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1940.
NEW ZEALAND.

FINANCIAL STATEMENT.

(In Committee of Supply, 27th June, 1940.)

BY THE HON. WALTER NASH, MINISTER OF FINANCE.

MR. CHAIRMAN,—

As Honourable members will recall the last Budget was presented by my late colleague, the Right Hon. M. J. Savage, whose recent death has removed one of the most outstanding personalities in the Dominion's history. His works will be his greatest monument to future generations.

Since the presentation of the last Budget the British Empire has taken up arms to resist the oppression of a powerful and ruthless nation whose objective is the subjection of the democracies and, in particular, the destruction of the British Commonwealth of Nations: the Commonwealth of which we are proud and privileged to be a member.

The menace from our enemies will bring out all that is great in our people—initiative, fortitude, willingness to sacrifice, and suffer hardship as required—so that the menace may be removed from the world, and our enemy may not prevail.

The glorious traditions of self government and free government associated with the British race will, I believe, be extended out of the present travail of suffering and distress from which will ultimately come a world of more stable order.

On the outbreak of war the New Zealand Government, on behalf of the people, immediately offered full and unqualified support to the United Kingdom and her Ally, France, and every effort has been made to make that support as effective as possible. Apart from the all-important assistance in the actual theatre of war, since the outbreak of hostilities the whole of New Zealand's exports have been made available to the United Kingdom Government, while at the same time, under our import selection policy, purchases of goods have been diverted to the United Kingdom wherever supplies have been available from that source.

**Offer to United
Kingdom
Government.**

In present circumstances, when all attention is focused on the war situation, I do not propose to review the governmental activities of the past year to the same extent as is customary, but will refer to them in relation to our war effort or for purposes of comparison. Otherwise I propose to deal as concisely as possible with proposals for the current year.

Last year's public accounts have already been published, disclosing a Budget surplus of £319,000. Honourable members will obtain fuller details from the usual departmental reports, although these will be reduced in size to conserve the paper-supplies.

**Budget Surplus
1939-40.**

A state of war must necessarily subject the economic structure of a country to severe strains and stresses. Men and women must be withdrawn from particular activities and occupations for service overseas or for diversion to pursuits more in keeping with wartime requirements. Various types of raw materials and other goods which we have to import are in short supply and difficult to obtain, while shipping services are partially diverted and disorganized.

**Diversion of
productive
effort to war
purposes.**

Much material and the services of thousands of men are required for building and equipping camps and other training centres for the forces to go overseas and for home-defence purposes. Our factories to an increasing extent will be occupied in making boots, clothing, equipment, and munitions. We are compelled to extend the volume of labour and material required to feed and generally maintain the men in uniform and also the men and women engaged in a hundred different ways in providing for their requirements. In all, a substantial proportion of our productive effort is required for war purposes, but in the present grave situation all will agree that nothing must be allowed to stand in the way of building up our fighting power.

Except to the extent that it can be offset by additional production through hard work and better organization, the diversion of effort to war purposes must be at the expense of civilian consumption of goods and services. In other words, all must share in varying degree in the sacrifices. There is no escape from that, and the problem is to adjust the burden as equitably as possible over the whole community.

In doing so it is important that normal economic activity should be kept going as much as possible—firstly, to provide the sinews of war, and, secondly, to maintain the civilian population on as high a standard as is practicable; in fact, strengthening our economic structure to withstand the terrific strain of war, keeping up the morale of the people, and generally maintaining stability on the “home front” is a national duty, for it is a vital factor in any sustained effort on the fighting front.

**War costs
met from
current
production.**

The real costs of war, apart from borrowing overseas, must come from current production, for the material and services are required now. For such a destructive purpose as war the obvious method of finance is taxation, and there is no doubt that we should pay as we go for the war to the limit that is practicable. The limit is fixed by the necessity already explained of keeping the economic system intact and functioning to capacity. One man's expenditure is another man's income, and experience has shown that when any appreciable number of people cannot meet their obligations the result is a chaotic state of affairs such as would not be conducive to a sustained war effort. Another factor to be considered is that certain classes of saving under long-term contracts would not only involve loss and hardship in the future if interrupted, but would inevitably retard our production and economic development. Thus to make use of our full resources there is a considerable amount accruing from current production that must be borrowed by the State or some one else. It is, of course, sound in principle to restrict borrowing as far as possible to productive purposes and thereby avoid a relatively increasing burden of debt charges for the future.

**Utilization of
Reserve Bank
credit.**

As the war progresses and its costs continue to mount we may be forced to utilize Reserve Bank credit to some extent. Bank credit is a normal and sound method of financing additional production, but to issue additional money to purchase for war purposes a portion of an existing volume of production must mean leaving civilian consumers with the present volume of purchasing-power to buy the much smaller volume of goods that remain available for them. That involves progressive inflation, and experience in other countries has shown that the disastrous effects which follow, fall most severely upon the rank and file of the people. Except to the extent by which production is expanded we must inevitably consume or use less luxury products if we are to provide all that is required for a maximum war effort. It is infinitely better for everybody that the measure of the sacrifice required from each and every one to carry on the war should be made out of our current income either by way of taxation or by savings.

Money is worth only what can be purchased with it, and the problem of the war is organizing our man-power and economic resources to produce to the maximum the goods and services required for the war effort here and overseas and by our civilian population. Part of our requirements is met directly from our production and the balance by an exchange of goods with other countries, mostly with Great Britain. We must think in terms of goods and services and not in terms of money.

In the light of these principles the Government's policy for financing the national effort on the war front and the "home front" may be concisely stated as tax to the economic limit for war purposes and borrow for essential productive works and for any balance of war requirements.

Honourable members will readily appreciate that it is quite impossible to make firm estimates of war expenditure up to the close of the financial year, for we cannot foresee what our forces will be called upon to do during that period. Three months ago the best estimate that could be made was a total of £33,000,000. The figure is now £37,500,000 made up as follows:—

**War
expenditure.**

| | | | | | |
|----------------------------------|----|----|----|----|-------------|
| Army— | | | | | |
| New Zealand Expeditionary Force— | | | | | £ |
| Overseas | .. | .. | .. | .. | 18,000,000 |
| In New Zealand | .. | .. | .. | .. | 7,000,000 |
| Home Defence | .. | .. | .. | .. | 5,000,000 |
| Navy | .. | .. | .. | .. | 1,500,000 |
| Air Force— | | | | | |
| Overseas | .. | .. | .. | .. | 1,750,000 |
| In New Zealand | .. | .. | .. | .. | 4,250,000 |
| | | | | | <hr/> |
| | | | | | £37,500,000 |
| | | | | | <hr/> |

Honourable members are already aware that arrangements have been made for the cost of New Zealand's forces overseas to be financed by the United Kingdom Government on a loan basis, New Zealand being charged the same rate of interest on such loans as the United Kingdom herself is paying in respect of her war loans. To the extent that this arrangement is utilized we will be piling up dead-weight overseas debt that will be a heavy burden on us for many years after the war, when our ability to pay may be less than it is now. We have therefore every incentive to strain every nerve to meet from New Zealand the costs of maintaining our forces overseas as such costs accrue. In New Zealand these costs may be met by taxation or by borrowing. Even if it is necessary to finance by local borrowing it is a debt we owe to ourselves and not a dead-weight burden on the Dominion after the war.

**Overseas
war costs
financed by
United
Kingdom
Government.**

Any part of our overseas war costs which we do pay from our own resources means providing it out of the proceeds of our exports. In other words, we must reduce our imports to do it. The necessary sacrifice must be made by consuming less goods. By doing so we not only help ourselves, but directly assist the hard-pressed Mother-country. Every million pounds worth of goods needed by our troops overseas and not found through curtailing our consumption of goods here in New Zealand can be provided only by that much additional curtailment by the people of the United Kingdom. It must come out of our production or out of theirs, and I feel sure our people will want to avoid increasing the already enormous war burden being carried by the people of the United Kingdom.

**Reduction
in imports.**

Including £1,750,000 on account of the Empire air training scheme, the total overseas costs of our forces have been tentatively estimated at £19,750,000, and expenditure in New Zealand at £17,750,000. We must find the latter as and when required, and then organize a Dominion-wide sustained economy drive with a view to meeting, out of our overseas funds, as much as possible of the amount which otherwise would come as a loan from the United Kingdom.

**Empire
air training
scheme.**

War Expenses Account.

As taxation is involved, the finance of our war expenses cannot be isolated from the budgetary position of the Consolidated Fund. In fact the War Expenses Account is really an extension of the general Budget kept in a separate account for administrative purposes and to clarify the position.

Reduced Consolidated Fund revenue.

The far-reaching disturbances to trade and industry arising out of the war together with the inevitable smaller consumption of goods by the people adversely affect the normal Budget resources. The rationing of motor-spirit obviously results in a fall in the revenue from petrol-tax. Customs duties and sales tax decline as imports are reduced. The revenue from the former would normally have suffered as a result of the import selection policy, but that policy must now be carried much further under the stress of war.

Consolidated Fund revenue.

On the basis of present taxation it is estimated that there would have been a net decrease of £2,100,000 in the revenue of the Consolidated Fund, the principal variation compared with last year's receipts being—

| | | | | Decrease. | |
|------------------------|----|----|----|-----------|------------|
| | | | | £ | £ |
| Customs duties | .. | .. | .. | 2,400,000 | |
| Sales tax | .. | .. | .. | 500,000 | |
| Highways revenue | .. | .. | .. | 400,000 | |
| | | | | ————— | 3,300,000 |
| | | | | Increase. | |
| | | | | £ | |
| Income-tax | .. | .. | .. | 1,100,000 | |
| Stamp and death duties | .. | .. | .. | 100,000 | |
| | | | | ————— | 1,200,000 |
| Net decrease | | | | .. | £2,100,000 |

Economy in normal expenditure.

On the other side of the account every effort has been made to economize in normal avenues of expenditure having regard to the advisability, previously referred to, of maintaining civil activities as far as is practicable. However, the war has increased departmental responsibilities involving additional expenditure. Various subsidies, particularly in respect of fertilizers and rural housing, are being paid to assist in keeping down farming-costs and to encourage production. On the other hand, the costs of the Navy, Army, and Air Force are now charged to War Expenses Account. Full details of the expenditure are shown in the Estimates, but the net result is a comparative decrease in the total Consolidated Fund expenditure of £900,000, this decrease being due to the fact that this year no provision is made for defence expenditure out of the Consolidated Fund. Thus, so far as the Consolidated Fund is concerned, we are faced with a shrinkage of £2,100,000 in revenue, offset to the extent of £900,000 by a decrease in expenditure to be provided from that fund. A provision of £250,000 has been made for supplementary estimates, but there is a margin for this in the fact that last year's figures, with which comparisons are made, produced a surplus of £300,000. Altogether additional revenue to the extent of £1,150,000 is required to balance the Consolidated Fund Budget.

Consolidated Fund deficiency.**War Expenses Account requirements.**

For war expenses, as previously indicated, we are faced this year with expenditure estimated at £37,500,000. Following the principles outlined in my opening observations, as much as possible of this should be found from taxation. The special items of war taxation imposed last year would this year, if left undisturbed, produce approximately £3,500,000. Having regard to the destructive nature of the expenditure it is imperative that much more than this should be provided from revenue. In fact, it seems clearly in the best interest of the Dominion that we should aim to provide from taxation the greater part, if we cannot manage the whole, of the £17,750,000 required for expenditure in New Zealand.

Income-tax adjustments.

For this purpose and to bridge the gap of £1,150,000 in the Consolidated Fund, consideration was first given to an upward revision of the rates of income-tax. In order to obviate certain anomalies which would have been

accentuated by increasing the rates under the graduated system used during the last few years, it has been decided in the case of individuals that the new rates will be on a "step" basis under which each pound of taxable income will be taxed at a rate determined by reference to the particular income-group into which it falls. The starting rate will be 2s. 6d. in the pound upon the first £100 of taxable balance; 2s. 9d. in the pound will be payable on the second £100 of taxable balance; and 3s. in the pound upon the third £100 of taxable balance; and, so on, by increase of 3d. for each £100 of taxable balance up to maximum rate of 12s. in the pound, which will be payable upon all taxable income in excess of £3,800. The advantage of this system lies in the fact that every taxpayer, no matter what his income, pays the same rate of tax upon each succeeding pound of taxable income; it is the logical counterpart to the grant of a personal exemption of £200 to every taxpayer, regardless of the size of that taxpayer's income. It is not proposed to alter the personal exemption of £200, the exemptions for wife and children, or the provision relative to adding a percentage to the tax on unearned income.

In the case of companies the graduation method to be applied will be similar to that used last year, but the new rate will be 2s. 6d. in the pound rising by graduations of 1/100th of a penny to 8s. in the pound at £6,600, and rising thereafter by graduations of 1/150th of a penny to a maximum rate of 8s. 9d. in the pound on all income over £7,950. **Company taxation.**

A further change proposed is the increase to the maximum company rate of the tax payable upon interest receivable in terms of debentures issued free of tax by companies. This change abolishes the advantage hitherto secured by companies in respect of this class of debenture interest. **Tax on debenture interest.**

As was the case last year the rates of tax for both companies and individuals will be increased by 15 per cent., this addition being credited to the War Expenses Account. **Surtax.**

As an indication of the effect on personal assessments of these new rates I would quote the following examples of the amount of tax payable last year and this year respectively upon representative taxable balances, by which is meant the taxpayer's income less the standard exemptions allowed. **Comparison of income taxation.**

| Taxable Balance. | Income-tax on Earned Income. | | | | | |
|------------------|------------------------------|----|----|----------------|----|----|
| | Last Year. | | | New Proposals. | | |
| £ | £ | s. | d. | £ | s. | d. |
| 100 | 11 | 19 | 7 | 14 | 7 | 6 |
| 500 | 69 | 9 | 7 | 86 | 5 | 0 |
| 1,000 | 162 | 18 | 4 | 208 | 8 | 9 |
| 2,000 | 421 | 13 | 4 | 560 | 12 | 6 |
| 5,000 | 1,772 | 18 | 4 | 2,384 | 16 | 3 |

This means that a single man with an income of £300 will pay £14 7s. 6d. income-tax. A married man without children with an income of £350 would pay a like amount, and a married man with a wife and one child would pay a similar sum on an income of £400.

