

best. Because it's my understanding that New Zealand is ahead of other countries on social security. I understand, from reference to the Chadwick-Jones report,¹ that excellent report that was tabled here very early in the Convention and then more or less discreetly forgotten by agreement between all parties ever since, I find that in 1943-44 we were spending in this country on relief and welfare approximately \$1 million. I'm not here to advocate confederation with New Zealand; I'm putting forward this comparison in order to suggest that perhaps when the Finance Committee offers this opinion that our expenditures should be kept down to \$21 million a year, there may possibly be greener pastures for our people that they're not quite taking into account.

There's another point which I think is on page 5 of the report ... in which the Committee is discussing the period from 1920-21 to 1932-33, the last 13 years of self-government. During this period the government raised loans on the credit of the country of \$54 million, less approximately \$11 million which was used for refunding loans maturing, thus leaving a net amount of loans actually raised of approximately \$43 million. Again on reference to the Chadwick-Jones report, they give for the fiscal years 1918 to 1940, which covers that period — a few years on either end are added — they tell us there that 7.5% of our total revenue was raised from income tax, whereas in 1945 28.8% was raised from income tax. Now, there's no note taken of anything of that sort in the Committee's report, because it works out something like this. My figures, subject to check, the total revenue for the period is \$119,197,000, which gives you an average revenue of \$9.1 million approximately; 7.5% of the total revenue came from income tax, which would give you approximately \$690,000 average income tax per year.... We're trying to search the past, to see if the country could have done better, and we're trying to make some estimate as to what our financial position will be in the future. I wonder if it's just possible that we might have done a little more with raising money on our own in those days. I don't want to startle you. But we have here several old parliamentarians and possibly they could toss in an opinion on a point like that.

There's another point that I want to raise; I

think that it appears on page 111 and it's been dealt with extensively already, so that you may think that I'm just labouring it to death. If we take into consideration the fact that during the past five years over \$20 million has been expended on capital and loan account which ordinarily should be deducted from the total expenditure, the final result for the period of nearly half a century should show approximately \$15 million surplus. Now we had that thrashed out and there was quite a bit of debate and explanation given on it yesterday; but the chairman of the Finance Committee made reference to the fact that people outside the Convention, perhaps people in it as well, have been getting some wrong ideas. We all know how easy it is for anyone of us to say one thing, and have somebody else the next morning tell you that you said something entirely different. I haven't kept my ear to the ground unduly, but I found a few people who seemed to have got the idea that we of the Convention feel that expenditures on capital account don't matter, that they're just not expenditures at all. I think it would be wise for us to correct that impression. My own view is that capital expenditures have to be taken into account. I believe it is the custom that most commercial enterprises, if they invest say \$100,000 in the building of a warehouse, and they figure that the warehouse will last them 20 years, to write off as against that capital expenditure each year, an amount say of \$5,000 each year; that is ordinary depreciation. The capital expenditure in that case is in no way to be regarded as an expense. Because the expense is spread over, in this particular instance, 20 years. I enquired privately from the chairman of the Committee yesterday and he informs me, and actually he confirms, the impression that I already had, that governments do not do that. Our government makes no provision out of its annual expenditure for depreciation on any buildings. Is that right? I see Mr. Hollett over there shaking his head. I don't know if that's in agreement or in disagreement. But if that is so, that no depreciation expenditures are taken care of annually, then it would seem that if as a government, we spend \$20,000-\$25,000 on a hospital, that is very definitely expenditure, whether it's capital expenditure or not, a necessary expenditure, and it's something that we must take into account when we are

¹Volume II:16.