

in the Funded Debt, on which one half-year's payment for this financial year has already been made. Allowing for the reparation-moneys already received, the net saving to the Consolidated Fund for this financial year is approximately £870,000.

Apart from the 10-per-cent. reduction in economic pensions, which are intended to be a cost-of-living allowance, no reductions have been made in pension rates. The balance of the Permanent Appropriations consists largely of various subsidies, the largest item being subsidies to Hospital Boards. Reductions have been made in this item, and also in various grants and subsidies for education purposes. It was also found possible to reduce the subsidy to the National Provident Fund without endangering the financial stability of the Fund. The reductions which were made under Permanent Appropriations apart from salaries total approximately £125,000, including a reduction of £25,000 in the annual contribution to the Singapore Base.

Reductions in  
Permanent  
Appropriations.

The economies under annual votes, apart from salaries and wages, amount to approximately £470,000. Savings were effected in nearly every vote, and details of the same were supplied to the House during the emergency session. In regard to education, I may say that some of the proposed economies were held over pending the investigation by the special Economy Committee which the Government is setting up to overhaul thoroughly the financial side of this important social service. All will agree that we should strive to obtain as high a standard of education as possible, but at the same time it must be recognized that there is a limit to what the country can afford. As has previously been pointed out, including the debt charges on the loan expenditure on buildings, education is at present costing the Dominion about £4,500,000 per annum, which is too heavy a burden on taxation under present economic conditions. There is no doubt that in this matter, as in most other things at present, we shall have to concentrate more on essentials and see that we obtain the greatest possible value for the money expended.

Education  
Economy  
Committee.

Provision has also been made to augment the revenue in various ways. An equitable agreement has been made with the Royal Mint for the Dominion to receive half the profits on the future supplies of silver and bronze coin ordered for this Dominion, less worn coin returned. The other half of the profit will compensate the Mint for loss of metal on worn coin returned and provide a manufacturing profit for the Mint. The agreement is based on the average over a period of years, and we have already received on account of the current year an amount of £13,820.

Coinage profits.

The abolition of the Land Assurance Deposit Account provided for in last session's legislation will benefit the revenue to the extent of £22,000. Provision was also made last session for the profits of the Post Office to be paid to the Consolidated Fund, so that this fund will receive the benefit from the reduction in salaries and other economies that have been effected. In addition it will be remembered that steps were taken to increase the postal rates with a view to augmenting considerably the assistance that can be given to the Consolidated Fund. Apart from reductions in salaries and wages, which I have already included under that heading, it is expected that the Post Office surplus will amount to about £900,000.

Land Assurance  
Deposit Account.

Post Office  
surplus.

The state of the public finances during the current financial year is probably more serious than at any time during the past fifty years, if not during the whole history of the Dominion. Further, the economic position generally is such that it is imperative that increases in taxation be kept down to an absolute minimum. Under these circumstances, the Government considers that this is a time when any reserves that can be legitimately drawn upon should be used. Accordingly, it is proposed that the balance of the Reserve Fund held in London, over and above the £1,500,000 earmarked for earthquake restoration, shall be realized and paid into the Consolidated Fund, which will benefit to the extent of about £550,000. I may add that it is proposed to obtain legislative authority to utilize any surplus there may be in the Consolidated Fund from time to time towards the restoration of this Reserve Fund.

Utilization of  
Reserve Fund.

It is also proposed to utilize an amount of about £590,000 at present held in the Discharged Soldiers Settlement Depreciation Fund. This fund was built up by transfers from the Consolidated Fund, together with accumulated interest on investments, and was established for the purpose of maintaining the value of the securities issued in connection with the discharged-soldiers-settlement loans. It is no longer required for this purpose, however, and it was intended to use it for debt-redemption purposes, but the present circumstances justify transferring the money back to the Consolidated Fund.

Discharged Soldiers  
Settlement  
Depreciation Fund.