It is also proposed to bring all State trading activities into line as regards income-tax. At present the Government's electric-supply undertaking, the Internal Marketing and State Coal-mines Departments, and the Commercial Broadcasting Service are exempt from such taxation. It is proposed to introduce legislation to make these activities liable for income-tax. **State trading activities liable for income-tax.**

At a later stage there will be placed before the House proposals for the establishment of the procedure necessary to transfer to the State the whole of any excess profit made during the war period. **Excess profits.**

With these additions to the field of taxation at the new rates, the income-tax will, it is estimated, yield £15,450,000, an increase of £2,400,000 above what would have been received on last year's basis of tax. **Income-tax yield 1940-41.**

Approximately £2,100,000 of this increase will go to the Consolidated Fund, and the balance of £300,000 to War Expenses Account. The benefit of practically the whole of this additional revenue from income-tax will indirectly go to war expenses through the transfer to that account of £1,950,000 death duties hitherto paid to the Consolidated Fund.

Silver coin profits.

In addition there is available for the Consolidated Fund £1,000,000 profits from the issue of our own silver coin. Reference was made to this item in last year's Budget but as it was not required then, it is still available.

The additional revenue thus available for the Consolidated Fund from income-tax and silver-coin profits amounts to £3,100,000, and as only £1,150,000 is required to balance the Budget it is proposed that all the revenue from death and gift duties including the £1,950,000 that would otherwise be credited to the Consolidated Fund under the heading of "Stamp and Death Duties" should go into the War Expenses Account. If this is done the budgetary position of the Consolidated Fund will be as follows:—

Consolidated
Fund
Estimates
1940-41.

| REVENUE. | | | | | £ | £ |
|---|----|----|----|----|------------|------------|
| Taxation— | | | | | | |
| Customs | .. | .. | .. | .. | 7,500,000 | |
| Beer duty | .. | .. | .. | .. | 1,380,000 | |
| Sales tax | .. | .. | .. | .. | 3,000,000 | |
| Highways | .. | .. | .. | .. | 2,600,000 | |
| Stamp duties | .. | .. | .. | .. | 1,650,000 | |
| Land-tax | .. | .. | .. | .. | 1,000,000 | |
| Income-tax | .. | .. | .. | .. | 13,550,000 | |
| Miscellaneous | .. | .. | .. | .. | 225,000 | |
| | | | | | | 30,905,000 |
| Interest | .. | .. | .. | .. | 2,800,000 | |
| Other Receipts | .. | .. | .. | .. | 3,375,000 | |
| | | | | | | 6,175,000 |
| | | | | | | 37,080,000 |
| EXPENDITURE. | | | | | £ | |
| Permanent Appropriations— | | | | | | |
| Debt services | .. | .. | .. | .. | 10,671,000 | |
| Exchange | .. | .. | .. | .. | 1,500,000 | |
| Transfer of highways revenue | .. | .. | .. | .. | 2,583,000 | |
| Other permanent appropriations | .. | .. | .. | .. | 380,000 | |
| | | | | | | 15,134,000 |
| Annual votes— | | | | | | |
| Social services | .. | .. | .. | .. | 11,834,000 | |
| Other services | .. | .. | .. | .. | 9,816,000 | |
| | | | | | | 21,650,000 |
| Supplementary estimates and contingencies | .. | .. | .. | .. | 250,000 | |
| | | | | | | 37,034,000 |
| Leaving an estimated surplus of | | | | | | £46,000 |

Revised
death and
gift duties.

Reverting to the War Expenses Account, to augment the revenue it is proposed to introduce a new scale of death and gift duties designed to provide a further £750,000 per annum, or approximately £400,000 for the balance of this financial year. The new scales reduce the exemption from estate duty from £1,000 to £200 and from certain succession duties from £500 to £200. In Great Britain the exemption from estate duty is £100 and in some of the Australian States £200. The new maximum rates will be 50 per cent. for combined estate and succession duties in the case of estates of £70,000 and over devolving upon the widow and children, 55 per cent. when left to father, mother, brothers, sisters, nephews, aunts, and uncles and other blood relations within the fourth degree, and 60 per cent. when the successors are relatives outside the fourth

degree or are strangers in blood, including charities. The ability to collect death duties is an important factor in fixing the maximum rates of duty. Further details in regard to these proposals will be laid before honourable members when the necessary amending legislation is brought down. Including the revenue diverted from the Consolidated Fund and the equivalent of the extra one-third payable to War Expenses Account under last year's legislation, the total amount payable into this account from death and gift duties for the current financial year is estimated at £3,000,000. In addition there will be £500,000 from postages, and £720,000 from various Customs duties under last year's special war taxation provisions.

All these items with £1,900,000 from the 15-per-cent. super tax on income-tax will produce a total of £6,120,000, but this falls far short of the £17,750,000 required to cover estimated defence expenditure in New Zealand, quite apart from what is required for maintenance of our forces abroad. Accordingly, the Government have reached the conclusion that this yield from taxation must be considerably increased. It is not possible to do this except by forms of taxation that will reach practically every one in the Dominion. In any case every one is vitally concerned in the outcome of this war, and, therefore, should make some appreciable contribution towards its cost.

It is therefore proposed to impose a direct national security tax of 1s. in the pound on all income, calculated on the same basis as for social security.

**National
security
tax.**

Everything that we prize including our social-security system is dependent on winning this war and maintaining our national security. In the grave state of emergency that exists I feel sure that every one will gladly make his contribution to this tax. It will be paid by every one and every one will know that he or she is paying it. The man with £200 a year will pay £10 in national security tax while the man with £20,000 a year will pay £1,000, this, of course, being additional to what he is required to pay in income-tax and surtax. In fact, any individual with such an income will, if it is all income from investments, have to pay in direct taxation—*i.e.*, income-tax, social security charge, and national security tax—no less than £16,427 18s. 4d.

The proposed national security tax for the balance of this financial year should yield about £6,000,000.

Theoretically it would be more equitable if the proposed national security tax could be adjusted according to income and family responsibilities—*i.e.*, an income-tax graduated down to reach the lowest incomes. However, on the lower incomes the only practicable method is a flat tax collected at the source. This is recognized in the social security tax.

A National Security Tax of 4s. to 5s. per week may impose some degree of hardship upon families with several children on incomes of £4 to £5 per week. To counteract the possibility of hardship the Government proposes to amend the Social Security Act by extending the family benefit to cover the second and each subsequent child, instead of the third and each subsequent child as at present.

**Provision
for hardship.**

At the other end of the income scale provision is made so that the aggregate effect of income-tax at "unearned" rates, social security charge, and national security tax will in no case exceed 17s. 6d. in respect of any one pound of income.

In addition to the foregoing it is proposed to double the present rate of sales tax, making it 10 per cent., and to credit the extra revenue (estimated at £2,000,000 for the balance of this financial year) to War Expenses Account.

**Increased
sales tax.**

If by all these means £14,120,000 is obtained from taxation for war expenses, it will be necessary to borrow £3,630,000 for expenditure in New Zealand and £19,750,000 for expenditure overseas. For the latter, as previously explained, we can rely upon the arrangement made with the British Government, but should not do so more than we can possibly help.

Thus every one can play an important part in the Dominion's war effort by curtailing his consumption of goods, avoiding waste, and saving every penny and investing it, as it were, in national security. In addition to loans in a form suitable for ordinary investors, provision will be made to enable the rank and file of the people to do their part by subscribing small amounts at regular or irregular intervals as best suits them. This will be done through the introduction

**National
savings
loans.**

of a National Savings Scheme operated in conjunction with the Post Office Savings-bank. Each individual's contribution will be accumulated in a separate National Investment Account in his or her name and, if desired, will be convertible into National Savings Bonds.

**Loan
contributions.**

Provision for loan contribution by large investors will be made by the issue of loans with a currency of ten years or more in respect of which Government stock will be issued in the usual manner. In the circumstances the Government consider that these loans should be regarded as contributions to the war effort from the material assets of those with property and should accordingly be free of interest for a period of three years or until twelve months after the conclusion of the war, and thereafter for ten years at a rate of interest not exceeding 2½ per cent. In this way the Government proposes to raise within New Zealand not only the money required to be expended in this country, but also some portion of the amount necessary to meet expenditure abroad, thus relieving, so far as is possible, the drain upon the resources of the British Government.

A start towards the provision of interest-free loans has already been made by generous voluntary effort on the part of many citizens, and to date nearly sufficient has been subscribed to balance the War Expenses Account to the end of last financial year. But that is not sufficient. It is not right that others equally capable of affording assistance should not make their due contribution. In this connection it is the intention of the Government to formulate for the consideration of the House a procedure under which all who have means will be required to assist by subscribing to loans for these purposes. Those who already have or who may in the future voluntarily lend money free of interest, may have the amount already subscribed taken into account in determining their total liability under this heading.

Public works.

In addition to meeting all war requirements, some provision has to be made for carrying on national works such as development of more hydro-electric power required for our industries, both primary and secondary, and land-development and irrigation-works which have a direct bearing on increasing production; while the curtailment of road transport to conserve petrol makes it all the more important that sufficient rolling-stock is provided for the railways to handle the traffic. In fact useful development work is a necessary preparation for rehabilitation which must start before hostilities cease.

Even so, it is fully recognized by the Government that with so much required for war purposes, borrowing for public works must be reduced to the minimum required for essential works. Honourable members will appreciate that it takes time under the proposals for marshalling the man-power of the Dominion to get large numbers of men transferred from public works to other works of greater national importance. Furthermore, the large volume of works in hand has either to be completed or rounded off at a point where it can stand over without losing the money already invested.

A substantial beginning has been made in reducing the expenditure on the whole works programme, and the amount of borrowed capital required this year is approximately £15,000,000 compared with £19,000,000 for last financial year.

As men are required for more urgent purposes associated with the war the volume of national works will be progressively reduced.

**Railway
construction
and
improvement.**

Concerning the actual works which it is proposed to carry out during the year, an allocation of £3,450,000 has been made to railways construction and improvement. Of this total, £700,000 will be devoted to the completion of construction works already in hand, including the Napier to Gisborne and the South Island Main Trunk lines. The new line from Paeroa to Pokeno, which had just been commenced at the outbreak of war, has been discontinued for the time being. The balance of £2,750,000 under this class is for additions and improvements necessary for meeting existing commitments and for building essential locomotives, cars and wagons, new goods-sheds, &c.

From a military point of view alone, an efficient and complete railway organization is most important in the national interests.

The expansion of industry, both primary and secondary, has necessitated a substantial increase in hydro-electric capacity for which an allocation of £2,750,000 has been made. This includes new works on the Waikato River and near Lake Waikaremoana and in the South Island, all urgently required to provide for the demands of consumers. The Cobb River scheme in the Nelson district has been acquired from the company which commenced its construction, the price being paid in long-term securities.

Hydro-electric development.

The supply of electricity continues to be a successful State enterprise, and the gross revenue for this year is expected to exceed £2,000,000, which will pay all working-expenses, including depreciation, and provide a residue towards extension of works.

Under the heading of "Land-development and afforestation," for which provision of £3,234,000 has been made, the policy is to concentrate more especially on those phases of development which will result in immediate and material increases in production. Under this heading is included irrigation (£425,000), land clearing and improvement (£350,000), small-farms development (£550,000), and Native-land settlement (£1,000,000). These facilities, too, will be of advantage in connection with a comprehensive scheme for the rehabilitation of the men in our forces which the Government have now under consideration, as it is necessary to provide for such requirements well in advance. A very large extension of linen-flax growing in the Dominion, on an economic basis, is being planned, the immediate object being to meet war requirements; but this extension opens an additional avenue of primary production.

Land-development and afforestation.

The public demand for adequate housing facilities still continues, and provision for the expenditure of £4,000,000 has been made during this financial year. The Government regard this as one of the most important and successful of their activities, as, apart from providing a better environment in which such a large proportion of our citizens are born and live their daily lives, the building industry is a key industry in the maintenance of a balanced national economy. Another important factor is that houses are in short supply now and any curtailment of construction during the war would result in serious difficulties when the men return home from overseas.

Housing.

The roads and highways allocation for this year has been reduced to £4,350,000. Expenditure under this heading is being restricted to the completion of works in hand and to metalling work in the more remote areas where such works can be shown to be necessary. Petrol-tax and the other forms of highways revenue, provide, of course, for the maintenance of our main highways, any residue being utilized for construction and improvement works.

Roads and highways.

The balance of the year's allocation for public works is in respect of public buildings, including schools, telegraph and telephone extension and other miscellaneous services, for all of which works a total of £2,805,000 is provided. All these activities have been curtailed and are now confined to finishing work in hand or undertaking jobs that are essential.

Public buildings, telegraph and telephone extension.

