

The 1926 Budget contained a statement setting out the net charges on taxation for the various services provided for out of the Consolidated Fund in 1925–26, compared with the charges in 1914, after the figures for the latter had been adjusted to a comparable basis. Bringing the table up to date, the allocation per head of the taxation receipts for 1927–28, amounting to £16,484,788, compare as follows :—

CHARGES ON TAXATION:

					Allocation of Taxation Receipts per Head of Mean Population.	
					1913–14 (Adjusted to a comparable basis).	1927–28.
					£ s. d.	£ s. d.
War pensions and war-debt charges	..	..	..	..	..	3 7 10
Other debt charges	..	..	..	..	1 17 3	1 7 8
Social services (health and hospitals, pensions, and education)	..	..	..	..	2 16 6	4 2 8
Defence (land, sea, and air)	..	..	..	..	0 14 5	0 14 8
Other charges (general and administrative)	..	..	..	..	2 3 7	1 13 1
Surplus for year	..	..	..	..	0 10 9	0 2 6
					8 2 6	11 8 5

In the first place, it will be noticed that war pensions and war-debt charges absorb about a third of the present taxation receipts, and account for the whole of the increase in the taxation burden since 1914. Relief can only be obtained by repayment of the war debt, hence my anxiety to concentrate on this matter. As already stated, we have paid off about £10,000,000 in six years.

Social services, including health and hospitals, pensions, and education, absorb at least another one-third of the State's annual revenue from taxation. These services must expand automatically as the population grows, and, except in so far as the national wealth grows proportionately, further extensions of these services can only be met by diving deeper into the pockets of the taxpayers.

The remaining third of the taxation receipts is expended on ordinary debt charges, defence, and general administrative charges. The relative burden of these items has decreased by £1 per head in comparison with 1914.

It was advocated by the late Lord Oxford and others in England that the Treasury should ration the Departments of State : in other words, should decide the maximum revenue to be raised and apportion it as equitably as possible. To a great extent this is already done in New Zealand, but if we are to call a halt in the growth of national expenditure, are we to tell the Education Department and the school dental services and other similar beneficent activities that they are not to expand ? I do not think this is the wish of the public or the taxpayers. All that they ask of the Government is to see that these services are efficiently and economically administered.

I am therefore averse from making any promises of great economies, as I cannot see how any substantial savings can be effected while the demand for increased social services is so insistent. It is not the extravagance of the Government that is at fault, but the almost universal belief that the resources of the Treasury are bottomless. For example, there is a widespread demand for invalidity and pension-insurance schemes, and these have the strong sympathy of the Government. But it has often been pointed out that a wise expenditure on such social services should follow a revival of national prosperity, and not precede it. Otherwise the country is being made to spend money which does not exist within its current resources, and this can result only in an increased burden of debt or taxation, and an aggravation of the position which such expenditure is mistakenly designed to remedy. For this reason the Government has been compelled to postpone consideration of invalidity insurance this year, as the excellent recovery in Dominion trade and finance is not yet reflected in the public revenues.

Net charges on taxpayer.

War pensions and war-debt charges.

Social services.

Other services.

Growth of expenditure.

Further social services.