

WORK OF PARLIAMENT

WEEK OF FINANCE

MR. BUTLER'S PROPOSAL

With only two sittings days this week, it is likely that Parliament will be occupied for most of the time with the debate on the remaining lines of the Estimates, and with the Appropriation Bill.

The Premier (Mr. Hill) stated on Saturday that the House would sit late on Tuesday, and there was a chance that the Estimates would be completed before the House rose. He would bring down the Appropriation Bill as soon as possible. If time permitted, the Government was anxious to proceed with the second reading of the Road and Railway Transport Bill, and the taxation resolutions.

Proposed £600,000 Cut

The proposal of the leader of the Opposition (Mr. Butler) to cut the Appropriation vote by £600,000 has caused a good deal of discussion in political and financial circles. The Premier's statement that action has already been taken with regard to expenditure on education, and investigation into other items proposed, may perhaps lead to a compromise on the point which the leader of the Opposition has raised.

The Premier will probably lay before the House his Bill for the reduction of the salaries of members of the public service, appointed under certain special Acts. The Minister of Labor and Employment (Mr. McInnes) has given notice of two vital measures, one for the establishment of a council to devise proposals for the relief of unemployment, and another to bring about the better control of persons soliciting money or goods for the relief of unemployment. It is improbable that any of these Bills will reach the second reading stage this week, although they will be laid before the House.

REDUCING STATE EXPENDITURE

GOVERNMENT TAKES DEFINITE ACTION

EDUCATION, SOLDIER SETTLEMENT, AGRICULTURE

PREMIER'S REPLY TO PROPOSED CUT IN APPROPRIATION ACT

"Definite action has already been taken with regard to the cost of education," said the Premier (Mr. Hill) on Sunday, "and the necessary arrangements have been made for expert assistance being granted to the Financial Committee."

The Premier had previously indicated that the Finance Committee, in conjunction with experts, would investigate the question of reducing expenditure on education, soldier settlement, and agriculture.

Referring to the proposal of the leader of the Opposition (Mr. Butler) to reduce the Appropriation Bill by £600,000, Mr. Hill said such action would only add to the embarrassments of the Government in its attempt to place the State finances on a sound basis and to conform to the resolutions carried at the recent Premiers' Conference, namely, that Budgets would be balanced.

Budget Must Balance

The position was that for the last three years there had been increasing deficits in the public accounts, and last year the deficit reached the huge sum of £1,625,000. The real accumulated deficits of the last three years was £3,784,860. The estimated deficit for the year 1930-31 on the same basis of expenditure as last year was £3,000,000. Such a state of affairs would not be allowed to continue, and he, in common with other Australian Treasurers, had undertaken that in future the Budget should be balanced. On top of that the Commonwealth Bank had informed the Government that its present overdraft could not be exceeded.

Heavy Interest Bill

The loan position had also been seriously reviewed. When the Government assumed office there were arrears of borrowing of £3,000,000, and to finance these and the deficits it had been necessary to resort to short-term borrowings. These now amounted to approximately £7,000,000, and of this amount about £4,000,000 was payable on demand. The high rate of interest on these short-dated securities had added considerably to the interest bill. Owing to the reduced amount of loan money available this year, and the necessity for financing last year's deficit out of that amount, the Government had been compelled to close down practically all loan works by the end of the month, thus throwing more men out of employment.

Estimates would not be realised, or that the expenditure estimates would be exceeded, he would immediately call Parliament together again to take such steps as would be necessary to ensure that the Budget would be balanced. Could he be fairer?

The proposal to reduce the Appropriation Act by £600,000 would add to the difficulties of the Government. He had already stated that expenditure had been reduced, and that every avenue would be explored with a view of effecting further reductions consistent with efficiency.

Would Lead to Excesses

The Premier added that it was no use making a blind cut of £600,000 in the Appropriation Bill, as proposed by the leader of the Opposition, by reducing the Bill by that amount, if at the end of the year it was found that excesses had to be approved. Last year it had been necessary to bring in supplementary estimates for £350,000 to provide for expenditure that had been incurred in excess of the Appropriation Act. It was no use reducing expenditure under the Appropriation Act with the knowledge that before the year ended excess expenditure would have to be approved.