These allocations make up a grand total of £20,589,000, but, as revenue from hydro-electricity, highways, &c., is estimated to provide a total of £5,506,000, the loan requirements for the year are reduced to a net total of £15,083,000. Approximately half of the total allocation concerns the activities of the Public Works Department, the balance being under the control of the Railways, Lands, Housing Construction, and other Departments.

This loan programme of £15,083,000 is, of course, additional to the amount that will have to be borrowed for the War Expenses Account, but national works cannot be dissociated from the war effort. Much of the expenditure is necessary to support that effort or to pave the way for the rehabilitation phase that must follow the war.

Concerning debt transactions for last financial year, the total borrowings amounted to £21,615,965, while redemptions and debt repayments out of revenue totalled £2,678,701, resulting in a net increase in the nominal amount of the public debt of £18,937,264. Of this increase, £1,000,000 represents a short-dated sterling loan by the New Zealand trading banks, while Treasury

Public debt transactions 1939-40.

notes amounting to £1,080,000 were issued to the United Kingdom Government, representing advances under the exports credits scheme. The balance of the net increase—namely, £16,857,264—was raised in New Zealand.

The magnitude of the financial programme with which the Dominion is now faced must necessarily involve the co-ordination of the various national activities and generally the mobilization of all our resources.

**Finance
Emergency
Regulations.**

To this end the Finance Emergency Regulations empower the Government to control the flow of capital and to direct financial resources generally from uneconomic purposes to investment in activities where expansion is urgently required. Authority is also taken for the Government, through the Reserve Bank, to acquire at current market prices, overseas securities held by New Zealand residents, in order that the whole of the Dominion's financial resources may be made available in the national interests. The Government look for the fullest co-operation and assistance from all concerned. The scene is changing so rapidly that only by the utmost goodwill on the part of each and every one will the machinery be enabled to function satisfactorily.

We are passing through perilous times, when the very existence of our Empire is being threatened as never before. It has been said that the darkest hour is before the dawn, but we have confidence that the cause of truth and justice will ultimately prevail and that the democratic institutions of the world will survive the purging fire of the forces of oppression.

This Financial Statement omits special references to exports and imports, exchange control, and import selection, and other relative subjects which affect the economy and finance of the Dominion.

Information on these matters will be found in the various tables of this Statement and in the reports presented to the House and to the country. Should further information be required it will be supplied if it is available. The Statement has dealt almost exclusively with war finance and its effects on our economy.

It conveys the financial side of the picture only—an important side—but not the most important which is work and production; work for all—hard work, sustained work—to make or produce the commodities essential for our kindred overseas and for our people in the Dominion. In proportion to our population we can, I believe, make the greatest contribution to winning this war, but it can be made only by work.

The spirit of work on the farms, in the factories, on the waterfront, and in public and other services is developing as understanding of the issue grows. We are creating more goods and providing more efficient services than at any period in our history. There is still much to do. We must keep our people employed on productive work and organize and utilize all possible resources of the Dominion; utilize them to help the Motherland by sending her every ounce of products she requires. Maximum exports and minimum imports are the best contributions we can make during the war years to assist the United Kingdom and carry our share of the common load.

Every policy must be subordinated to the war requirements, but peace will come—our soldiers will return—and we must prepare for them. In the meantime work and service are the test, and till the present struggle ends will remain the test. We must give all.

Saint Ignatius Loyola, who lived more than four centuries ago, sums up the spirit that should—nay, must—animate all our men and women to-day if we are to come through this conflict victorious.

The spirit is—

To give and not to count the cost,
To fight and not to heed the wounds,
To toil and not to seek for rest,
To labour and not ask for any reward.

My statement ends on that note. If we and our people can catch the spirit of Loyola, our actions will not only help us to save ourselves but enable us to contribute our share to the saving of the British Commonwealth, the other English-speaking countries, and the great democracies of Europe which are now crushed under the heel of the invading oppressor.

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REVENUE FOR THE YEAR ENDED 31ST MARCH, 1940, COMPARED WITH THE YEAR ENDED
31ST MARCH, 1939.

| | | | | Year ended 31st March, 1940. | Year ended 31st March, 1939. | Increase. | Decrease. |
|--|----|----|----|------------------------------------|------------------------------------|-----------|-----------|
| | | | | £ | £ | £ | £ |
| Taxation— | | | | | | | |
| Customs | .. | .. | .. | 9,946,858 | 10,650,428 | .. | 703,570 |
| Beer duty | .. | .. | .. | 1,378,999 | 1,076,795 | 302,203 | .. |
| Sales tax | .. | .. | .. | 3,510,130 | 3,555,696 | .. | 45,566 |
| Film-hire tax | .. | .. | .. | 93,117 | 85,882 | 7,235 | .. |
| Gold-export duty | .. | .. | .. | 116,889 | 100,012 | 16,877 | .. |
| Highways | .. | .. | .. | 2,997,441 | 3,059,989 | .. | 62,548 |
| Stamp and death duties | .. | .. | .. | 3,469,013 | 3,409,440 | 59,573 | .. |
| Land-tax | .. | .. | .. | 1,019,084 | 1,058,499 | .. | 39,415 |
| Income-tax | .. | .. | .. | 10,271,352 | 9,303,495 | 967,857 | .. |
| Miscellaneous | .. | .. | .. | 7,716 | 5,525 | 2,181 | .. |
| Total—Taxation | .. | .. | .. | 32,810,599 | 32,305,772 | 1,355,926 | 851,099 |
| Interest— | | | | | | | |
| On capital liability— | | | | | | | |
| Working railways | .. | .. | .. | 1,189,031 | 701,064 | 487,967 | .. |
| Postal and telegraph | .. | .. | .. | 639,000 | 588,000 | 51,000 | .. |
| On Public Debt Redemption Fund | .. | .. | .. | 445,557 | 392,486 | 53,071 | .. |
| On other public moneys | .. | .. | .. | 635,158 | 445,896 | 189,262 | .. |
| Total—Interest | .. | .. | .. | 2,908,746 | 2,127,446 | 781,300 | .. |
| Other receipts— | | | | | | | |
| Registration and other fees | .. | .. | .. | 308,283 | 290,104 | 18,179 | .. |
| National-endowment revenue | .. | .. | .. | .. | 147,391 | .. | 147,394 |
| Territorial revenue | .. | .. | .. | 395,489 | 319,244 | 76,245 | .. |
| External affairs | .. | .. | .. | 159,203 | 196,503 | .. | 37,300 |
| Justice | .. | .. | .. | 172,765 | 161,117 | 8,648 | .. |
| Marine | .. | .. | .. | 159,456 | 167,850 | .. | 8,394 |
| Native | .. | .. | .. | 5,658 | 5,748 | .. | 90 |
| Printing and Stationery | .. | .. | .. | 300,827 | 344,402 | .. | 43,575 |
| Profits of Trading Institutions | .. | .. | .. | 420,143 | 202,294 | 217,849 | .. |
| Stamp duties | .. | .. | .. | 63,188 | 66,798 | .. | 3,610 |
| Tourist and Health Resorts | .. | .. | .. | 114,963 | 126,229 | .. | 11,266 |
| Miscellaneous | .. | .. | .. | 129,972 | 113,094 | 16,878 | .. |
| Recoveries on account of expenditure of previous years | | | | 18,564 | 1,844 | 13,720 | .. |
| Recoveries on account of unauthorized expendi- ture of previous years | | | | 6,303 | 206 | 6,097 | .. |
| Total—Other receipts | .. | .. | .. | 2,254,814 | 2,448,827 | 357,616 | 251,629 |
| | | | | | | 2,494,842 | 1,102,728 |
| | | | | | | 1,102,728 | .. |
| Totals | .. | .. | .. | 37,974,159 | 36,582,045 | 1,392,114 | .. |

Table No. 4.

COMPARATIVE STATEMENT OF THE ESTIMATED AND ACTUAL REVENUE OF THE CONSOLIDATED FUND
(ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1940.

| | Estimate for 1939-40. | Actual for 1939-40. | Difference. | |
|--|--------------------------|------------------------|------------------|------------------|
| | | | More. | Less. |
| Taxation— | £ | £ | £ | £ |
| Customs | 10,000,000 | 9,946,858 | .. | 53,142 |
| Beer duty | 1,300,000 | 1,378,999 | 78,999 | .. |
| Sales tax | 3,500,000 | 3,510,130 | 10,130 | .. |
| Film-hire tax | 85,000 | 93,117 | 8,117 | .. |
| Gold-export duty | 100,000 | 116,889 | 16,889 | .. |
| Highways | 3,250,000 | 2,997,441 | .. | 252,559 |
| Stamp and death duties | 3,480,000 | 3,469,013 | .. | 10,987 |
| Land-tax | 1,000,000 | 1,019,084 | 19,084 | .. |
| Income-tax | 9,600,000 | 10,271,352 | 671,352 | .. |
| Miscellaneous | 5,000 | 7,716 | 2,716 | .. |
| Total—Taxation | 32,320,000 | 32,810,599 | 807,287 | 316,688 |
| Interest— | | | | |
| On capital liability— | | | | |
| Working railways | 1,200,000 | 1,189,031 | .. | 10,969 |
| Postal and telegraph | 645,000 | 639,000 | .. | 6,000 |
| On Public Debt Redemption Fund | 480,000 | 445,557 | .. | 34,443 |
| On other public moneys | 455,000 | 635,158 | 180,158 | .. |
| Total—Interest | 2,780,000 | 2,908,746 | 180,158 | 51,412 |
| Other receipts— | | | | |
| Registration and other fees | 300,000 | 308,283 | 8,283 | .. |
| National-endowment revenue | 140,000 | .. | .. | 140,000 |
| Territorial revenue | 295,000 | 395,489 | 100,489 | .. |
| External Affairs | 180,000 | 159,203 | .. | 20,797 |
| Justice | 172,000 | 172,765 | 765 | .. |
| Marine | 165,000 | 159,456 | .. | 5,544 |
| Native | 6,000 | 5,658 | .. | 342 |
| Printing and Stationery | 320,000 | 300,827 | .. | 19,173 |
| Profits of Trading Institutions | 261,000 | 420,143 | 159,143 | .. |
| Stamp duties | 66,000 | 63,188 | .. | 2,812 |
| Tourist and Health Resorts | 128,000 | 114,963 | .. | 13,037 |
| Miscellaneous | 1,117,000 | 129,972 | .. | 987,028 |
| Recoveries on account of expenditure of previous years | 10,000 | 18,564 | 14,867 | |
| Recoveries on account of unauthorized expendi- ture of previous years | | 6,303 | | |
| Total—Other receipts | 3,160,000 | 2,254,814 | 283,547 | 1,188,733 |
| | | | 1,270,992 | 1,556,833 |
| | | | .. | 1,270,992 |
| Total revenue | 38,260,000 | 37,974,159 | .. | 285,841 |

Table No. 5.

ESTIMATED REVENUE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE YEAR ENDING 31ST MARCH, 1941, COMPARED WITH THE ACTUAL REVENUE RECEIVED FOR THE YEAR ENDED 31ST MARCH, 1940

| | Estimate for 1940-41. | Actual for 1939-40. | Differences. | |
|--|-----------------------------|---------------------------|--------------|-----------|
| | | | Increase. | Decrease. |
| | £ | £ | £ | £ |
| Taxation— | | | | |
| Customs | 7,500,000 | 9,946,858 | .. | 2,446,858 |
| Beer duty | 1,380,000 | 1,378,999 | 1,001 | .. |
| Sales tax | 3,000,000 | 3,510,130 | .. | 510,130 |
| Film-hire tax | 90,000 | 93,117 | .. | 3,117 |
| Gold-export duty | 125,000 | 116,889 | 8,111 | .. |
| Highways | 2,600,000 | 2,997,441 | .. | 397,441 |
| Stamp and death duties | 1,650,000* | 3,469,013 | .. | 1,819,013 |
| Land-tax | 1,000,000 | 1,019,084 | .. | 19,084 |
| Income-tax | 13,550,000 | 10,271,352 | 3,278,648 | .. |
| Miscellaneous | 10,000 | 7,716 | 2,284 | .. |
| Total—Taxation | 30,905,000 | 32,810,599 | 3,290,044 | 5,195,643 |
| Interest— | | | | |
| On capital liability— | | | | |
| Working Railways | 1,200,000 | 1,189,031 | 10,969 | .. |
| Postal and Telegraph | 650,000 | 639,000 | 11,000 | .. |
| On the Public Debt Redemption Fund | 450,000 | 415,557 | 4,443 | .. |
| On other public moneys | 500,000 | 635,158 | .. | 135,158 |
| Total—Interest | 2,800,000 | 2,908,746 | 26,412 | 135,158 |
| Other receipts— | | | | |
| Registration and other fees | 300,000 | 308,283 | .. | 8,283 |
| Territorial revenue | 400,000 | 395,489 | 4,511 | .. |
| External Affairs | 160,000 | 159,203 | 797 | .. |
| Justice | 184,000 | 172,765 | 11,235 | .. |
| Marine | 160,000 | 159,456 | 544 | .. |
| Native | 6,000 | 5,658 | 342 | .. |
| Printing and Stationery | 350,000 | 300,827 | 49,173 | .. |
| Profits of Trading Institutions | 495,000 | 420,143 | 74,857 | .. |
| Stamp duties | 66,000 | 63,188 | 2,812 | .. |
| Tourist and Health Resorts | 115,000 | 114,963 | 37 | .. |
| Miscellaneous | 1,125,000 | 129,972 | 995,028 | .. |
| Recoveries on account of expenditure of previous years | 14,000 | 18,564 | .. | 4,564 |
| Recoveries on account of unauthorized expenditure | .. | 6,303 | .. | 6,303 |
| Total—Other receipts | 3,375,000 | 2,254,814 | 1,139,336 | 19,150 |
| | | | 4,455,792 | 5,349,951 |
| | | | | 4,455,792 |
| Totals | 37,080,000 | 37,974,159 | .. | 894,159 |

* Death duties now paid to War Expenses Account.

