

13. A comparison of the amount provided in this year's appropriations with the actual expenditure for the year ended 31st March, 1914, is interesting. In that year the expenditure under all headings of the permanent and annual appropriations amounted to £11,825,864, but certain items must be deducted in order to get a true comparison with the current year. For instance, Railways and Post and Telegraph expenditure is now chargeable direct to the accounts of those Departments. In 1913-14, out of a total expenditure of £11,825,864, the sum of £4,175,064 was in respect of Railways and Post and Telegraph Departments, leaving the sum of £7,650,800 for other services, as compared with the amount of £24,627,561 appropriated this year for the same services. The increase is £16,976,761, or, in other words, the expenditure has more than trebled since 1914.

14. Out of a total appropriation of £24,627,561 for the current financial year no less than £17,715,888 is under the authority of permanent appropriations not actively controlled by Parliament. Granting that more than half of this expenditure is in respect of interest on and repayment of the public debt, we are of the opinion that considerable economies can be effected in respect of the remaining expenditure. It has not been possible for us to review the whole of the departmental expenditure before submitting this report, but we will deal with certain Departments that offer scope for considerable economy.

15. We propose to deal with each of the permanent appropriations listed above, and to indicate our views as to the possibility, firstly, of effecting economies, and, secondly, of effecting a change in the system, with a view to giving Parliament more effective control over the total expenditure out of the Consolidated Fund.

16. Before passing to detailed consideration of the national expenditure either by way of permanent or annual appropriations we should state that, in our view, the financial position is so serious that every section of the community must make some sacrifice. Our recommendations must involve hardship, but a drastic curtailment of national expenditure is imperative.

CIVIL LIST.

17. The sum of £7,000 is provided in the Civil List for Native purposes. We understand that this amount was originally provided by virtue of the Constitution Act, 1852, but that it is now within the power of the Legislature to amend the provisions of the Civil List Act, 1920. The preservation of this item of £7,000 seems to be somewhat of an anomaly. The amount was no doubt originally intended to ensure that the rights and interests of the Maoris were properly cared for during a period when the colony itself was struggling with adversity.

18. The amount appropriated from the public revenues for the benefit of the Maori people is now many times in excess of the item of £7,000, which has subsisted since 1852, and it appears to us that the repeal of the relative provisions of the Civil List Act, 1920, would not be a breach of either the spirit or the letter of the law. In any case, if it should be found necessary to make any alternative provision for Maori purposes, we consider that this should now be done by means of an annual vote under Native Department. The repeal of Part V of the Civil List Act, 1920, is accordingly recommended, and it should be possible to save the sum of £7,000.

DEBT SERVICES—INTEREST.

DEBT SERVICES—AMORTIZATION.

DEBT SERVICES—AMORTIZATION; REDUCTION OF FUNDED DEBT; DEBT REPAYMENT.

19. We do not suggest that any amendment be made in the law regarding the annual payments in respect of the public debt which are by statute a charge upon the general revenues of the Dominion. It is worthy of note in this connection that the payment of interest and sinking fund on the national debt of Great Britain is also provided for by statute.

DEBT SERVICES—ADMINISTRATION AND MANAGEMENT.

20. There is a net charge of £35,600 under this heading, and there appears to be no reason why this should not be provided by annual appropriation. We recommend accordingly.

DEBT SERVICES—PAYMENT ON GUARANTEED LOANS.

21. These payments are in respect of loans guaranteed by the Government where it is necessary for the Government to pay on the default of the borrower. The guarantees, having been given, cannot be avoided, but at the same time we consider that the amount required to meet this class of expenditure should be subject to annual review by Parliament, and we recommend accordingly.

DEBT SERVICES—OPERATION OF HOOVER MORATORIUM.

22. We understand that the amount required for 1932-33 for interest and principal on funded debt will show a reduction of £150,000 on this year's figures, even if there is no extension of the Hoover moratorium. If a further extension of the Hoover Plan is agreed upon, the net further saving under this heading during 1932-33 will be approximately £600,000, making a total conditional saving of £750,000.

PERMANENT CHARGES UNDER SPECIAL ACTS.

HOSPITAL AND CHARITABLE INSTITUTIONS ACT, 1926.

Subsidies to Hospital Boards, £645,000.

23. The amount required for subsidies to Hospital Boards should be subject to annual review by Parliament, and we recommend that in future the grants be provided under Vote, Department of Health. We wish to make it clear that we have not yet considered the possibility of effecting economies under this heading. This will necessarily involve the consideration of the whole of the expenditure both under this heading and under Vote, Department of Health, and in the time at our disposal we have not been able to deal with the matter. We shall, however, deal with this fully in our final report.