

for Treasury bills in London, while the expenditure under Repayment of the Public Debt Act was £17,441 less than the estimate. The net decrease under other permanent appropriations was £138,374, the principal items concerned being subsidies to Hospital Boards, £25,553, and disbursements of motor taxation, £73,639, while a saving of £35,350 was effected under the annual votes.

Expenditure
summary.

These savings are all the more satisfactory when it is realized that a large portion of the State's expenditure does not permit of economies being effected. This will be apparent from the following summary of last year's net expenditure :—

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Public-debt charges	10,952,505
Social services—	
Education	3,354,545
Pensions and family allowances	3,025,206
Health and hospitals	1,219,184
Roads and highways	1,875,609
Defence—land, sea, and air	821,644
Agriculture	418,913
All other items	3,040,436
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	£24,708,042
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Debt charges.

The largest single item in the State expenditure was debt charges, amounting to £10,952,505. A substantial part of this amount, however—namely, £1,638,672—was on account of debt-repayment, which must be regarded as an investment rather than an expense.

Education.

Education expenditure, together with payments from loan-moneys in respect of school buildings, &c., resulted in a total cost for the year in excess of £4,500,000. Annual increases under this heading are to a large extent the result of the increased number of children attending school, consequent upon increased population; but the time has now arrived when we must take stock of our educational system and endeavour to effect economies, while at the same time maintaining the present high standard. With this in mind, the Government has decided to set up a special Economy Committee to investigate the whole matter.

Pensions and
family allowances.

The expenditure under the heading of "Pensions and family allowances" consisted of £1,245,499 war pensions, £1,118,286 old-age pensions, £325,998 widows' pensions, £63,608 in family allowances, and the balance of £271,815 in respect of miscellaneous pensions and administration expenses. The cost of pensions has increased during the past few years, due partly to normal population-increases, and more recently to the prevailing economic conditions.

Public health.

The health and hospitals expenditure during the year consisted of grants and subsidies totalling £670,847 to public hospitals; maintenance of mental hospitals, £303,667; and £244,670 in respect of public-health administration.

Roads and highways.

Roads and highways accounted for a total allocation from revenue of £1,875,609. Including loan-moneys, the total expenditure on roads and highways for the year amounted to approximately £3,700,000. In this connection the Government's proposals with respect to the co-ordination of the national transport system will be fully dealt with later.

Defence.

The Defence expenditure involved £229,051 in respect of land defence, £543,845 for naval defence, and £48,748 for air defence. Expenditure on defence generally was rigorously curtailed during the year, principally in connection with the suspension of compulsory military training, but the full effect of the savings will not be felt until the current financial year.

Agriculture.

Expenditure on agriculture accounted for a total of £418,913, approximately half of which was in respect of subsidies and grants of various descriptions.

This completes a review of the principal headings of expenditure out of the Consolidated Fund. The balance of the expenditure, to which I have not drawn special attention, is fully accounted for in the public accounts, and represents general administration expenses for the most part.