Table No. 6.

STAMP AND DEATH DUTY REVENUE FOR THE YEAR ENDED 31ST MARCH, 1940, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1939.

| Item. | Year Ended 31st March, | | Increase. | Decrease. |
|---|------------------------|-----------|-----------|-----------|
| | 1940. | 1939. | | |
| | £ | £ | £ | £ |
| Adhesive stamps | 216,771 | 62,992 | 153,779 | .. |
| Duty on instruments | 367,890 | 393,619 | .. | 25,729 |
| Estate and succession duty | 1,443,705 | 1,702,681 | .. | 258,976 |
| Gift duty | 182,161 | 115,031 | 67,130 | .. |
| Impressed stamps, and duty on cheques | 229,739 | 233,430 | .. | 3,691 |
| Company licenses | 90,729 | 90,451 | 278 | .. |
| Sharebrokers' licenses | 1,770 | 1,862 | .. | 92 |
| Totalizator revenue | 787,418 | 661,443 | 125,975 | .. |
| Amusements-tax | 95,644 | 92,993 | 2,651 | .. |
| Lottery duty | 24,083 | 20,389 | 3,694 | .. |
| Overseas-passenger duty | 25,709 | 30,598 | .. | 4,889 |
| Rates, fines, and miscellaneous | 3,394 | 3,951 | .. | 557 |
| | | | 353,507 | 293,934 |
| | | | 293,934 | .. |
| Totals | 3,469,013 | 3,409,440 | 59,573 | .. |

Table No. 7.

STATEMENT SHOWING CUSTOMS DUTIES COLLECTED FOR YEAR ENDED 31ST MARCH, 1940, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1939.

| | 1939-40. | 1938-39. | Increase. | Decrease. |
|-----------------------------------|-----------|------------|-----------|-----------|
| | £ | £ | £ | £ |
| Tobacco, cigars, and cigarettes | 2,265,222 | 2,138,254 | 126,968 | .. |
| Spirits, wine, and beer | 1,008,348 | 865,406 | 142,942 | .. |
| Motor-vehicles and parts* | 315,405 | 734,964 | .. | 419,559 |
| Motor-spirit* | 2,684,954 | 1,660,380 | 1,024,574 | .. |
| Tea | 145,887 | 136,113 | 9,774 | .. |
| Sugar | 690,803 | 667,176 | 23,627 | .. |
| Other goods | 2,032,126 | 3,436,379 | .. | 1,404,253 |
| Primage duty | 300,140 | 293,833 | 6,307 | .. |
| Surtax | 503,973 | 717,923 | .. | 213,950 |
| | | | 1,331,192 | 2,037,762 |
| | | | .. | 1,334,192 |
| Totals.. .. . | 9,946,858 | 10,650,428 | .. | 703,570 |

* Excluding tire-tax and petrol-tax earmarked to Main Highways.

Table No. 8.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1940, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1939.

| | Year ended 31st March, 1940. | Year ended 31st March, 1939. | Increase. | Decrease |
|---|------------------------------------|------------------------------------|-----------|----------|
| | £ | £ | £ | £ |
| Permanent Appropriations :— | | | | |
| Under special Acts of Legislature— | | | | |
| Civil List | 27,033 | 30,127 | .. | 3,094 |
| Debt Services— | | | | |
| Interest | 7,982,505 | 7,500,515 | 481,990 | .. |
| Amortization of debt— | | | | |
| Sinking fund | 10,859 | 10,859 | .. | .. |
| Repayment of Public Debt Act, 1925 | 1,892,378 | 1,754,123 | 138,255 | .. |
| Transfers to Loans Redemption Account | 252,331 | .. | 252,331 | .. |
| Payments on guaranteed loans | Cr. 2,513 | Cr. 4,864 | 2,351 | .. |
| Administration and management | 330,068 | 50,311 | 279,757 | .. |
| Total—Debt Services | 10,465,628 | 9,310,944 | 1,154,684 | .. |
| Other Services— | | | | |
| Other grants and subsidies | 253,031 | 401,074 | .. | 148,043 |
| Salaries and honoraria | 71,594 | 75,005 | .. | 3,411 |
| Highways— | | | | |
| Transfers to Main Highways Account | 2,790,098 | 2,852,164 | .. | 62,066 |
| Paid to boroughs | 182,170 | 176,910 | 5,260 | .. |
| Expenses of collecting, &c... .. . | 27,541 | 26,021 | 1,520 | .. |
| Advances | 3,145 | Cr. 6,750 | 9,895 | .. |
| Other special Acts— | | | | |
| Exchange on remittances of public moneys to or from countries overseas | 1,704,716 | 1,422,085 | 282,631 | .. |
| Miscellaneous | 29,821 | 44,993 | .. | 15,172 |
| Transfer to War Expenses Account | 2,287,826 | .. | 2,287,826 | .. |
| Total—Other Services | 7,349,942 | 4,991,502 | 2,358,440 | 228,692 |
| Total—Permanent Appropriations | 17,842,603 | 14,332,573 | 3,741,816 | 231,786 |

Table No. 8—continued.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1940, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1939—continued.

| | Year ended 31st March, 1940. | Year ended 31st March, 1939. | Increase. | Decrease. |
|--|------------------------------------|------------------------------------|------------------|------------------|
| — | £ | £ | £ | £ |
| Annual Appropriations :— | | | | |
| Vote,— | | | | |
| Legislative.. .. . | 105,481 | 98,791 | 6,690 | .. |
| Prime Minister's Department | 26,245 | 24,644 | 1,601 | .. |
| Finance— | | | | |
| Treasury | 49,211 | 47,271 | 1,940 | .. |
| Customs | 158,390 | 137,753 | 20,637 | .. |
| Land and Income Tax | 155,259 | 135,106 | 20,153 | .. |
| Stamp Duties | 97,531 | 105,537 | .. | 8,006 |
| Audit | 33,812 | 39,452 | .. | 5,640 |
| Total—Finance | 494,203 | 465,119 | 12,736 | 13,646 |
| General Administration— | | | | |
| Public Service Commissioners' Office | 13,454 | 13,590 | .. | 136 |
| Internal Affairs | 518,400 | 499,861 | 18,539 | .. |
| External Affairs | 208,213 | 207,797 | 416 | .. |
| Printing and Stationery | 250,818 | 302,016 | .. | 51,198 |
| Marine | 179,426 | 179,406 | 20 | .. |
| Labour | 2,881,908 | 134,758 | 2,747,150 | .. |
| Native | 535,745 | 122,932 | 412,813 | .. |
| Valuation | 48,503 | 49,069 | .. | 566 |
| Electoral | 10,452 | 114,641 | .. | 104,189 |
| Census and Statistics | 33,850 | 33,938 | .. | 88 |
| Total—General Administration | 4,680,769 | 1,658,008 | 3,178,938 | 156,177 |
| Law and Order— | | | | |
| Justice and Prisons | 279,463 | 337,071 | .. | 57,608 |
| Crown Law Office | 8,401 | 8,279 | 122 | .. |
| Police | 627,502 | 607,390 | 20,112 | .. |
| Total—Law and Order | 915,366 | 952,740 | 20,234 | 57,608 |
| Defence — | | | | |
| Navy | 169,139 | 835,331 | .. | 666,192 |
| Army | 541,969 | 706,752 | .. | 164,784 |
| Air | 215,504 | 557,205 | .. | 341,701 |
| Total—Defence | 926,612 | 2,099,289 | .. | 1,172,677 |
| Maintenance of Public Works and Services | 1,090,598 | 724,287 | 366,311 | .. |
| Development of Primary and Secondary Industries— | | | | |
| Lands and Survey | 306,181 | 300,241 | 5,940 | .. |
| Agriculture | 970,338 | 1,078,426 | .. | 108,088 |
| Industries and Commerce, Tourist and Publicity | 350,883 | 444,216 | .. | 93,333 |
| Scientific and Industrial Research | 157,049 | 158,785 | .. | 1,736 |
| Mines | 74,485 | 33,716 | 40,769 | .. |
| Transport | 83,063 | 81,699 | 1,364 | .. |
| Total — Development of Primary and Secondary Industries | 1,941,999 | 2,097,083 | 48,073 | 203,157 |
| Social Services— | | | | |
| Health | 1,519,139 | 1,362,757 | 156,382 | .. |
| Mental Hospitals | 303,753 | 417,483 | .. | 113,730 |
| Education | 4,471,809 | 4,097,546 | 374,263 | .. |
| Pensions | 2,016,811 | 6,933,819 | .. | 4,917,008 |
| Social Security | 1,000,000 | .. | 1,000,000 | .. |
| National Provident and Friendly Societies | 119,618 | 133,959 | .. | 14,341 |
| Total—Social Services | 9,431,130 | 12,945,564 | 1,530,645 | 5,045,079 |
| Unauthorized Expenditure— | | | | |
| Services not provided for | 199,814 | 374,580 | .. | 174,766 |
| Total—Annual Appropriations | 19,812,217 | 21,440,105 | 5,195,222 | 6,823,110 |
| | | | 8,937,038 | 7,054,896 |
| | | | 7,054,896 | .. |
| Total Expenditure | 37,654,820 | 35,772,678 | 1,882,142 | .. |

Table No. 9.
NET EXPENDITURE.

COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1940.

| | Net Appropriations, 1939-40. | Actual Net Expenditure, 1939-40. | Difference. | |
|---|---------------------------------|-------------------------------------|-------------|-----------|
| | | | More. | Less. |
| | £ | £ | £ | £ |
| PERMANENT APPROPRIATIONS :— | | | | |
| Under Special Acts of the Legislature, — | | | | |
| Civil List | 30,200 | 27,033 | .. | 3,167 |
| Debt services— | | | | |
| Interest | 8,036,380 | 7,982,505 | .. | 53,875 |
| Amortization of Debt— | | | | |
| Sinking Fund | 10,859 | 10,859 | .. | .. |
| Repayment of Public Debt Act, 1925 .. | 1,907,144 | 1,892,378 | .. | 14,766 |
| Securities redeemed | 2,000 | .. | .. | 2,000 |
| Payments on Guaranteed Loans | Cr. 1,500 | Cr. 2,513 | .. | 1,013 |
| Transfers to Loans Redemption Account .. | .. | 252,331 | 252,331 | .. |
| Administration and Management | 67,100 | 330,068 | 262,968 | .. |
| Total—Debt services | 10,021,983 | 10,465,628 | 515,299 | 71,654 |
| Other services— | | | | |
| Other Grants and Subsidies | 252,500 | 253,031 | 531 | .. |
| Salaries and Honoraria | 72,235 | 71,594 | .. | 641 |
| Highways | 3,233,000 | 2,999,809 | .. | 233,191 |
| Exchange | 1,500,000 | 1,704,716 | 204,716 | .. |
| Transfer to War Expenses | .. | 2,287,826 | 2,287,826 | .. |
| Other Special Acts | 21,256 | 32,936 | 11,710 | .. |
| Total—Other services | 5,078,991 | 7,349,942 | 2,504,783 | 233,832 |
| TOTAL—PERMANENT APPROPRIATIONS.. | 15,131,174 | 17,812,603 | 3,020,082 | 308,653 |
| ANNUAL APPROPRIATIONS :— | | | | |
| Vote,— | | | | |
| Legislative | 109,995 | 105,481 | .. | 4,514 |
| Prime Minister's Department | 26,000 | 26,245 | 245 | .. |
| Finance— | | | | |
| Treasury | 48,200 | 49,211 | 1,011 | .. |
| Customs | 174,958 | 158,390 | .. | 16,568 |
| Land and Income Tax | 167,600 | 155,259 | .. | 12,341 |
| Stamp Duties | 103,778 | 97,531 | .. | 6,247 |
| Audit | 42,979 | 33,812 | .. | 9,167 |
| Total—Finance | 537,515 | 494,203 | 1,011 | 44,323 |
| General Administration— | | | | |
| Public Service Commissioner's Office .. | 14,860 | 13,454 | .. | 1,406 |
| Internal Affairs | 607,342 | 518,400 | .. | 88,942 |
| External Affairs | 219,260 | 208,213 | .. | 11,047 |
| Printing and Stationery | 299,200 | 250,818 | .. | 48,382 |
| Marine | 204,112 | 179,426 | .. | 24,686 |
| Labour | 2,723,443 | 2,881,908 | 158,465 | .. |
| Native | 539,210 | 535,745 | .. | 3,465 |
| Valuation | 53,000 | 48,503 | .. | 4,497 |
| Electoral | 14,000 | 10,452 | .. | 3,548 |
| Census and Statistics | 36,600 | 33,850 | .. | 2,750 |
| Total—General Administration | 4,711,027 | 4,680,769 | 158,465 | 188,723 |
| Law and Order— | | | | |
| Justice and Prisons | 308,000 | 279,463 | .. | 28,537 |
| Crown Law Office | 8,449 | 8,401 | .. | 48 |
| Police | 629,259 | 627,502 | .. | 1,757 |
| Total—Law and Order | 945,708 | 915,366 | .. | 30,342 |
| Defence— | | | | |
| Navy | 919,970 | 169,139 | .. | 750,831 |
| Army | 1,594,468 | 541,969 | .. | 1,052,499 |
| Air | 700,000 | 215,504 | .. | 484,496 |
| Total—Defence | 3,214,438 | 926,612 | .. | 2,287,826 |
| Maintenance of Public Works and Services .. | 771,400 | 1,090,598 | 319,198 | .. |

Table No. 9—*continued*.

