

The next item, "Other debt charges," is also fixed. The total debt charges apart from war debt amounted last year to £8,724,742, but the greater part of this is recovered from interest-earning assets, leaving £2,226,416 to be defrayed out of taxation, representing the charges on that proportion of the ordinary debt which is not directly or fully productive. Debt charges.

Then we come to "Social services," the largest item of all. It includes £3,224,968 on account of education, £1,209,571 for health, and £1,858,391 for pensions and superannuation. I do not suppose that any one advocates a reduction of expenditure on education, about 90 per cent. of the money for which goes in grants to the Boards and other local governing authorities to cover the cost of teachers' salaries and administration expenses of such local authorities. As to the health expenditure, this comprises hospital subsidies, £673,689; maintenance of our mental hospitals, £302,737; and £233,145 to cover the various activities of the Health Department. Social services.

The charge on taxation for old-age, widows', and other pensions, which cost, with administration, £1,628,737, is an item that I am sure none would wish to see curtailed. Superannuation, with the subsidy and expenses of the National Provident Fund, cost the taxpayer £229,763. As to superannuation, I shall have more to say about the position of the State funds presently. In the meantime I just wish to point out that the expenditure on these items cannot be curtailed. Pensions and superannuation.

It will be noticed that the first three items of the taxation account to which I am referring absorbed 74 per cent., practically three-quarters, of the revenue from taxation last year, and the charges are either quite rigid or such that very little, if anything, in the way of reduction is feasible.

Following on with the charges on taxation, the next items are—"Defence," absorbing 5·7 per cent., and "Justice, law, and order," 3 per cent. The Police Force and the Courts are, of course, essential, and while there are perhaps some who will say that the expenditure of over £1,000,000 a year on defence is unnecessary, the fact remains that war has not yet been completely ruled out, and there must be some preparation for the defence of our country in case the need should arise. In other words, the 5·7 per cent. of taxation spent on defence must be regarded as an insurance against external aggression. Defence.

The promotion of agriculture cost the taxpayer last year £464,533, about half of which goes in grants and direct subsidies of various kinds. Agriculture.

The cost of roads and highways has increased greatly in the last few years, and last year, including the petrol-tax specially imposed for roading purposes, absorbed 8·3 per cent. of the taxation. This is only the direct cost, and does not include the interest charges on the millions of capital expenditure out of the Public Works Fund. Altogether the item is a heavy one, but to meet the demands of modern transport the roads must be kept in good order, and there is little, if any, scope at present for curtailment. Roads and highways.

The remaining item under the heading of "General and other administration charges" covers the cost of the Legislature, the maintenance of public buildings, the expenses of the revenue Departments, and of Lands, Labour, Internal Affairs, and all the other departments of State not covered in the other items I have mentioned. There are also included numerous small grants and subsidies and other items of a miscellaneous nature. General administrative expenses.

To sum up, it will be seen that the existing charges on the taxpayer are, as I have said, largely of a rigid nature, and the scope for administrative economy is very much smaller than is popularly supposed. Every effort will be made to obtain the utmost economy in administration, but I am satisfied, after an examination of the detailed estimates for the current year, that enough cannot be saved in this way to offset the automatic increases in such items as interest, pensions, education, &c., let alone make good the deficit for last year. So far as interest is concerned, in addition to the increases arising out of loan expenditure for such purposes as schools, public buildings, and other items that are not interest-earning wholly or in part, we must expect increases from the renewal at higher rates of some of the old loans. For instance, by the time the operations are completed it is calculated that the conversion of the £29,000,000 4-per-cent. 1929 Consolidated Stock will increase interest costs by about £220,000 a year. Economy in administration.