

INDEX.

PAGE

Administration Expenses, Reduction in	4
Administrative Reforms	14
Allocation of Public Debt Increases	7
Annual Appropriations	3
Assets set off against Public Debt	10
Bank of New Zealand Shares Account	5
Capital Expenditure	6
Charges on Taxation	15
Customs—	
Beer Duty	2
Concessions in	10
Estimated, 1928-29	16
Revenue	2
Debt (<i>see</i> Public Debt).	
Direct Taxation	10
Discharged Soldiers Settlement	12
Economic Conditions	1
Economy in Public Expenditure	14
Estimates—	
1928-29	17
Expenditure compared with	1
Expenditure—	
Annual Appropriations	3
Capital	6
Comparative Decreases	4
Comparative Increases	2, 3
Estimated, 1928-29	17
Hydro-electric Supply	6
Pensions	3
Permanent Appropriations	2
Post and Telegraph Department	13
Public Debt Charges	2, 9
Public Works	5
Roads and Highways	6
Subsidies to Hospital Boards	3
Railways	12
Under Special Acts	3
Unemployment Relief	13
Free-of-income-tax Securities	9
Highways and Roads	6
Hydro-electric Supply	6
Indirect Taxation	2
Interest on Public Debt	9
Land-tax	2, 10
Loans (<i>see also</i> Public Debt)—	
Conversions and Renewals	9
Falling due	9
London, 1928	6
Paid off	7
Raised	7
State Advances	11
Motor-vehicles—Duties, Licenses, &c.	1
Net Charges on the Taxpayer	15

	PAGE
Pensions	3
Permanent Appropriations, Expenditure under ..	2
Post and Telegraph Department	13
Post Office Certificates	13
Post Office Savings-bank	13
Public Accounts Committee	1
Public Debt—	
Assets set off against	10
Classification of	8
Domicile of	9
Free-of-income-tax Securities	9
Charges on account of	9
New Loans raised	7
Redemptions	7
Reductions during Year	7
Renewals and Conversions	9
Reparation-moneys applied in Reduction of	7
Repayment Scheme	3
Summary of Year's Operations	8
War-debt Charges	8
Public Works Expenditure	5
Racing Taxation	11
Railways	12
Revenue—	
1927–28	1
Estimates, 1928–29	16
Review of Financial Position	14, 16
Roads and Highways	6
Rural Advances Bonds	12
Rural Intermediate Credit	14
Social Services, Extensions of	15
Stamp and Death Duties	2
State Advances	11
Summary of Year's Operations	4, 18
Supplementary Estimates	17
Surplus, 1927–28	4
Taxation—	
Charges on	15
Customs Duties	10
Direct	10
Indirect	2
Land-tax	10
Racing Clubs	11
Receipts from	2
Reductions and Remissions	11
Review of	11
Reparation-moneys applied in Reduction of Public Debt	7
Revaluations under Discharged Soldiers Settlement Acts	12
Treasury Bills	5
Unemployment Relief Subsidies	5, 13
War-debt Charges	8, 15

1928.
NEW ZEALAND

FINANCIAL STATEMENT.

(In Committee of Supply, 7th August, 1928.)

BY THE HON. W. DOWNIE STEWART, MINISTER OF FINANCE.

MR. HOCKLY,—

It will be remembered that in the last Financial Statement the opinion was expressed that the year would prove a difficult one in public finance. The year had opened with an adverse trade balance; industry was still depressed, and there was unemployment. In May the overdraft rate was increased, the withdrawals from the Post Office Savings-bank exceeded deposits, and generally difficult economic conditions temporarily prevailed. **Economic conditions during year.**

These factors were reflected in falling revenues and added financial burdens for the State, and a decrease in the two principal sources of revenue, Customs and Income-tax, was inevitable. But the extent of the falling-off, complicated as it was by changes in the rates, was difficult to estimate, and very doubtful until well on in the financial year. That part of the expenditure which is within the scope of administrative control had to be very carefully supervised throughout the year.