NET EXPENDITURE—*continued*.

COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1940—*ctd.*

| — | Net Appropriations, 1939-40. | Actual Net Expenditure, 1939-40. | Difference. | |
|---|------------------------------|----------------------------------|-------------|-----------|
| | | | More. | Less. |
| | £ | £ | £ | £ |
| ANNUAL APPROPRIATIONS— <i>continued</i> . | | | | |
| Vote— <i>continued</i> . | | | | |
| Development of Primary and Secondary Industries— | | | | |
| Lands and Survey | 339,656 | 306,181 | .. | 33,475 |
| Agriculture | 1,032,954 | 970,338 | .. | 62,616 |
| Industries and Commerce, Tourist and Publicity | 371,729 | 350,883 | .. | 20,846 |
| Scientific and Industrial Research | 174,470 | 157,049 | .. | 17,421 |
| Mines | 90,000 | 74,485 | .. | 15,515 |
| Transport | 85,433 | 83,063 | .. | 2,370 |
| Total—Development of Primary and Secondary Industries | 2,094,242 | 1,941,999 | .. | 152,243 |
| Social Services— | | | | |
| Health | 1,546,978 | 1,519,139 | .. | 27,839 |
| Mental Hospitals | 364,000 | 303,753 | .. | 60,247 |
| Education | 4,510,482 | 4,471,809 | .. | 38,673 |
| Pensions | 2,080,000 | 2,016,811 | .. | 63,189 |
| Social Security | 2,000,000 | 1,000,000 | .. | 1,000,000 |
| National Provident and Friendly Societies .. | 124,467 | 119,618 | .. | 4,849 |
| Total—Social Services | 10,625,927 | 9,431,130 | .. | 1,194,797 |
| Unauthorized Expenditure,— | | | | |
| Services not provided for | .. | 199,814 | 199,814 | .. |
| TOTAL—ANNUAL APPROPRIATIONS | 23,036,252 | 19,812,217 | 678,733 | 3,902,768 |
| | | | 3,698,815 | 4,211,421 |
| | | | .. | 3,698,815 |
| TOTAL EXPENDITURE | 38,167,426 | 37,654,820 | .. | 512,606 |

Table No. 10.

ESTIMATED NET EXPENDITURE OF THE ORDINARY REVENUE ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 1941, COMPARED WITH ACTUAL NET EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 1940.

| | Estimate for 1940-41. | Actual for 1939-40. | Difference. | |
|--|-----------------------------|---------------------------|------------------|------------------|
| | | | Increase. | Decrease. |
| Permanent Appropriations,— | ₹ | ₹ | ₹ | ₹ |
| Civil List | 30,200 | 27,033 | 3,167 | .. |
| Debt services— | | | | |
| Interest | 8,519,607 | 7,982,505 | 537,102 | .. |
| Sinking Fund | 16,839 | 10,859 | .. | .. |
| Repayment of Public Debt | 2,077,723 | 1,892,378 | 185,345 | .. |
| Administration and Management | 59,850 | 336,068 | .. | 276,218 |
| Payments of Guaranteed Loans, Redemptions, and Transfers | 3,066 | 249,818 | .. | 246,752 |
| Total—Debt services | 10,670,607 | 10,469,628 | 721,949 | 516,970 |
| Under Special Acts of the Legislature— | | | | |
| Highways | 2,583,000 | 2,999,809 | .. | 416,809 |
| Exchange | 1,500,000 | 1,704,716 | .. | 204,716 |
| Other Special Acts | 349,965 | 2,645,917 | .. | 2,295,952 |
| Total—Permanent appropriations | 4,432,965 | 7,349,912 | .. | 2,916,977 |
| Total—Permanent appropriations | 15,133,772 | 17,812,603 | 725,416 | 3,433,917 |
| Annual Appropriations,— | | | | |
| Legislative | 109,000 | 105,481 | 3,519 | .. |
| Prime Minister's Department | 24,000 | 26,245 | .. | 2,245 |
| Finance— | | | | |
| Treasury | 60,000 | 49,211 | 10,789 | .. |
| Customs | 169,497 | 158,390 | 10,807 | .. |
| Land and Income Tax | 170,000 | 155,259 | 14,741 | .. |
| Stamp Duties | 102,000 | 97,531 | 4,469 | .. |
| Audit | 40,000 | 33,812 | 6,188 | .. |
| Total | 541,497 | 494,203 | 46,994 | .. |
| General Administration— | | | | |
| Public Service Commissioners' Office | 16,000 | 13,454 | 2,546 | .. |
| Internal Affairs | 508,500 | 518,100 | .. | 9,600 |
| External Affairs | 215,943 | 208,213 | 7,730 | .. |
| Printing and Stationery | 360,000 | 259,813 | 100,187 | .. |
| Marine | 172,000 | 179,426 | .. | 7,426 |
| Labour | 2,717,722 | 2,881,908 | .. | 164,186 |
| Native | 470,000 | 535,745 | .. | 65,745 |
| Valuation | 50,000 | 48,503 | 1,497 | .. |
| Electoral | 7,100 | 10,452 | .. | 3,352 |
| Census and Statistics | 36,000 | 33,850 | 2,150 | .. |
| Total | 4,493,265 | 4,680,769 | 63,405 | 250,609 |
| Law and Order— | | | | |
| Justice and Prisons | 286,440 | 279,463 | 6,977 | .. |
| Crown Law | 8,500 | 8,404 | 96 | .. |
| Police | 645,000 | 627,502 | 17,498 | .. |
| Total | 939,940 | 915,369 | 24,571 | .. |
| Defence— | | | | |
| Navy | .. | 169,439 | .. | 169,439 |
| Army | .. | 541,969 | .. | 541,969 |
| Air | .. | 215,504 | .. | 215,504 |
| Total | .. | 926,912 | .. | 926,912 |
| Maintenance of Public Works and Services | 650,000 | 1,090,568 | .. | 440,568 |
| Development of Primary and Secondary Industries— | | | | |
| Lands and Survey | 400,000 | 306,181 | 93,819 | .. |
| Agriculture | 1,649,000 | 970,338 | 678,662 | .. |
| Industries and Commerce, Tourist and Publicity | 321,615 | 359,883 | 170,732 | .. |
| Scientific and Industrial Research | 165,000 | 157,019 | 7,981 | .. |
| Mines | 250,000 | 74,485 | 175,515 | .. |
| Transport | 73,000 | 83,063 | .. | 10,063 |
| Total | 3,058,615 | 1,911,989 | 1,126,679 | 10,063 |
| Social Services— | | | | |
| Health | 1,503,410 | 1,549,139 | .. | 15,729 |
| Mental Hospitals | 442,000 | 303,753 | 138,247 | .. |
| Education | 4,630,000 | 1,471,309 | 158,191 | .. |
| War and Sundry Pensions | 1,350,000 | 2,016,811 | .. | 66,811 |
| Social Security | 3,200,000 | 1,000,000 | 2,200,000 | .. |
| National Provident and Friendly Societies | 109,000 | 119,618 | .. | 10,618 |
| Total | 11,834,410 | 9,451,630 | 2,496,438 | 93,158 |
| Services not provided for | .. | 199,811 | .. | 199,811 |
| Total—Annual appropriations | 21,650,427 | 19,812,217 | 3,761,309 | 1,922,099 |
| Total | .. | .. | 4,486,425 | 5,357,016 |
| Totals | 36,784,199 | 37,654,820 | .. | 870,621 |

Table No. 11.
PUBLIC WORKS FUND.
STATEMENT SHOWING THE NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED
31ST MARCH, 1940, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1939.

| Vote. | Year ended 31st March, 1940. | Year ended 31st March, 1939. | Increase. | Decrease. |
|---|---------------------------------|---------------------------------|-----------|-----------|
| | £ | £ | £ | £ |
| Public Works, Departmental | 147,461 | 216,016 | .. | 68,555 |
| Railway-construction | 1,178,776 | 1,234,646 | .. | 55,870 |
| Railways Improvement and Additions to Open Lines | 2,986,640 | 2,563,436 | 423,204 | .. |
| Public Buildings— | | | | |
| General | 269,228 | 807,469 | .. | 538,241 |
| Courthouses | 11,436 | 34,868 | .. | 23,432 |
| Education Buildings | 844,126 | 669,666 | 183,460 | .. |
| Prison Buildings and Works | 4,348 | 7,656 | .. | 3,308 |
| Police-stations | 60,664 | 77,745 | .. | 17,081 |
| Postal and Telegraph | 362,730 | 289,951 | 84,779 | .. |
| Mental Hospital Buildings | 175,552 | 128,839 | 46,713 | .. |
| Health and Hospital Institutions | 67,136 | 88,099 | .. | 20,963 |
| Lighthouses and Harbour-works | 22,519 | 33,850 | .. | 11,331 |
| Development of Tourist Resorts | 24,892 | 24,552 | 340 | .. |
| Roads, &c. | 1,124,590 | 1,290,838 | .. | 166,248 |
| Telegraph Extension | 416,779 | 575,944 | .. | 159,165 |
| Lands, Miscellaneous | 172,525 | 134,977 | 37,548 | .. |
| Irrigation, Water-supply, and Drainage.. .. | 416,437 | 164,481 | 251,956 | .. |
| Swamp Land Drainage | 2,696 | 5,325 | .. | 2,629 |
| Settlement of Unemployed Workers | 446,698 | 344,684 | 102,014 | .. |
| Native Land Settlement | 357,819 | 493,695 | .. | 135,876 |
| Totals, annual appropriations | 9,093,052 | 9,168,737 | 1,127,914 | 1,202,699 |
| Unauthorized— | | | | |
| Services not provided for | 4,976 | 75 | 4,901 | .. |
| Totals | 9,098,028 | 9,168,812 | 1,134,915 | 1,202,699 |
| | | | | 1,134,915 |
| | | | | 70,784 |

Table No. 12.

STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, AND THE TOTAL NET EXPENDITURE TO THE 31ST MARCH, 1940.

| WAYS AND MEANS. | | | | | |
|---|--|--|-------------|----|----|
| LOANS:— | | | £ | s. | d. |
| Immigration and Public Works Loan, 1870 | | | 4,000,000 | 0 | 0 |
| Immigration and Public Works Loan, 1873 | | | 2,000,000 | 0 | 0 |
| Immigration and Public Works Loan, 1874 | | | 4,000,000 | 0 | 0 |
| General Purposes Loan Act, 1873 | | | 750,000 | 0 | 0 |
| New Zealand Loan Act, 1876 | | | 750,000 | 0 | 0 |
| New Zealand Loan Act, 1877 | | | 2,200,000 | 0 | 0 |
| New Zealand Loan Act, 1879 | | | 5,000,000 | 0 | 0 |
| New Zealand Loan Act, 1882 | | | 3,000,000 | 0 | 0 |
| New Zealand Colonial Inscribed Stock Loan Act, 1882 | | | 250,000 | 0 | 0 |
| North Island Main Trunk Railway Loan Act, 1882 | | | 1,000,000 | 0 | 0 |
| New Zealand Loan Act, 1864 | | | 1,500,000 | 0 | 0 |
| New Zealand Loan Act, 1886 | | | 1,325,000 | 0 | 0 |
| District Railways Purchasing Acts, 1885 and 1886 | | | 479,487 | 7 | 11 |
| New Zealand Loan Act, 1888 | | | 1,000,000 | 0 | 0 |
| Native Land Purchase Act, 1892 | | | 149,700 | 0 | 0 |
| Lands Improvement and Native Lands Acquisition Act, 1894 | | | 500,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1896 | | | 1,000,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Amendment Act, 1897 | | | 250,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Amendment Act, 1898 | | | 500,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1899 | | | 1,000,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1900 | | | 1,011,600 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1901 | | | 1,250,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1902 | | | 1,750,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1903 | | | 997,690 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1904 | | | 750,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1905 | | | 1,000,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1906 | | | 989,700 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1907 | | | 1,000,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1908 | | | 1,250,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1909 | | | 1,000,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1910 | | | 1,750,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1911 | | | 1,500,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1912 | | | 1,748,900 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1913 | | | 1,750,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1914 | | | 3,000,000 | 0 | 0 |
| Aid to Public Works and Land Settlement Act, 1921 | | | 5,061,533 | 0 | 3 |
| Aid to Public Works and Land Settlement Act, 1922 | | | 4,408,860 | 12 | 3 |
| Finance Act, 1909 | | | 1,250,000 | 0 | 0 |
| Finance Act, 1915, and New Zealand Loans Act, 1915 | | | 2,000,000 | 0 | 0 |
| Finance Act, 1916 | | | 1,000,000 | 0 | 0 |
| Finance Act, 1917 | | | 850,000 | 0 | 0 |
| Finance Act, 1918 (No. 2) | | | 2,500,000 | 0 | 0 |
| Finance Act, 1919, Section 5 | | | 750,000 | 0 | 0 |
| Finance Act, 1920, Section 15 | | | 2,500,000 | 0 | 0 |
| Finance Act, 1921, Section 10 | | | 2,673,111 | 10 | 11 |
| Finance Act, 1923, Section 2 | | | 4,306,608 | 17 | 6 |
| Finance Act, 1924, Section 2 | | | 2,126,013 | 12 | 6 |
| Finance Act, 1925, Section 2 | | | 4,151,450 | 10 | 2 |
| Finance Act, 1926, Section 2 | | | 5,220,134 | 10 | 7 |
| Finance Act, 1927 (No. 2), Section 2 | | | 4,319,594 | 10 | 3 |
| Finance Act, 1928, Section 2 | | | 3,185,132 | 14 | 8 |
| Finance Act, 1929, Section 2 | | | 4,097,119 | 4 | 6 |
| Finance Act, 1930 (No. 2), Section 2 | | | 5,000,000 | 0 | 0 |
| Finance Act, 1931 (No. 4), Section 2 | | | 3,000,000 | 0 | 0 |
| Finance Act (No. 3), 1934, Section 2 | | | 4,000,000 | 0 | 0 |
| Finance Act (No. 2), 1936, Section 2 | | | 6,000,000 | 0 | 0 |
| Finance Act, 1937, Section 11 | | | 6,000,000 | 0 | 0 |
| Finance Act, 1938, Section 2 | | | 8,000,000 | 0 | 0 |
| Finance Act, 1939, Section 2 | | | 2,407,745 | 0 | 0 |
| Stock issued for Expenses of Conversion, 1930-31 | | | 360,835 | 18 | 0 |
| Post and Telegraph Act, 1908 | | | 200,000 | 0 | 0 |
| Midland Railway Petitions Settlement Acts, 1902 and 1903 | | | 150,000 | 0 | 0 |
| Paeoroa-Waihi Railways Act, 1903 | | | 75,000 | 0 | 0 |
| Waikaka Branch Railway Act, 1905 | | | 50,000 | 0 | 0 |
| Appropriation Act, 1912 | | | 15,000 | 0 | 0 |
| Irrigation and Water-supply Act, 1912 | | | 100,000 | 0 | 0 |
| Balances transferred from Separate Accounts, 1931-32— £ s. d. | | | | | |
| Waihou and Ohinemuri Rivers Improvement Account 5,518 10 10 | | | | | |
| Education Loans Account 12,867 3 9 | | | | | |
| Railways Improvement Authorization Act 1914 Account 420,783 17 4 | | | | | |
| Native Land Settlement Account 3,445 4 10 | | | | | |
| Hauraki Plains Settlement Account £ s. d. 44 10 4 | | | | | |
| Rangitaiki Land Drainage Account 10,797 5 0 | | | | | |
| Swamp Land Drainage Account .. 9,008 19 1 | | | | | |
| Utilized for redemptions .. 19,850 14 5 | | | | | |
| .. 19,850 14 5 | | | | | |
| Carried forward | | | 442,614 | 16 | 9 |
| | | | 137,802,832 | 6 | 3 |

