

and in lessening the need for taxation. But in the meantime a position has been reached in which all the funds available are strained to the utmost and are insufficient to cope with the immediate need of granting relief. There is no margin of funds to enable the Government to change over from the old policy to the new. If the new scheme is to be tried out, it appears as if the Minister in Charge of Unemployment will require temporarily some additional funds, which can only be got from additional taxation, as no further money can be obtained from the Consolidated Fund. One of the main objects in view is the use of the unemployed in preparing land for settlement. Further particulars will be placed before the House as soon as possible.

BUDGETARY POSITION.

I now propose to sum up the budgetary position so far as it can be seen at present.

As indicated in my opening remarks, it is practically impossible under present conditions to estimate with any degree of accuracy the yield from the various items of revenue. In my opinion, however, we will have to cope with a further shrinkage in revenue amounting to at least £1,250,000, which amount is arrived at on the present deficiencies in sight, but goes no further. The amount is made up as follows :—

	£
Customs	900,000
Stamp and death duties	150,000
Interest on Public Debt Redemption Fund	100,000
Other items	100,000
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	£1,250,000
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In addition to these revenue shrinkages, the expenditure will be still further increased by the absolute necessity for giving some further assistance to Hospital Boards. It is proposed to provide up to £75,000 for this purpose, which will be made available by way of additional subsidy.

The change-over from the graduated land-tax will involve a net additional burden of £320,000. There is also the amount required for fertilizers already mentioned of £100,000.

Certain exchange profits on remittances to Australia and savings consequent upon the voluntary reduction in deposit rates arranged by the Prime Minister last July will provide a saving of £150,000 towards these increases.

The total net additional amount involved in the revenue shortages and these additional items is thus £1,595,000, made up as follows :—

	£
Shortages referred to above	1,250,000
Less exchange profits and reductions in deposit rates	150,000
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	£ 1,100,000
Fertilizers	100,000
Land-tax, gross	475,000
Less elimination of 5-per-cent. allowance on unimproved value	155,000
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	320,000
Hospital subsidies	75,000
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Total	£1,595,000
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The reduction in land-tax is only a substitution of one form of taxation for another, and not an addition to the general burden of taxation.

ECONOMIES.

Having thus arrived at the total net increase that must be added to the Budget, the question to be answered is how is this to be made up. The first duty of the Government has been to undertake further economies in Government expenditure. The Economy Committee set up by the late Government has already made substantial reductions in expenditure, which, together with the reductions in salaries and wages, amounted to approximately £2,000,000. But, in my opinion, the public will not willingly submit to further taxation unless it is satisfied that the most drastic economies have been effected in departmental expenditure. Cabinet therefore resolved that an effort should be made to reduce expenditure to the extent of £1,000,000 per annum, and immediate steps