Reduction on £7,850,240

So far as the proposal of the leader of the Opposition was concerned, said the Premier, he wanted to make it quite clear that the proposed reduction of £600,000 did not affect expenditure under special Acts, which amounted to £4,897,343 (and which included interest on the public debt). The whole of the reduction of £600,000 had to be made on the balance of the expenditure, namely £7,850,240, and this was in addition to the considerable reductions which the Government had already effected. According to the Treasurer's accounts, the expenditure for other than special Acts for 1929-30 (the last year of the previous Govern-

Soldier Settlement Charge on Revenue

It should not be overlooked that the passing of the Public Finance Act of 1929 by the Butler Government threw on the present Government a further expenditure from revenue of approximately £336,000 for soldier settlement. That was expenditure which had not been met from revenue by any previous Government.

In framing the Budget the Government had the assistance of its expert public officers as well as the advice and assistance of the Advisory Committee on Finance. When the first review of the figures took place it was seen that there was a gap of £3,000,000 between revenue and expenditure to be bridged. This had been successfully achieved, mainly due to

(the last year of the previous Government) was £7,590,863 but to place the figures for 1929-30 on a comparable basis with those for 1930-31 it was necessary to add an amount of £36,000 for soldier settlement administration costs (previously debited to loan) and approximately £200,000 for roads expenditure (previously charged to the main roads fund). This made the total of Mr. Butler's ordinary expenditure £7,826,863.

Would Make Total Cut £1,080,863

There were certain items of expenditure this year which had to be met in addition to those of last year under statutory or other provisions. This expenditure was not undertaken merely by the present Government, but would have been incurred by any Government.

the strenuous efforts of the Government to obtain a grant of £1,000,000 from the Commonwealth. The Government proposed to raise only an additional £820,000 from income tax, but, had the £1,000,000 grant not been received, it would have been necessary to raise a far larger amount from taxation.

"No Reason to Doubt Revenue"

The methods adopted to balance the Budget had been fully explained in the Budget speech, and the Government proposals were put forward only after the most careful consideration of all the factors involved. The Advisory Committee on State Finance supported them. The Opposition had expressed doubts whether the estimated revenue would be received, said the Premier, but he wished to make it quite clear that those estimates were made by the responsible officers and were based on a reduction of 33 1-3 per cent. on last year's income, and there was no reason to doubt that they would not be realised.

Every Avenue to be Explored

Mr. Hill said he had offered every assistance to members of Parliament to ascertain the true position. He had agreed to furnish full information on any item of revenue or expenditure, to make any reports from the Finance Committee available, or allow any member to confer with the Committee. In addition, he had definitely stated that if, later on, it appeared that the

which was in office. These items were as follow:—

Extra amount provided for public relief, £131,000.

Interest on trust funds and remittances, £237,000.

Superannuation payments, £27,000.

Sinking fund payments, £22,000.

Police pensions, £8,500.

Various other items of expenditure which had to be met, £43,500.

New land tax assessment, £5,000.

Depreciation public works, £30,000.

These items totalled £504,000, and if this sum were added to the real expenditure of £7,826,863 for last year it would be seen that had expenditure not been curtailed this year the Estimates brought down would have totalled £8,330,863 and not £7,850,240. If the amount to be provided under the Appropriation Bill for the year were reduced by £600,000 it would give a figure of £7,250,000, which was less than the amount provided in the Appropriation Act of last year, namely, £7,398,901 (although the actual expenditure for the year was more, and had had to be sanctioned by passing supplementary Estimates). If the Appropriation Bill for the year were reduced to £7,250,000 it would be £1,080,863 less than the amount that would have been asked for if no reductions had been made, or a reduction of approximately 13 per cent.

Special Acts Also Cut

"It should be understood," said the Premier, "that the figures referred to deal only with expenditure other than under special Acts. The Government has also reduced expenditure under special Acts, and contemplates still further reductions. There are also increases of expenditure under this heading which the Government has no alternative but to meet, namely, interest on the public debt, &c."