Table No. 14.

STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1940, AS COMPARED WITH THE 31ST MARCH, 1939.

| Account. | 1940. | | | 1939. | | |
|--|------------------------------|----------------------------------|--|------------------------------|----------------------------------|--|
| | Balance on 31st March, 1940. | Liabilities on 31st March, 1940. | Unexhausted Authority for raising Loan on 1st April, 1940. | Balance on 31st March, 1939. | Liabilities on 31st March, 1939. | Unexhausted Authority for raising Loan on 1st April, 1939. |
| Consolidated Fund | £ | £ | £ | £ | £ | £ |
| Ordinary Revenue | 2,052,526 | 1,072,608 | .. | 2,539,854 | 664,306 | .. |
| Public Works Fund | | | | | | |
| General Purposes | 1,288,991 | 634,572 | 12,592,255 | 638,874 | 719,016 | 6,958,076 |
| Electric Supply | 50,887 | 151,701 | 1,323,351 | 15,927 | 131,174 | 1,127,590 |
| Electric Supply Sinking Fund | 12,648 | .. | .. | 10,321 | .. | .. |
| Bank of New Zealand Shares | 1,859,375 | .. | .. | 1,859,375 | .. | .. |
| Employment Fund Promotion | .. | .. | .. | 207,544 | 178,516 | .. |
| Iron and Steel Industry Account | .. | 424 | 5,000,000 | .. | 2,348 | 5,000,000 |
| Land for Settlements | 973,163 | 2,906 | 6,278,000 | 905,782 | 1,901 | 6,278,000 |
| Loans Redemption | 339,313 | .. | .. | 24,399 | .. | .. |
| Main Highways Account | 80,173 | 402,316 | 1,792,111 | 161,788 | 395,886 | 1,200,000 |
| Public Debt Repayment | 17,123 | .. | .. | 3,263 | .. | .. |
| Reserve Fund | 1,305,117 | .. | .. | 1,272,194 | .. | .. |
| Samoa Loan Suspense | .. | .. | 1,800 | .. | .. | 1,800 |
| Social Security Fund | 523,001 | 293,911 | .. | .. | .. | .. |
| State Coalmines | 18,919 | 22,261 | 35,000 | 7,625 | 27,891 | 60,000 |
| State Coalmines Sinking Fund | .. | .. | .. | 11,767 | .. | .. |
| State Forests | 42,920 | 23,141 | 585,225 | 52,724 | 19,137 | 985,225 |
| War Expenses Account | 953,380 | 507,552 | 6,713,946 | .. | .. | .. |
| Working Railways | 991,555 | 431,347 | .. | 270,096 | 427,831 | .. |
| Housing Account | .. | 5,654 | 2,950,000 | .. | .. | 4,550,000 |
| <i>Additional Unexhausted Authorities for raising Loans.</i> | | | | | | |
| Government Accident Insurance Act, 1908 | .. | .. | 23,000 | .. | .. | 23,000 |
| State Fire Insurance Act, 1908 | .. | .. | 98,000 | .. | .. | 98,000 |
| Totals | 10,513,291 | 3,548,553 | 37,395,688 | 7,984,833 | 2,568,009 | 26,284,691 |

Table No. 15.

PENSIONS AND BENEFITS.

STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS AND SOCIAL SECURITY BENEFITS FOR THE FINANCIAL YEARS ENDED 31ST MARCH FROM 1936 TO 1940.

| | Year ended 31st March. | | | | |
|---|------------------------|-----------|-----------|-----------|------------|
| | 1936. | 1937. | 1938. | 1939. | 1940. |
| Pensions | £ | £ | £ | £ | £ |
| Blind | 22,991 | 6,181 | .. | .. | .. |
| Civil Service Act, 1908 | 4,676 | 4,106 | 3,632 | 3,256 | 3,130 |
| Defence Act, 1909 | 2,127 | 2,067 | 1,991 | 1,905 | 1,993 |
| Epidemic | 907 | 253 | 14 | .. | .. |
| Judicature Act, 1908 | 3,222 | 2,753 | 2,111 | 1,852 | 2,291 |
| Police | 1,575 | 1,849 | 1,820 | 1,783 | 1,720 |
| War | 1,349,447 | 1,483,345 | 1,597,524 | 1,616,218 | 1,673,730 |
| War Veterans' Allowances | 16,541 | 110,667 | 161,267 | 158,584 | 203,139 |
| Miscellaneous 1938/39 Pension Instalments | .. | .. | .. | .. | 38,917 |
| Sundry | 8,256 | 9,290 | 8,623 | 8,755 | 8,095 |
| *Benefits | | | | | |
| Emergency | .. | .. | .. | .. | 86,711 |
| Family Allowance | 149,013 | 130,730 | 106,402 | 84,436 | 252,562 |
| Invalidity | .. | 278,579 | 632,829 | 750,748 | 912,196 |
| Maori War | 2,577 | 1,972 | 1,806 | 1,338 | 1,103 |
| Miners' | 67,834 | 83,253 | 88,167 | 87,094 | 92,653 |
| Old-age | 1,718,601 | 2,413,103 | 3,235,057 | 3,577,129 | 6,517,899 |
| Orphans' | .. | .. | .. | .. | 14,880 |
| Sickness | .. | .. | .. | .. | 208,790 |
| Unemployment | .. | .. | .. | .. | 431,497 |
| Widows' | 311,861 | 412,280 | 471,287 | 187,216 | 785,952 |
| Totals | 3,659,664 | 4,940,428 | 6,312,530 | 6,780,344 | 11,270,588 |

* Paid from Social Security Fund as from 1st April, 1939.

Table No. 16.

EDUCATION EXPENDITURE.

TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS, INCLUDING PRIMARY, SECONDARY, HIGHER EDUCATION, TECHNICAL AND SPECIAL SCHOOLS, AND CHILD WELFARE, 1913-14 TO 1939-40.

| Year. | Consolidated Fund | | | | Loan-money: Erection of School Buildings and Residences | | | Total. | Per Head of Mean Population. |
|------------|-------------------|-----------------------------|---|------------------------|---|--------------------|--------------------------|-----------|------------------------------|
| | Special Acts. | National Endowment Revenue. | Vote, Education (excluding Superannuation Subsidies). | Revenue from Reserves. | Subsidies to Teachers' Superannuation Fund. | Public Works Fund. | Education Loans Account. | | |
| | £ | £ | £ | £ | £ | £ | £ | £ | s. d. |
| 1913-14 .. | 27,742 | 50,681 | 1,131,756 | 71,308 | 11,000 | 121,954 | .. | 1,420,911 | 1 5 3 |
| 1914-15 .. | 26,128 | 55,139 | 1,207,983 | 70,802 | 17,000 | 122,910 | .. | 1,499,992 | 1 6 2 |
| 1915-16 .. | 46,874 | 61,858 | 1,329,166 | 81,390 | 17,000 | 97,972 | .. | 1,640,260 | 1 8 6 |
| 1916-17 .. | 58,408 | 69,180 | 1,406,261 | 90,535 | 17,000 | 70,367 | .. | 1,702,751 | 1 9 8 |
| 1917-18 .. | 59,362 | 70,345 | 1,511,256 | 90,518 | 17,000 | 63,082 | .. | 1,811,553 | 1 11 5 |
| 1918-19 .. | 57,716 | 75,177 | 1,602,995 | 92,095 | 13,000 | 145,656 | .. | 1,987,639 | 1 11 1 |
| 1919-20 .. | 79,747 | 78,988 | 2,031,825 | 99,852 | 13,000 | 195,500 | .. | 2,528,412 | 2 1 10 |
| 1920-21 .. | 101,972 | 70,313 | 2,460,116 | 100,758 | 13,000 | 244,722 | 214,571 | 3,235,452 | 2 11 8 |
| 1921-22 .. | 96,217 | 71,737 | 2,580,562 | 105,443 | 13,000 | 2,469 | 563,411 | 3,462,844 | 2 13 10 |
| 1922-23 .. | 90,393 | 65,610 | 2,514,391 | 112,378* | 68,000 | .. | 361,976 | 3,214,348 | 2 9 0 |
| 1923-24 .. | 96,506 | 77,788 | 2,604,508 | 116,808* | 68,000 | .. | 295,681 | 3,259,290 | 2 8 11 |
| 1924-25 .. | 128,844 | 86,716 | 2,752,271 | 118,973* | 68,000 | .. | 462,212 | 3,617,045 | 2 13 2 |
| 1925-26 .. | 111,389 | 87,512 | 2,851,719 | 119,378* | 70,552 | .. | 561,946 | 3,809,496 | 2 14 9 |
| 1926-27 .. | 115,499 | 88,545 | 2,954,597 | 119,073* | 71,452 | .. | 550,954 | 3,900,120 | 2 14 11 |
| 1927-28 .. | 127,289 | 90,518 | 2,974,615 | 123,247* | 71,437 | .. | 369,134 | 3,756,300 | 2 12 1 |
| 1928-29 .. | 137,233 | 94,934 | 3,067,296 | 127,444* | 71,749 | .. | 375,423 | 3,874,079 | 2 13 1 |
| 1929-30 .. | 140,561 | 87,420 | 3,193,828 | 129,531* | 146,781 | .. | 428,764 | 4,126,885 | 2 15 10 |
| 1930-31 .. | 125,331 | 94,506 | 3,230,200 | 166,405* | 46,947 | .. | 491,971 | 4,095,323 | 2 14 8 |
| 1931-32 .. | 82,163 | 79,375 | 2,851,922 | 88,207* | 46,935 | 259,148 | .. | 3,407,750 | 2 4 11 |
| 1932-33 .. | .. | 51,938 | 2,574,929 | 85,716* | 47,043 | 52,623 | .. | 2,812,249 | 1 16 9 |
| 1933-34 .. | .. | 53,221 | 2,480,055 | 107,129 | 57,294 | 51,435 | .. | 2,749,134 | 1 15 8 |
| 1934-35 .. | .. | 87,207 | 2,550,100 | 128,738 | 165,306 | 51,289 | .. | 2,982,640 | 1 18 5 |
| 1935-36 .. | .. | 95,968 | 2,747,582 | 118,883 | 170,025 | 121,424 | .. | 3,253,883 | 2 1 4½ |
| 1936-37 .. | .. | 95,526 | 3,348,449† | 88,713 | 169,362 | 268,884 | .. | 3,970,934 | 2 10 3 |
| 1937-38 .. | .. | 99,540 | 3,629,906† | 159,955 | 177,178 | 346,434 | .. | 4,613,013 | 2 17 1 |
| 1938-39 .. | .. | 101,721 | 4,052,582† | 107,559 | 167,064 | 660,480 | .. | 5,089,406 | 3 6 9 |
| 1939-40 .. | .. | .. | 4,424,148† | 133,554 | 155,842 | 843,064 | .. | 5,556,608 | 3 8 0 |

* Net revenue after deducting expenses and cost of collection.

† Includes charges to "Unauthorized."

‡ On census results.

§ £3,149 Miscellaneous Revenue not taken into account.

