

receipts would be £1,100,000 less than for last year, or a falling-off of approximately £2,030,000 compared to the amount budgeted for last year. The last figure is the measure of the shortage that has to be provided for to obtain a balanced budget for this year, for, as previously explained, the total revenue received last year was insufficient to the extent of £1,639,000.

Land and income tax.

In regard to income-tax, which will be based on the trading results and incomes during last financial year, it is obvious that a substantial decrease is to be expected. On the best information at present available, the comparative decrease is estimated at £460,000. As for land-tax, this item fell short of last year's estimate of £1,240,000 by £94,000, and collections this year will probably show a further decline. The estimate for this year has accordingly been set down at £1,100,000.

Stamp and death duties.

Stamp and death duties will also be considerably affected by the prevailing economic conditions. The decrease in values will mean less in death duties, while returns from racing taxation and amusement-tax are also seriously affected. A decrease in the volume of business means less revenue from impressed stamps. The total revenue from stamp and death duties for last financial year fell short of the estimate by approximately £390,000, and a further falling-off of about £300,000 is expected this financial year.

Beer duty.

Beer duty reflected the shrinkage in the purchasing-power of the people by falling short of last year's estimate by £40,000, and it is estimated that this year will show a further falling-off amounting to about £75,000.

Interest on railway capital.

Railway interest is another item which is a considerable factor in the prospective deficit for this year. Last year's receipts amounted to only half the estimate of £1,380,000, and apart from the benefit from the salary reductions which come in as part of the provision made to meet the situation, there is likely to be a further decline estimated at £235,000, due to the continued shrinkage in the railway revenue.

Interest on Public Debt Redemption Fund.

Another interest item that is affected to a considerable extent is interest on the Public Debt Redemption Fund. About £10,850,000 of this fund is invested in advances to soldier settlers through the Discharged Soldiers Settlement Account, and it is anticipated that under present economic conditions there will be a considerable shrinkage, set down at £165,000, in the amount of interest that can be collected.

In addition to the items that I have mentioned, many of the smaller items will be adversely affected by the prevailing economic conditions, the net decrease being estimated at £280,000.

Economies in expenditure.

In regard to expenditure, honourable members were acquainted during the special emergency session with the work done by the Economy Committee set up by the Government as soon as the present trend of affairs in public finance became apparent. This Committee was continuously engaged for about four months in painstakingly investigating every item of expenditure in turn, with a view to effecting all possible reductions consistent with the maintenance of services considered necessary for the welfare of the community. A study of the summary of expenditure included in my review of last year's transactions will indicate how much more limited than is generally supposed is the scope for practical reductions. Cutting down expenditure is not a popular or an agreeable task, but it must be generally realized that it is absolutely necessary at a time like the present, when the Dominion is faced with a serious contraction in the national income. Economy in expenditure is generally approved, but, unfortunately, there is not the same unanimity of opinion in regard to what items should be reduced. Still, while no effort is being spared to obtain economy in administration, a substantial reduction in expenditure can only be obtained by curtailing or, in some cases, eliminating some of the services hitherto supplied by the State, either free or below cost. By services I mean not only work done by the departments of State, but also monetary grants. In effecting economies every endeavour has been made to avoid inflicting undue hardship, but in private life most of us in hard times have to forgo many desirable things simply because we cannot afford them, and the same economic laws apply to public expenditure.