

283. Further savings would not become wholly operative until 1933-34, and these are listed hereunder :—

						Estimated saving. £	Total. £
Pensions Act, 1926—							
Miners' widows' pensions (additional) ..	..	..	..	..	..	6,000	
War pensions (economic) ..	..	..	..	..	..	90,000	
							96,000
Vote, Education—							
Allowances to Training College students ..	..	..	..	..	..	65,000	
Free post-primary education ..	..	..	..	..	..	30,000	
							95,000
							£191,000

In the foregoing no account has been taken of—

- (a) The possible savings through the imposition of revenue-stamp duty on interest on the internal public debt :
- (b) The issue of a voluntary conversion loan at a lower rate of interest :
- (c) The abolition of the permanent appropriation for subsidy to the Unemployment Fund.

#### BUDGETARY CONTROL.

284. We feel that a more rigid system of control of public expenditure must be maintained. We cannot help being impressed with the continued increase in the cost of government under practically all headings. In our view, one reason to which this increase may be ascribed is the system which has been in vogue in the past of apparently first of all estimating the expenditure and then providing revenue to meet it. The various Departments must be told just how much money has been allocated to each, and to frame their proposals for expenditure accordingly. We believe it is only by strictly adhering to such a system that continued increases in the public expenditure and corresponding increases in taxation can be avoided.

#### CONCLUSION.

285. In the time at our disposal it has been quite impossible for us to examine in detail the whole of the public expenditure, but we have dealt with certain Departments which seemed to offer scope for considerable economies. In order to become effective, many of our recommendations, both as regards permanent charges and annual votes, will involve legislation. We shall, in the continuation of our inquiry, further review, if necessary, those Departments we have so far dealt with, and additional economies may be recommended later in regard to those Departments. We do not wish to give the impression that we have dealt finally with any class of expenditure.

286. In submitting these recommendations for reductions of expenditure we have proceeded on three general principles, which may be summarized here :—

- (1) The rise in the value of money in recent years makes a revision of money obligations both reasonable and necessary.
- (2) The existing position of the public finances makes it necessary for the State, no less than the individual, to consider seriously what it can afford, and not merely what is desirable. From this standpoint much expenditure is unwarrantable which in normal times might be permissible.
- (3) The trade and industry of the Dominion can be restored only by the strictest regard to economy.

287. We have endeavoured to frame our recommendations in accordance with these principles.

288. These were the principles adopted by the Committee on National Expenditure in Great Britain in 1931, and we cannot do better than quote hereunder an extract from the report of that Committee :—

“Many of them” [the recommendations] “are clearly interdependent: even the more drastic will, we think, be accepted as fair if the whole programme be carried into effect. But if a policy of selection be adopted, if economies are only attempted where little opposition is anticipated, if certain classes are called upon in the national interest to suffer serious reduction of emoluments while large unprofitable expenditure goes on unchecked in other fields, resentment and opposition will be aroused and the eventual result in savings will be negligible.”

289. The foregoing aptly expresses our views, and we are convinced that there is no reasonable alternative to the reductions we have recommended.

290. This report we have the honour respectfully to submit for the consideration of Your Excellency, in obedience to the Commission addressed to us.

291. Given under our hands, this eighth day of March, one thousand nine hundred and thirty-two.

G. SHIRTCLIFFE, Chairman.	
J. J. ESSON	
A. MACINTOSH*	} Members.
JAMES BEGG†	
J. L. GRIFFIN†	

\* Subject to addendum by Mr. A. Macintosh.

† Subject to reservation by Mr. Begg and Mr. Griffin.