Additional amounts are available from revenue from reserves vested in post-primary schools and University colleges as follows:—

| | £ |
|-------------------------|--------|
| Post-primary schools .. | 28,379 |
| University colleges .. | 16,258 |

£44,637

The following amounts were paid out of the Government Fire Insurance Fund for rebuilding school buildings destroyed by fire:—

| Year ended 31st March, | Amount, £ | Year ended 31st March, | Amount, £ |
|------------------------|-----------|------------------------|-----------|
| 1916-17 .. | 2,127 | 1929-30 .. | 6,357 |
| 1917-18 .. | 2,658 | 1930-31 .. | 6,671 |
| 1919-20 .. | 15,682 | 1931-32 .. | 7,768 |
| 1920-21 .. | 16,162 | 1932-33 .. | 6,424 |
| 1921-22 .. | 27,103 | 1933-34 .. | 3,846 |
| 1922-23 .. | 8,542 | 1934-35 .. | 8,541 |
| 1923-24 .. | 12,490 | 1935-36 .. | 5,149 |
| 1924-25 .. | 32,829 | 1936-37 .. | 6,831 |
| 1925-26 .. | 4,938 | 1937-38 .. | 7,952 |
| 1926-27 .. | 10,337 | 1938-39 .. | 13,266 |
| 1927-28 .. | 12,474 | 1939-40 .. | 10,931 |
| 1928-29 .. | 12,197 | | |

Table No. 17.
PUBLIC DEBT.

STATEMENT OF HALF-YEARLY INSTALMENTS OF PRINCIPAL AND INTEREST FOR REPAYMENT OF
£27,532,164 ADVANCED BY THE IMPERIAL GOVERNMENT AND FUNDED IN TERMS OF THE
AGREEMENT DATED 6TH SEPTEMBER, 1922.

| Date Instalments paid. | | | | Interest. | Principal. | Balance of Debt outstanding. |
|------------------------|----|----|----|-----------|------------|---------------------------------|
| | | | | £ | £ | £ |
| 1st December, 1922 | .. | .. | .. | 684,794 | 141,171 | 27,390,993 |
| 1st June, 1923 | .. | .. | .. | 681,282 | 144,683 | 27,246,310 |
| 1st December, 1923 | .. | .. | .. | 677,684 | 148,281 | 27,098,029 |
| 1st June, 1924 | .. | .. | .. | 673,996 | 151,969 | 26,946,060 |
| 1st December, 1924 | .. | .. | .. | 670,216 | 355,749* | 26,590,311 |
| 1st June, 1925 | .. | .. | .. | 661,367 | 164,598 | 26,425,713 |
| 1st December, 1925 | .. | .. | .. | 657,274 | 168,691 | 26,257,022 |
| 1st June, 1926 | .. | .. | .. | 653,078 | 172,887 | 26,084,135 |
| 1st December, 1926 | .. | .. | .. | 648,778 | 177,187 | 25,906,948 |
| 1st June, 1927 | .. | .. | .. | 644,370 | 181,595 | 25,725,353 |
| 1st December, 1927 | .. | .. | .. | 639,854 | 186,111 | 25,539,242 |
| 1st June, 1928 | .. | .. | .. | 635,225 | 190,740 | 25,348,502 |
| 1st December, 1928 | .. | .. | .. | 630,481 | 195,484 | 25,153,018 |
| 1st June, 1929 | .. | .. | .. | 625,618 | 200,346 | 24,952,672 |
| 1st December, 1929 | .. | .. | .. | 620,635 | 205,330 | 24,747,342 |
| 1st June, 1930 | .. | .. | .. | 615,528 | 210,437 | 24,536,905 |
| 1st December, 1930 | .. | .. | .. | 610,294 | 215,671 | 24,321,234 |
| 1st June, 1931 | .. | .. | .. | 604,930 | 221,035 | 24,100,199 |
| 1st December, 1931† | .. | .. | .. | .. | .. | 24,100,199 |

* Includes £200,000 paid off the Naval Defence Loan in terms of the clause by which New Zealand has the right, on giving three months' notice, to repay at par any part of the principal.

† Following on the "Hoover" moratorium, the Imperial Government agreed to postpone the instalments of principal and interest due in December, 1931, and June, 1932, only one half-yearly payment was therefore made in 1931-32. Further postponements from 1st July, 1932, were agreed to by the Imperial Government. No payments were therefore made from 1932-33 to 1939-40.

Table No. 18.
PUBLIC DEBT.
MATURITY AND DOMICILE OF DEBT OUTSTANDING, 31ST MARCH, 1940.

| Date of Maturity. | | Due in | | | | Total Debt (Nominal Amount). |
|--------------------|-------------------|-------------|------------|--------------|---------------|------------------------------------|
| From 1st April, | To 31st March, | London. | Australia. | New Zealand. | | |
| | | | | Public. | Departmental. | |
| | | £ | £ | £ | £ | £ |
| Overdue .. | .. | .. | .. | 4,415 | .. | 4,415 |
| Treasury bills .. | .. | .. | .. | 22,895,000 | 2,510,000 | 25,405,000 |
| Treasury notes .. | .. | 1,080,000 | .. | .. | .. | 1,080,000 |
| 1925† .. | 1946 .. | 2,090,909* | .. | .. | .. | 2,090,909 |
| 1938‡ .. | 1942 .. | .. | .. | 2,805,515 | 195,700 | 3,001,215 |
| 1939‡ .. | 1942 .. | .. | .. | 4,613,505 | .. | 4,613,505 |
| 1939‡ .. | 1943 .. | .. | .. | 13,678,870 | .. | 13,678,870 |
| 1940 .. | 1941 .. | 1,098,445 | .. | 500,005 | .. | 1,598,450 |
| 1940 .. | 1945 .. | 16,000,000 | .. | .. | .. | 16,000,000 |
| 1941 .. | 1942 .. | .. | 17,300 | 37,000 | .. | 54,300 |
| 1942‡ .. | 1946 .. | .. | .. | 9,209,700 | 631,155 | 9,840,855 |
| 1942‡ .. | 1963 .. | 10,505,989 | .. | 378,639 | .. | 10,884,628 |
| 1943 .. | 1944 .. | 7,339,656 | .. | .. | .. | 7,339,656 |
| 1944 .. | 1945 .. | 7,780,408 | .. | 142,500 | .. | 7,922,908 |
| 1945 .. | 1946 .. | 22,543,590 | .. | 2,500 | .. | 22,546,090 |
| 1946 .. | 1947 .. | .. | .. | 435,829 | 1,227,743 | 1,663,572 |
| 1946‡ .. | 1950 .. | .. | .. | 8,320,320 | 642,885 | 8,963,205 |
| 1947 .. | 1948 .. | 11,341,609 | 83,300 | 2,476,650 | 1,501,600 | 15,403,159 |
| 1947† .. | 1958 .. | 19,225,465 | .. | .. | .. | 19,225,465 |
| 1948 .. | 1949 .. | .. | .. | 4,463,190 | 44,000 | 4,507,190 |
| 1948† .. | 1954 .. | 5,000,000 | .. | .. | .. | 5,000,000 |
| 1949 .. | 1950 .. | 7,500,000 | .. | .. | .. | 7,500,000 |
| 1949‡ .. | 1953 .. | .. | .. | 12,484,105 | .. | 12,484,105 |
| 1950 .. | 1951 .. | 1,250,000 | 779,000 | 250,000 | .. | 2,279,000 |
| 1952 .. | 1956 .. | 12,000,000† | .. | 7,974,510‡ | 1,524,265‡ | 21,498,775 |
| 1952‡ .. | 1957 .. | .. | .. | 6,808,795 | 2,315,765 | 9,124,560 |
| 1954 .. | 1959 .. | .. | .. | 5,199,110 | 339,000 | 5,538,110 |
| 1955 .. | 1956 .. | .. | .. | 750 | 161,700 | 162,450 |
| 1955† .. | 1961 .. | 3,989,100 | .. | .. | .. | 3,989,100 |
| 1956 .. | 1957 .. | 12,900 | .. | 2,710 | 2,212,095 | 2,227,705 |
| 1956† .. | 1972 .. | 5,000,000 | .. | .. | .. | 5,000,000 |
| 1957 .. | 1958 .. | .. | .. | 10,550 | 21,029,318 | 21,039,868 |
| 1958 .. | 1959 .. | .. | .. | 3,500 | 16,145,668 | 16,149,168 |
| 1959 .. | 1960 .. | .. | .. | .. | 9,309,250 | 9,309,250 |
| Interest-free\$.. | .. | 5,000 | .. | 1,376,854 | .. | 1,381,854 |
| .. | 1946 .. | 577,446 | .. | .. | .. | 577,446 |
| .. | 1958 .. | 23,522,753 | .. | .. | .. | 23,522,753 |
| Totals .. | .. | 157,863,270 | 879,600 | 104,074,522 | 60,090,144 | 322,907,536 |

* Advances by Imperial Government for State Advances purposes. † Government has option to redeem at par on or after the earlier date on giving notice in the *London Gazette*. ‡ Government has option to redeem on or after the earlier date on giving three months' notice in the *New Zealand Gazette*. § Interest-free loans are for various periods, the bulk being for the duration of the war and six months thereafter. ||Imperial Government advances funded in terms of section 8, Finance Act, 1922. Payments at present suspended.

No. 19.

EXTERNAL TRADE.

STATEMENT SHOWING THE RECORDED, STERLING, AND NEW ZEALAND CURRENCY VALUES OF IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, FROM 1931 TO 1940 (EXCLUDING SPECIE).

| Year ended 31st March, | Exports. | | Imports. | | Excess of Exports. | |
|------------------------|-----------------------|----------------------|----------------------------------|---------------------------|--------------------------------|--------------------|
| | New Zealand Currency. | Sterling Equivalent. | New Zealand Currency Equivalent. | Full Sterling Equivalent. | On New Zealand Currency Basis. | On Sterling Basis. |
| | £ (000) | £ (000) | £ (000) | £ (000) | £ (000) | £ (000) |
| 1931 | 39,527 | 37,198 | 39,833 | 37,656 | —306* | —458* |
| 1932 | 33,943 | 30,857 | 24,761 | 22,510 | 9,182 | 8,347 |
| 1933 | 37,510 | 32,677 | 25,059 | 22,049 | 12,451 | 10,628 |
| 1934 | 46,043 | 36,834 | 26,136 | 20,908 | 19,907 | 15,926 |
| 1935 | 44,918 | 35,985 | 32,568 | 26,082 | 12,350 | 9,903 |
| 1936 | 49,676 | 39,900 | 37,440 | 30,072 | 12,236 | 9,828 |
| 1937 | 60,234 | 48,381 | 47,621 | 38,250 | 12,613 | 10,131 |
| 1938 | 65,008 | 52,215 | 58,065 | 46,638 | 6,943 | 5,577 |
| 1939 | 57,867 | 46,415 | 54,408 | 43,657 | 3,459 | 2,758 |
| 1940 | 59,643 | 47,715 | 45,572 | 36,457 | 14,071 | 11,258 |

* Excess of imports.

Table No. 20.

IMPROVEMENT IN ECONOMIC CONDITIONS.

TABLE OF MISCELLANEOUS STATISTICAL INFORMATION (ON A MARCH YEAR BASIS) SHOWING THE MOST RECENT FIGURES COMPARED WITH 1934-35, 1935-36, AND THE LOWEST POINT IN THE DEPRESSION.

