs revenue I have estimated to receive £2,400,000. Though the receipts of last year were very large, I do not see any ground for anticipating a retrograde movement, and in view of the good prices for wool and dairy-produce now obtainable I anticipate the revenue will be better than that of the previous year by nearly £65,000.

The Railway revenue is expected to reach £2,000,000, or nearly £17,500 in excess of last year's receipts. From Stamps an additional sum of £4,061 is anticipated, while Land-tax is expected to realise £4,000 more than the previous year.

The estimate for Income-tax is set down as £210,000, or nearly £10,000 better than the preceding year. Registration and other fees shows a small increase, but there is an allowance made for a shrinkage in Marine and Miscellaneous of £4,171.

The Beer Duty will no doubt to some extent be affected by the extended area of no-license districts, and I have therefore discounted last year's receipts