

that told its tale upon the revenue, and more particularly with respect to that derived from the Customs branch. For the six months of the present year the Customs revenue is not satisfactory. It is, however, the worst half of the year, and I should expect that during the remaining portion very much better results will be obtained. But it is my duty in dealing with the financial position of the country to provide against the possible continuance of the shrinkage, even though not to the same extent, that has taken place. This fall in the Customs revenue is due to the reduction in the imports. In view of the heavy fall in the revenue brought about from the causes I have indicated, on the top of the large reductions made, it adversely affected our general financial results and reduction of public expenditure. This the Government at once faced, though naturally with reluctance, as the removal of men from their positions, with the trouble it entails upon themselves and families, is a most painful duty for any Government to perform became a necessity. It is not, of course, possible for the effect of the retrenchment to come within the period of one year, and it is obviously necessary before the total result of the retrenchment can be seen.

I notice the fact of reductions having been made has led some people to suppose that because of this being done now that the Departments must have been overstaffed before. It is impossible in any country where you have a largely expanding revenue from year to year to carry on the work of Departments without a considerable increase from time to time in the staffs, and when, as I say, as the result of a heavy fall in the revenue, the converse must of necessity arise. Advantage was taken of the position of affairs to amalgamate a number of the Departments; and, where we formerly had thirty Departments, we now have but nineteen—that is, fifteen of the Civil Service and four of the outside Departments, namely, Government Life Insurance, Public Trust, State Fire, and Advances to Settlers.

Some months ago I set up a Committee, consisting of five of the high officers of the Public Service of wide financial experience—namely, the Controller and Auditor-General, the Secretary to the Treasury, the Commissioner of Taxes, the Assistant-Secretary to the Post Office, and the Accountant of the Railways—for the purpose of examining into the whole system of accounts as carried on in the various Departments, with the view to the establishment of a uniform system; and I hope before long to receive a report from the officers named. The outcome of this will certainly lead to further economies being effected. Necessarily, it will take some time under the amalgamated Departments before it can be expected that the full results will be achieved; but I look forward within a reasonable period to find, as the outcome of the important changes effected, that as valuable a service as we have possessed in the past will be maintained, though on somewhat different lines, and one making for more economical administration.

I may say, for the information of the House, that the total number of employees who were effected by the reductions put into operation was of all classes 940. Unfortunately, simultaneously with the heavy drop in the revenue, a temporary depression existed in portions of the country, and on that account every effort was made to enable the employees of the service to continue as long as possible. This was done in order to minimise as much as possible the effect upon them of losing their positions at a time when other employment was more difficult than usual to obtain. But for this reason the reductions that had been authorised would have come into operation at an earlier date.

To give those members of the Service whom it was found necessary to retrench an opportunity of obtaining homes for themselves, special blocks of land were set apart for selection by them, and by other landless persons, under the improved-farm conditions. These sections were made available in September and October, and were balloted for amongst the applicants.

The intention of the Government was to set aside 400 sections, aggregating 60,000 acres. It was, however, found that land of sufficiently good quality and reasonably near the Main Trunk Railway line could not be obtained to carry out in full the original proposals.