| | Unit. | Lowest Figure. | | 1934-35. | | 1935-36. | | Latest Figure. | |
|---|---------|------------------------|---------|------------------------|---------|------------------------|---------|------------------------|---------|
| | | Year ended 31st March. | Amount. | Year ended 31st March. | Amount. | Year ended 31st March. | Amount. | Year ended 31st March. | Amount. |
| Value of total production | £(m.) | 1932* | 83.6 | 1935* | 97.0 | 1936* | 114.2 | 1939* | 135.3 |
| Value of farm production | " | 1932* | 49.2 | 1935* | 59.2 | 1936* | 72.5 | 1939* | 80.4 |
| Value of factory production† | " | 1933* | 17.7 | 1935* | 20.7 | 1936* | 23.2 | 1939* | 30.5 |
| Aggregate private income | " | 1933 | 91.2 | 1935 | 104.4 | 1936 | 121.3 | 1938 | 167.0 |
| Salaries and wages payments | " | 1933 | 58.9 | 1935 | 65.7 | 1936 | 72.5 | 1939 | 109.5 |
| Gross farming income | " | 1933* | 37.9 | 1935* | 46.1 | 1936* | 57.8 | 1939* | 67.1 |
| Exports (excluding specie) | " | 1932 | 33.9 | 1935 | 44.9 | 1936 | 49.7 | 1940 | 59.6 |
| Imports (excluding specie) | " | 1932 | 24.8 | 1935 | 32.6 | 1936 | 37.4 | 1940 | 45.6 |
| Bank deposits (excluding Government) | " | 1932 | 51.9 | 1935 | 62.3 | 1936 | 62.1 | 1940 | 69.0 |
| Bank debits (excluding Government) | " | 1933 | 539.7 | 1935 | 660.3 | 1936 | 732.8 | 1940 | 957.0 |
| Net bank-note circulation | " | 1932 | 5.8 | 1935 | 5.3 | 1936 | 6.6 | 1940 | 12.6 |
| Building permits issued in larger centres— | | | | | | | | | |
| Total value | " | 1933 | 2.1 | 1935 | 3.4 | 1936 | 5.9 | 1940 | 9.6 |
| Dwellings | Number | 1933 | 997 | 1935 | 2,173 | 1936 | 3,181 | 1940 | 6,555 |
| Mortgages registered | £(m.) | 1934 | 7.8 | 1935 | 11.8 | 1936 | 16.2 | 1940 | 17.6 |
| Mortgages discharged | " | 1933 | 8.1 | 1935 | 13.7 | 1936 | 17.6 | 1940 | 14.1 |
| Land transfers | " | 1934 | 9.6 | 1935 | 12.2 | 1936 | 15.6 | 1940 | 22.1 |
| Totalisator investments | " | 1933 | 3.3 | 1935 | 3.9 | 1936 | 4.5 | 1940 | 8.7 |
| Radio-receiving licenses | (000) | " | " | 1935‡ | 152.8 | 1936‡ | 192.3 | 1940‡ | 345.7 |
| Post Office Savings-bank— | | | | | | | | | |
| New deposits | £(m.) | 1933 | 16.9 | 1935 | 24.2 | 1936 | 25.6 | 1940 | 25.2 |
| Amount to credit of depositors | " | 1933 | 42.0 | 1935 | 49.4 | 1936 | 52.9 | 1940 | 58.0 |
| Sales-tax collected | " | 1934 | 1.3 | 1935 | 2.2 | 1936 | 2.5 | 1940 | 3.5 |
| Electric-power units supplied | Million | " | " | 1935 | 729.3 | 1936 | 792.9 | 1939 | 1,239.4 |
| Railways: Net ton-miles run | " | 1933 | 363.4 | 1935 | 419.7 | 1936 | 443.6 | 1940 | 580.8 |
| Shipping: Manifest tonnage | " | 1934 | 5.7 | 1935 | 6.3 | 1936 | 6.7 | 1940 | 8.0 |
| Motor-vehicles licensed | Number | 1932‡ | 195,019 | 1935‡ | 209,462 | 1936‡ | 228,247 | 1940‡ | 317,526 |
| Consumption of motor-spirit (gallons) | Million | 1932‡ | 55.4 | 1934‡ | 62.1 | 1935‡ | 69.3 | 1939‡ | 106.0 |
| Total factory employees | (000) | 1934 | 86.0 | 1935 | 93.6 | 1936 | 102.3 | 1940 | 129.5 |
| Index-numbers of— | | | | | | | | | |
| Export prices (1909-13 = 1000) | Number | 1932‡ | 592 | 1934‡ | 1109 | 1935‡ | 1102 | 1939‡ | 1321 |
| Wholesale prices (1926-30 = 1000) | " | 1932‡ | 878 | 1934‡ | 909 | 1935‡ | 937 | 1939‡ | 1071 |
| Retail prices— | | | | | | | | | |
| Food groups (1926-30 = 1000) | " | 1933‡ | 732 | 1934‡ | 774 | 1935‡ | 835 | 1939‡ | 1052 |
| All groups (1926-30 = 1000) | " | 1933‡ | 795 | 1934‡ | 808 | 1935‡ | 857 | 1939‡ | 990 |
| Wage-rates— | | | | | | | | | |
| Nominal (1926-30 = 1000) | " | 1933‡ | 833 | 1934‡ | 839 | 1935‡ | 858 | 1939‡ | 1100 |
| Effective (1926-30 = 1000) | " | 1932‡ | 1031 | 1934‡ | 1038 | 1935‡ | 1025 | 1939‡ | 1111 |
| Share prices (1926 = 1000) | " | 1932‡ | 703 | 1934‡ | 960 | 1935‡ | 1026 | 1939‡ | 869 |

* Year ended 30th June.

† Does not include factory processing of primary products.

‡ As at end of March.

§ Calendar year.

Copy of Prospectus of 1939 London Conversion Loan.

NEW ZEALAND GOVERNMENT £3½ PER CENT. CONVERSION STOCK, 1939-45.

Interest payable Half-yearly at the Bank of England on the 1st January and the 1st July.

ISSUE OF £16,000,000 STOCK.

Authorized to be raised under the New Zealand Loans Act, 1932.

A first payment of £1 15s. per £100 Stock, being a full six months' interest, will be made on the 1st January, 1940.

The Government of New Zealand have observed the conditions prescribed under the Colonial Stock Act, 1900, as notified in the *London Gazette* of the 14th December, 1900, and Trustees may invest in this Stock under the powers of the Trustee Act, 1925, subject to the provisions of section 7 of that Act and unless expressly forbidden in the instrument creating the Trust.

The GOVERNOR AND COMPANY OF THE BANK OF ENGLAND give notice that, on behalf of the Agents appointed for raising and managing loans under the New Zealand Loans Act, 1932, they are authorized to receive applications for the above stock.

Holders of New Zealand Government £3½ per cent. Stock, 1940, which is due to be repaid on the 1st January, 1940, may surrender their holdings in sums of £100 and receive in exchange for each £100 Stock surrendered, £100 New Zealand Government £3½ per cent. Conversion Stock, 1939-45, together with a cash Payment at the rate of £1 per cent. Applications for conversion must be made on the special printed forms. Forms have already been sent by post to all holders of Inscribed Stock (in case of joint accounts, to the first holder).

Applications for the conversion of Stock Certificates to Bearer must be accompanied by the relative Stock Certificates with Coupons maturing on the 1st January, 1940, attached. Stock Certificates to Bearer will be converted into Stock which will be exchangeable in due course for Stock Certificates to Bearer of the denominations of £100, £500, and £1,000.

Cash applications will be accepted in accordance with the terms set out herein to an amount sufficient to make up with the Stock issued in conversion the above total of £16,000,000 New Zealand Government £3½ per cent. Conversion Stock, 1939-45.

The proceeds of Cash applications will be applied towards the redemption at par on the 1st January, 1940, of New Zealand Government £3½ per cent. Stock, 1940, which has not been converted.

Interest on the Stock will be payable in sterling at the Bank of England on the 1st January and 1st July. Interest Warrants will be transmitted by post.

The Register of the Stock will be kept at the Bank of England. Stock will be transferable in sums of £100 or multiples thereof. Transfers will be free of Stamp Duty and will be made on the ordinary common form of transfer.

The Stock will be convertible in due course into Stock Certificates to Bearer of the denominations of £100, £500, and £1,000, with Coupons attached, without payment of any fee.

The Stock will be redeemed by purchases at or under par exclusive of accrued interest or by half-yearly drawings at par, in sums of £100, commencing 1st July, 1940. For the purpose of facilitating drawings, each £100 of Stock will be given a distinctive number and such numbers will be stated on the back of the relative Registered Stock Certificate or Stock Certificate to Bearer. In any half-year in which drawings are necessary such drawings will be effected in the months of May and November. Holders of Registered Stock drawn for redemption will be advised by notices posted to their respective registered addresses not later than the 5th June or 5th December in each such half-year; in the case of Stock Certificates to Bearer the distinctive number of each £100 Stock drawn for redemption will be published in *The Times*. Stock so drawn will be due for redemption at the Bank of England on the next succeeding 1st July or 1st January, on which dates the Stock will cease to bear interest.

The New Zealand Government, pursuant to an order of the Governor-General in Council dated the 21st July, 1939, have undertaken to provide for the redemption of the Stock by making available in London out of funds accruing from exports from the Dominion or otherwise sufficient sterling to repay by instalments as set out below the whole of this issue by 1st January, 1945:—

| | £ |
|--|-----------|
| In the year ending 31st December, 1940 | 2,000,000 |
| In the year ending 31st December, 1941 | 3,500,000 |
| In the year ending 31st December, 1942 | 3 500,000 |
| In the year ending 31st December, 1943 | 3 500,000 |
| In the year ending 31st December, 1944 | 3,500,000 |

These instalments will be made available by two equal payments in each year on or before the 30th June and the 31st December respectively, commencing 30th June, 1940. (Half-yearly payments will be reduced by the nominal amount of drawn Stock converted under the option set out below in the half-year to which such payments respectively relate.) Half-yearly payments will also be proportionately reduced as conversions of undrawn Stock or partial redemptions of Stock are made under the options set out below, but so that such proportionate reductions will not affect the proportion of outstanding Stock to be redeemed in any half-year, nor the repayment of the whole of the Stock by the 1st January, 1945.

During the periods 5th to 20th June and 5th to 20th December in each year commencing in 1940, holders of Stock, including holders of Stock drawn in accordance with the above provisions, will have the option of converting such Stock in sums of £100 as to one-half into New Zealand Government £3½ per cent. Stock, 1949-54, and as to one-half into New Zealand Government £3½ per cent. Stock, 1955-60, at rates to be published from time to time.

Applications for conversion under the above option must be made on the special forms to be obtained from the Bank of England.

The New Zealand Government reserve the right on, or at any time after, the 1st July, 1941, on giving not less than three months' notice by public advertisement in *The Times*, to redeem at par, together with accrued interest, the whole of the Stock or any part thereof not being less than the nominal amount of £1,000,000 sterling at any one time. On any such partial redemption the Stock to be redeemed will be selected by drawings.

Under the provisions of the New Zealand Loans Act, 1932, the principal of and interest on the Stock of this Issue are charged upon Public Revenues in New Zealand.

Under the provisions of the New Zealand Land and Income Tax Act, 1923 (No. 21), income derived by a person not resident in New Zealand from New Zealand Government Stock the interest on which is payable in London is not liable to taxation in the Dominion.

By Act 40 and 41 Vict., Ch. 59, the revenues of the Dominion of New Zealand alone are liable in respect of the Stock and the interest thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are neither directly nor indirectly liable or responsible for the payment of the Stock or of the interest thereon, or for any matter relating thereto.

The transactions of the New Zealand Ordinary Revenue Account for the year ended 31st March, 1939, resulted in a surplus of £(N.Z.)809,000. This followed surpluses of £(N.Z.)281,800, £(N.Z.)472,030, and £(N.Z.)810,822 in the years to 31st March, 1936, 1937, and 1938 respectively.

The exports from New Zealand during the six months to the 30th June, 1939, amounted to £(N.Z.)36,782,000 and the imports to £(N.Z.)28,187,000, resulting in a favourable visible balance of trade during this period of £(N.Z.)8,595,000. The value of exports to the United Kingdom in the years 1935 to 1938 was as follows :—

| 1935. | 1936. | 1937. | 1938. |
|-------------------|-------------------|-------------------|-------------------|
| £(N.Z.)38,921,000 | £(N.Z.)45,493,000 | £(N.Z.)50,706,000 | £(N.Z.)48,899,000 |

The total value of exports in the years 1935 to 1938 was as follows :—

| 1935. | 1936. | 1937. | 1938. |
|-------------------|-------------------|-------------------|-------------------|
| £(N.Z.)46,538,000 | £(N.Z.)56,752,000 | £(N.Z.)66,713,000 | £(N.Z.)58,376,000 |

The New Zealand Public Debt in London has been reduced by £4,051,089 from £160,908,105 at the 31st March, 1934, to £156,857,016 at 31st March, 1938.

CASH APPLICATIONS.

Price of Issue, £99 per Cent.

Payable as follows :—

| | |
|---|---------------|
| On application | £ 5 per cent. |
| On Tuesday, 15th August, 1939 | £44 „ |
| On Friday, 15th September, 1939 | £50 „ |
| | £99 per cent. |

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Loans Office, Bank of England, London, E.C. 2. In case of partial allotment the balance of the amount paid as deposit will be applied towards payment of the first instalment; any surplus remaining after making that payment will be refunded by cheque. Default in the payment of an instalment by its due date will render the deposit and any instalment previously paid liable to forfeiture and the allotment to cancellation.

Applications must be for amounts of £100 or multiples thereof.

Scrup Certificates to Bearer with Coupon attached for the six months' interest payable 1st January, 1940, will be issued in exchange for Allotment Letters. These Certificates, when fully paid, may be registered in the books of the Bank of England, or they may be retained to be exchanged not later than the 1st May, 1940, for Stock Certificates to Bearer as soon as the latter can be prepared.

A commission of 5s. per £100 Stock will be paid to Bankers or Stockbrokers on Allotments made in respect of Cash and Conversion applications bearing their stamp.

Prospectuses and Application Forms may be obtained at the Bank of England, London, E.C. 2, or at any of the Branches of the Bank of England; of Messrs. Mullens and Co., 13 George Street, London, E.C. 4; at the Bank of New Zealand (the Bankers to the Government of New Zealand in London), 1 Queen Victoria Street, E.C. 4; of Messrs. J. and A. Scrimgeour, 3 Lothbury, London, E.C. 2; at any Stock Exchange in the United Kingdom; or at the Office of the High Commissioner for New Zealand, 415 Strand, London, W.C. 2.

The Lists of Conversion and Cash Applications will be opened forthwith, and will be closed on Saturday, 5th August, 1939.

Bank of England, London, 26th July, 1939.

Explanatory Note on Omission of B.—7 and B.—7A (Appropriations chargeable on Consolidated and Public Works Fund and other Accounts).

THE appropriations chargeable on the Consolidated Fund and on the Public Works Fund and other accounts have prior to the year 1939-40 been published in the Appendices under the description B.—7 and B.—7A respectively. The appropriations are compiled from the estimates of expenditure chargeable on the respective funds or accounts which have been submitted to and passed by the House. The estimates consist of the main estimates and the supplementary estimates. For reasons of economy the appropriations have not been printed separately. If it is desired to ascertain the amount appropriated for any particular item of the estimates, there must be added to the amount shown on the main estimates the amount, if any, for the same item shown on the supplementary estimates. The total amount appropriated for each vote on the estimates as opposed to the separate items of the vote (*e.g.*, Vote "Legislative") is shown in the summary published in the supplementary estimates. For the separate items, however, both main and supplementary estimates must be consulted. The estimates for the Consolidated Fund and for the Public Works Fund are shown separately. The same relative order is maintained in the supplementary estimates as in the main estimates.
