

36. In regard to the question of maternity allowances, we would draw attention to the fact that the amount provided under this heading for 1931–32 is as follows :—

	£
Maternity allowances to contributors, National Provident Fund .. ..	7,000
Maternity allowances for friendly societies .. ..	36,500
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	£43,500
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37. We are of the opinion that, in view of the present financial stringency, these allowances should cease and that the relative statutory provisions should be repealed. We would draw attention to the fact that the State at the present time is in other ways considerably assisting in this respect. We refer particularly to the organization of St. Helens Hospitals and the Plunket system throughout the Dominion.

Estimated saving, £43,500.

#### OTHER GRANTS AND SUBSIDIES.

##### CONTRIBUTIONS, ETC., TO SUPERANNUATION FUNDS.

38. We recommend that these contributions be provided by way of annual vote. In view of the actuarial unsoundness of the funds, it is impossible to recommend any reduction under this heading.

##### UNEMPLOYMENT ACT, 1930 : AMENDMENT ACT, 1931.

*Subsidy to Unemployment Fund on Basis of One-half of Expenditure out of Fund, £1,100,000.*

39. Consideration of this item of public expenditure per medium of the permanent appropriations leads us to consider the principle of the assignment of the proceeds of a particular class of taxation to a special account.

40. We consider that unemployment taxation, like other revenue and taxation, should be paid into the Consolidated Fund, and that Parliament should provide each year such an amount for unemployment expenditure as may be necessary in the light of the general requirements and the financial position of the country, irrespective of the source of taxation from which the funds are to be supplied. We accordingly recommend that the proceeds derived from the unemployment levy and wages-tax should be credited direct to the Consolidated Fund. If this were done the necessity for a permanent appropriation would cease, and the annual appropriation of the total amount required for unemployment relief purposes would become automatic.

41. While there will be no direct saving as a result of this recommendation, the system will be brought into line with recognized principles of sound public finance, and Parliament will be enabled to review the expenditure annually.

##### PAYMENTS TO RACING CLUBS OF PROPORTION OF TOTALIZATOR TAX, £25,000.

42. We recommend that this expenditure should be subject to annual review and appropriation by Parliament.

##### CONTRIBUTIONS TOWARDS COST OF SINGAPORE BASE, £100,000.

43. The contribution of the Dominion towards the cost of the Singapore Base is now at the rate of £100,000 per annum. The total contribution was originally fixed at £1,000,000 to be paid in eight annual instalments of £125,000, commencing from the year ended 31st March, 1928, and four annual instalments at this rate have already been paid.

44. Representations were made to His Majesty's Government in Great Britain in 1931 with a view to obtaining a reduction in the annual contribution from New Zealand, particularly in view of the decision that only the work under the Jackson contract (*i.e.*, construction of the graving-dock) and the work necessary to complete the Air Base should be carried out during the next five years.

45. The proposal has been agreed to by His Majesty's Government in Great Britain, and for the next five years New Zealand is to contribute the annual sum of £100,000. At the end of this time New Zealand will have contributed £1,000,000 towards the cost of the Singapore Base.

46. From all the information available it appears that this contribution from the Dominion was based on an estimated cost for the Singapore Base of from £10,000,000 to £12,000,000, but it appears that the present proposal for the completion of the Jackson contract and the Air Base will not involve His Majesty's Government in the expenditure of the amount originally contemplated. Under those conditions, we are of opinion that the contribution from New Zealand might reasonably be reduced proportionately to the present contemplated expenditure on the Base : in other words, if the completion of the Jackson contract and the Air Base is to cost, say, £8,000,000, that New Zealand's contribution for the present should be limited to £666,000. We presume that the sum of £100,000 provided in the 1931–32 Budget will be paid, and if the contribution of New Zealand can, for the present, be limited to £666,000 a saving of £34,000 would accrue during 1932–33. In the following year the saving would be £100,000, as no contribution would then be payable.

47. If, however, it is not desired to make representations to His Majesty's Government for a reduction in New Zealand's total contribution, we suggest that negotiations might be entered into with a view to the contribution from New Zealand being reduced next year to £50,000 and the term for the payment of the balance of £400,000 being extended to eight years—*i.e.*, that the annual cost henceforth be reduced to £50,000. If, as we presume, the expenditure at present contemplated on the Base will not provide for the completion of the original programme, an adjustment of New Zealand's contribution in either of the ways suggested above would appear to be equitable.

Contingent saving, say, £50,000.