

Debt-repayment charges.

The increase in debt-repayment charges is consequent upon the operation of the Funded Debt Agreement with the British Government and the general debt-repayment system. Apart from the effect of the increase in the aggregate of the public debt, the increasing charges are offset by the saving in interest on the debt redeemed, and therefore impose no additional burdens on the taxpayers.

Pensions.

Concerning pensions, it will be seen that old-age and widows' pensions together increased by £59,622. Such pensions bear a fairly definite relationship to population, and increases are to be expected accordingly. War pensions might be expected to decrease, but such is not the case, the increase for the year being £31,691. The reason for this is that many of the men are only now feeling the full effect of their war injuries. Family allowances have shown a substantial increase, which is due to the fact that many who were eligible for allowances did not at once take advantage of the provisions of the Act.

Samoa Military Police.

The charge for the Samoan Military Police is an entirely new item arising out of the unrest in Samoa.

Increase in annual appropriations.

The large increase in the expenditure of the Electoral Department was the result of the general elections held last year, while the increase under the heading of "Agriculture" was principally due to a new item of £25,810 for bonus on export of pork and an increase of £34,791 in the subsidy on the railage of fertilizers for farmers.

Expenditure under vote "Education" showed an increase of £92,681. For the most part this is the result of the normal increase in the number of children attending school, added to which there was an increased cost for conveyance of children to school and for boarding out children placed in the care of the State.

Charges on taxation.

Before leaving the question of expenditure out of the Consolidated Fund I would like to review briefly the position that has now been reached and the effect on taxation. As I have pointed out, the revenue as shown in the accounts includes £5,763,442 derived from interest-earning assets and sundry departmental receipts apart from taxation, and in order to demonstrate to honourable members where the taxpayers' money goes I have had this revenue other than from taxation deducted from the relative items of expenditure as far as is possible, and I propose now to deal with the net cost figures thus obtained. Further, although over £16,000,000 out of a total expenditure of £24,000,000 is practically fixed by contract—*e.g.*, interest, or by Act of Parliament, such as pensions, for instance, all of which are paid under what are known as permanent appropriations, I propose for this purpose to ignore such distinctions and deal solely with services as such.

Taxation account.

Proceeding on these lines, we arrive at what might be described as a taxation account, as follows:—

Revenue.				Expenditure.		Percentage.
£				£		
Customs	7,954,252			War pensions and war debt charges	5,023,755	27·2
Beer duty	611,484			Other debt charges	2,226,416	12·1
Stamp and death duties	3,575,720			Social services	6,292,930	34·2
Land-tax	1,140,324			Defence—Land, sea, and air	1,043,622	5·7
Income-tax	3,310,877			Justice, law, and order	544,976	3·0
Motor-vehicles (petrol and tire tax, &c.)	1,243,577			Agriculture	464,533	2·5
Non-taxation receipts (not apportionable)	7,180			Roads and highways	1,536,517	8·3
Deficit for year	577,252			General and other administration charges	1,287,917	7·0
	£18,420,666				£18,420,666	100·0

Dealing with the expenditure, the first item, which exceeds the total receipts from both land and income tax, contains no administrative charges, but represents the dead-weight costs of the war, which costs are practically rigid in the meantime, and will only be reduced with the effluxion of time and the repayment of the war debt. There can be no question of economy under this heading.