

However, in carrying out their somewhat invidious task, the Economy Committee and the Government have been actuated solely by a desire to promote the public welfare.

In order that honourable members and the people generally may appreciate the magnitude of the problem that faced the Government and the country, I propose, before reviewing the reductions effected or other steps taken to meet the position, to indicate the Budgetary position as it would have been if operations had been continued on the same basis as for last financial year, which in itself represented a considerable effort to keep expenditure down to a minimum.

The largest additional item to be provided for this financial year is subsidies under the Unemployment Act. As honourable members are aware, the Consolidated Fund subsidizes expenditure out of the Unemployment Fund on a pound-for-pound basis, and as a result of the measure recently placed on the statute-book it is estimated that subsidies for this year will amount to £1,100,000. Unemployment subsidies.

Then there is the increase in debt charges. Provision has to be made for additional interest amounting to £250,000, while under the funded-debt agreement and the repayment of the public debt scheme there is, or would have been in the ordinary course, an automatic increase amounting to approximately £100,000. Debt charges.

Pensions normally show an increase, but this year, owing to economic stress, it is anticipated that the increase will be larger than usual. Old-age pensions is the principal item concerned, but fairly substantial increases are also expected for family allowances and war pensions. The total increase for pensions is set down at approximately £200,000, while other permanent appropriations involve a net increase of £75,000. Pensions.

Failing new legislation, a further increase in this year's expenditure will arise from the return to the Consolidated Fund of the charges for subsidies to local authorities and other items transferred to the highways revenue pursuant to sections 36 to 38 of the Finance Act, 1930. Honourable members will recollect that these sections are operative to the 31st August next only, although there is no such limitation on the 2d. additional petrol-tax imposed to cover the charges in question. The intention in imposing a limitation on the transfer of the charges was that the matter should be reconsidered this year. For the balance of this financial year the charge to the Consolidated Fund would be about £125,000, but under present circumstances I think it will be generally agreed that the items in question must remain a charge on the Main Highways Account, or else the 2d. per gallon petrol-tax imposed to cover the charges must be retained for the Consolidated Fund. Subsidies to local authorities.

In addition to the items that I have mentioned, further increases in expenditure arise from various unavoidable new items or increases under the annual votes. An increase of about £130,000 in the net expenditure comes from an estimated decrease of that amount in the credits in aid. These receipts, like the revenue, are seriously affected by the economic conditions prevailing. Expenditure increases.

The general election this year will add £75,000 to the expenditure, while the normal increase in the cost of education, assuming operations were continued on the same basis as heretofore, would amount to £100,000. Then surveys in Hawke's Bay will entail extra expenditure this year amounting to about £22,000, while various other items will have to be increased as a result of the earthquake. The particular items I have mentioned mean an increase in the vote expenditure of £327,000, and numerous other items scattered through the votes bring the total additional expenditure under annual appropriations up to approximately £480,000. Details of the expenditure are included in the estimates, which will be laid before the honourable members.

For last financial year, however, the expenditure as a whole was approximately £290,000 less than the amount provided for, and as the estimated revenue for this year has been compared with last year's estimates and not receipts, to arrive at the true position this £290,000 should be deducted from the expenditure increases.