

It will be observed that under the heading of Interest and Sinking Fund there is a considerable increase over the previous year's figures. This difference is accounted for by the increased indebtedness of the Dominion, and by the fact that interest had to be found for a considerable amount of loan-money which was raised for the purpose of redeeming other loans about to mature. I may explain to honourable members that it is not feasible to raise money exactly on the date it is required for redemption purposes, as the date of issue of a loan depends largely upon the state of the money-market. On the other hand, it must be remembered that the loan-money which we raised for redemption purposes was not allowed to lie idle, but was placed on deposit at varying rates of interest. Pending the redemption of the £4,500,000 loan on the 1st July, the loan-moneys were temporarily invested on fixed deposit, and in repurchasing New Zealand Government debentures: the total interest earned thereon was £62,400. Similarly, the moneys raised on the 29th January, 1914, for redemption of £476,600 debentures maturing on various dates between the 15th May and the 1st July were invested, and earned £1,850 in interest.

The expenditure by the Post and Telegraph, the Railways, and the Internal Affairs Departments shows a considerable increase over the expenditure of the previous year.

The increase in connection with the Post and Telegraph Department was due to two main causes—the statutory increases to officers provided by the Public Service Act, and the expansion of business, which produced an increased revenue of £89,560.

As regards the salary vote, there were at the beginning of the year 5,375 classified officers, which number increased during the year by 261. The total increase under this head amounted to £55,108, which is not an excessive amount when divided among such a large number of officers and when the new appointments, owing to the expansion of the Service, are taken into consideration.

The amount of £49,003 by which the expenditure on the other departmental votes increased is also due to the expansion of the Service.

The conveyance of mails necessitated heavier expenditure, on account of their increased volume, while arrears were claimed by the Railway Department amounting to about £7,000. The maintenance of telegraph and telephone lines was increased owing to the expansion of business and through heavy renewals of existing lines.

The "Miscellaneous Services" vote, covering the cost of office expenses, stationery, lighting, fuel, and other matters incidental to the upkeep of the Department, showed an increase, which was also due to the expansion of business.

The increased expenditure in the Department of Internal Affairs is attributable to the expenses incurred in connection with the strike and the smallpox epidemic.

#### RESULT OF THE YEAR'S OPERATIONS.

	£
Balance brought forward, 1st April, 1913 .. .. .	709,508
Receipts during year,—	£
Revenue .. .. .	12,224,339
Other receipts .. .. .	5,322
	£
	12,229,661
Expenditure during year,—	
Appropriations .. .. .	11,825,864
Debentures redeemed: General Pur- poses Loan Act, 1873 .. .. .	11,400
	£
	11,837,264
Excess of receipts over expenditure .. .. .	392,397
	£
Transfer to Public Works Fund .. .. .	1,101,905
	675,000
Balance, 31st March, 1914 .. .. .	£426,905