

Government activities have been diversified and extended during recent years. In many cases these activities could more efficiently and more cheaply be undertaken by private enterprise.

Persons employed by the State now number approximately 100,000, which is about 14 per cent. of the working population.

The Government does not contemplate any indiscriminate reduction of this or that service, but in numerous instances it would have been better for New Zealand had many people remained in productive private enterprise instead of being added to the Government's pay roll. It is the present Government's policy to curtail further expansion of its activities and to make a thorough overhaul of existing services with a view to eliminating duplication and unwarranted functions.

To protect the rights of existing State employees and to ensure the inflow of junior public employees, the situation will be dealt with along the lines of not replacing all adult employees who may leave the service of the State through death, resignation, marriage, retirement, and other causes.

While the general policy must be to call a halt to anything in the nature of spectacular increases in spending by the State, it is proposed to make a few adjustments.

Social Security Benefits

In addition to the cost-of-living bonus of 2s. 6d. a week added to the age and other benefits under social security, one of the first actions of the Government on taking office was to increase allowable income from £1 to £1 10s. a week. This allows scope to earn a further 10s. a week with full benefit or up to 10s. increase in benefit in cases where there was a reduction on account of other income. The annual cost of this adjustment is about £500,000.

Earlier in this Statement I mentioned the alteration proposed in the rate at which age-benefit is decreased on account of investments in Government stock, shares, &c. This will give a measure of assistance to the thrifty class who otherwise would receive nothing to offset the increase in living costs.

The Government in its election programme had a proposal for increasing age-benefits by 2s. 6d. a week for each year by which eligible persons postponed their applications. It is now found, however, that in present circumstances the average age of application