

A further rigid item is found in pensions, where automatic increases are to be expected. The estimated increase for this year compared with last year's expenditure amounts to £62,000, which increase is chiefly under the headings of old-age and war pensions. In addition, increases are normally to be expected in hospital subsidies and various other items based on fixed rates.

In reviewing the prospective budgetary position no allowance was made for any increase in departmental votes which normally increase a little each year as a result of expanding services. For instance, the Education vote has increased by an average of £90,000 per annum during the last five years.

Summary.

Smaller increases and some decreases, probably largely offsetting one another, were to be expected under other items; but, to sum up the position the Government was called upon to deal with, the anticipated principal variations from last year's revenue and expenditure, if operations had been carried out in the ordinary way on the same basis, are as follows:—

		£	£
Decreases in revenue—			
Customs .. .. .	..	1, 150, 000	
Interest on railway capital ..	..	1, 230, 000	
Land and income tax ..	..	300, 000	
Items other than taxation ..	..	150, 000	
		<hr/>	2, 830, 000
Increases in expenditure—			
Debt charges .. .. .	..	315, 000	
Pensions and other fixed items ..	..	100, 000	
		<hr/>	415, 000
			<hr/>
			3, 245, 000
Less amount of last year's surplus ..			150, 000
			<hr/>
Prospective Budget shortage for 1930-31			£3, 095, 000
			<hr/>

I may mention that the amount of last year's surplus has been deducted not because it can be brought into this year's Budget, but because comparisons have been made with the revenue and expenditure for last year which resulted in a surplus of approximately £150,000.

Total shortage.

An estimated Budget shortage of over £3,000,000, quite apart from any increase under departmental votes—that is what the Government, this House, and the country generally have to face. Still, given the co-operation and support of honourable members and the people, the Government is satisfied that the position can be met and the Budget balanced, as, of course, it must be, without imposing undue hardship on any section of the community, for there is no doubt that the general financial position of the Dominion as a whole is quite sound.

ALTERATION IN BUDGETARY PROCEDURE.**Alteration in budgetary procedure.**

This year a departure was made from the usual procedure in dealing with the estimates, and, after a careful examination of the various votes, only such amount as was considered would be just sufficient to enable them to carry out their proper normal functions efficiently, while exercising continuous rigid economy in detail, was allocated to each Department. In this connection I may say that it is proposed to make this system of allocating amounts to the several votes a permanent feature of the budgetary system. The reductions made mean, of course, that having regard to the degree of hardship likely to result to outside organizations concerned, various subsidies and other less essential and extraneous items have had to be eliminated or considerably reduced. The change has been made with a view to the adoption of the more businesslike principle of cutting the national coat according to the cloth available.