

supplied free to those willing to undertake the work. Arrangements will also be made for all places connected by telephone to be within communication of a medical man both by day and night all the year round.

CLASSIFICATION AND SUPERANNUATION.

The importance of having the Civil Service classified is generally conceded, and I hope to have the opportunity this session of placing before honourable members proposals for the classification and superannuation of the whole of the service. This can be done with advantage to the country as well as to its employees.

AUDIT.

Criticism has at various times been directed against the system of audit in the case of several Departments. Though I am satisfied that there has been no genuine cause for this criticism, yet it is felt that no good can result from its continuance; and, in order to remove the cause, I propose to put the whole of the Government Departments under the Audit Department. For this purpose all officers employed as auditors in any Department will be placed under the control of the Audit Office.

The additional number of audit officers thus made available will ensure the more effective and speedy audit of the accounts of local bodies.

PROPOSAL TO ESTABLISH SINKING FUNDS.

I am aware that of late years it has become an axiom that while a young colony is borrowing for public works and purposes, it is not sound finance to set aside moneys as a sinking fund for such loans. Be that as it may, there can be no doubt that such an axiom cannot be held to apply to loans of an absolutely non-remunerative character, such as "war" loans, and moneys obtained for kindred purposes, such as the defence of the colony.

On looking over the summary of our public debt which I have just read I find that in respect of our old war loans the sum of £2,357,000 is set down as a liability, and for defence purposes £1,638,000. These two items amount to £3,995,000, and although non-existent so far as the original loans are concerned, conversion operations have merely changed the form of the security. In my opinion we ought to set to work to absolutely pay off these non-productive loans, and not leave them indefinitely as a legacy to our successors. I shall therefore arrange to provide a sinking fund of 1 per centum per annum, which ought to extinguish the liability in about thirty-five to forty years hence.

In more recent years we have borrowed largely for the purpose of acquiring lands for close settlement. I am sure honourable members and the colony generally are agreed that this policy of closer settlement has been successful, resulting in the prosperity of a large number of our industrious colonists who otherwise would not have been able to "get upon the land." In carrying out this closer-settlement policy we have borrowed some £4,560,000, which is returning in rents a very large income and proving a remunerative investment; but, thus far, no attempt has been made to establish a fund for the repayment of these loans at maturity. Under these circumstances I propose to make a charge upon the Land for Settlements Account at the rate of 1 per centum per annum as a sinking fund. This amount safely invested and improved at best rates ought to extinguish the debt in about thirty-five to forty years.

TREASURY BILLS TO BE PAID OFF.

Honourable members are aware that we have an amount of £700,000 outstanding in respect of the issue of Treasury bills. These debentures, although not originating from the financial operations of the present party's administration, should be cleared off our books as soon as possible, and I therefore hope to be able to redeem a substantial amount by the close of the current year, and to make further redemptions from time to time until the bills are paid off.