

REDUCTIONS IN EXPENDITURE.

The position being as I have stated, reductions in expenditure are the only alternative to heavy increases in taxation. Needless to say, the Government is anxious to avoid increasing taxation as much as possible, and, on becoming apprised of the position, immediately proceeded to review carefully the expenditure. Steps were taken to obtain the greatest possible economy in administration, but, as this is a matter that has already received considerable attention, there is no possibility of making very large savings in that way. Accordingly, the Government made a careful review of the services being supplied by the State—and by “services” I mean monetary assistance granted as well as work done by the Departments of State. It is proposed to curtail or even suspend services where such action is possible without upsetting the basic organization of the Departments or causing undue hardships to the institutions or sections of the community who are directly or indirectly benefiting by particular items of expenditure. In other words, we have to determine what is essential and what is not, and for this financial year, at any rate, eliminate or at least severely curtail the non-essentials. The taxpayers will agree, without doubt, that this is the right course to pursue; but opinions, especially among interested parties, differ as to what is essential, leaving the Government with a rather invidious task. However, in the interests of the country, reductions must be made, and I would now repeat my appeal to the people to view the matter from a national standpoint and support the Government in carrying out an unpleasant duty.

Reductions in expenditure.

The net expenditure last year amounted, in round figures, to £25,200,000; but, as I explained when dealing with the transactions for the year, the total includes £10,697,000 for debt charges and £2,750,000 for pensions and family allowances, in which items, as I have just stated, increases are to be expected. Then there was £1,509,000 for the transfer of the petrol-tax and other revenues earmarked for Highways, in connection with which I have already announced the Government's proposals to relieve the Consolidated Fund of the charges of £220,000 for subsidies on rates to local authorities, £35,000 annual grant to Highways Revenue Fund, and £61,000 of interest on loan capital for Highways. Apart from these adjustments, however, the amount of the Highways revenue paid out is the amount received, so the balance of the Consolidated Fund is not affected by this item.

The four items I have mentioned—debt charges, pensions, highways moneys, and subsidies to local authorities—account for £15,176,000 of the £17,228,000 of expenditure under the permanent appropriations.

Of the remaining £2,052,000, approximately £690,000 went in subsidies to Hospital Boards on rates, £600,000 being on account of maintenance and £90,000 on capital levies. So far as maintenance is concerned, curtailment of the subsidy, except in so far as it arises from the exercise of economy by the Hospital Boards, is not possible without upsetting the whole basis of hospital finance, and it is not proposed to do that. With capital expenditure, however, there is more elasticity, and for this year capital expenditure by the Boards will have to be restricted to urgent essential works. In this way it is estimated that a reduction of £30,000 will result in the subsidies payable out of the Consolidated Fund.

Subsidies to Hospital Boards.

Subsidies on voluntary contributions and bequests to hospitals and various educational institutions amounted last year to approximately £80,000. Generally speaking, bequests, together with the subsidy normally payable thereon, are in the nature of “windfalls,” usually additional to the normal finance of the organization concerned; and the same remarks apply to some of the voluntary contributions that are received. Obviously, little hardship will be entailed in restricting the payment of subsidy to cases where voluntary contributions and bequests are applied to essential works. Subsidies on voluntary contributions for useful and necessary work in connection with the primary schools will be paid as heretofore, but, in general, each request for a subsidy will have to be considered on the merits of the case. It is hoped in this way to save £40,000 this year without inflicting any great hardship on anybody.

Subsidies on voluntary contributions and bequests.

Then there are the subsidies to State superannuation funds and the National Provident Fund, which last year amounted to £382,000, including £43,000 maternity allowances paid through the National Provident Fund and the friendly societies. As already stated, the superannuation funds are in a very unsatisfactory financial

Subsidies to superannuation and other funds.