As a result of a rigid control the expenditure for the year under annual appropriations was £240,000 below the amount appropriated. This must be regarded as satisfactory when it is remembered that the estimates had previously been drastically overhauled, first by an expert departmental committee, and later by the Public Accounts Committee. **Financial results.**

The total expenditure under both permanent and annual appropriations fell short of the Budget estimate by about £90,000 (after excluding certain changes arising out of legislation passed last session), while the revenue for the year slightly exceeded the estimate. The deviation from the Budget estimate, however, was less than $\frac{1}{2}$ per cent. either way, and the result was a surplus of approximately £180,000, which is as close to a balance as could be hoped for, considering the magnitude of the figures dealt with and the many uncertain factors involved.

It is contended in some quarters that the Government deliberately and consistently budgets for a large surplus by underestimating revenue and overestimating expenditure. I can assure honourable members that such is not the case, and last year's results bear out my statement.

REVENUE.

The revenue for the year amounted to £25,123,980 (as shown by the accounts published in B.-1, Part I, and the tables attached to this Statement), but this total includes a new item—viz., “Motor-vehicles—duties, licenses, &c., £369,118.” **Revenue.** Excluding this for comparative purposes, the revenue totalled £24,754,862, as against £24,943,107 received in the previous year, a decrease of £188,245.

**Motor-vehicles—
duties and licenses.**

The new item “Motor-vehicles—duties, licenses, &c.,” includes a portion of the year’s receipts for tire-tax, license fees, and fines, together with the amount received from the tax on motor-spirits for the three months during which the tax was collectable. Prior to the passing of section 24 of the Finance Act, 1927 (No. 2), the receipts from tire-tax, license fees, and fines were credited direct to Main Highways Account. Details of the total amounts received under the several headings will be found in the accounts for the Main Highways Revenue Fund published in B.-1, Part I. Though brought into the Consolidated Fund in the first instance, the revenues collected from these items are not available for general purposes, but, less costs of collection, must be transferred to the Main Highways Account. or distributed among local bodies in accordance with the Acts of Parliament governing the same. Although applicable for a special purpose, the aforesaid revenues are, nevertheless, part of the proceeds of taxation.

Taxation receipts

The taxation receipts available for general purposes amounted to £16,484,788. a decrease of £419,899 in comparison with receipts for the previous year.

Direct taxation.

The net decrease in the yield from direct taxation was £97,724. Income-tax receipts, notwithstanding the anticipated additional revenue incidental to the adjustment in rates made last session, fell short of the previous year’s figure by £148,487, but for reasons already stated this was expected and was allowed for in the estimate.

Land-tax.

Land-tax showed a comparative decrease of £74,588. This decrease is attributable mainly to the annual shrinkage due to subdivision of holdings, to the reduced amount of arrears to be collected, and to the fall in values of country lands on revision. Due to these reasons there has been a steady fall in land-tax over the last few years.

**Stamp and death
duties.**

The decreases in land and income tax were largely offset by a comparative increase of £125,351 in the revenue from stamp and death duties.

Indirect taxation.

The greater part of the fall in the revenue from taxation was on account of indirect taxation, Customs revenue showing a comparative decrease of £309,986 and beer duty of £12,189. The decrease in the former case arises out of the falling-off of approximately £3,750,000 in imports which followed the adverse trade balance of 1926–27. An analysis of the Customs duties collected during the last two years will be found in the Appendix (Table No. 7) of this Statement.

**Revenue other than
taxation.**

In addition to the receipts from taxation, there is also included in the year’s revenue the receipts derived from interest-earnings, sundry revenues, and recoveries from different State activities, amounting to £8,270,074, and representing a net increase of £231,654 over the previous year. This result arose mainly out of an increase in the following items: Post and Telegraph receipts, £96,702; interest earned on investment of public moneys, £96,837; interest on railway capital liability, £87,434: which increases were, however, partly offset by decreases in other items.

EXPENDITURE.**Expenditure.**

The net expenditure of the Ordinary Revenue Account for the year amounted in the aggregate to £24,944,904, as against £24,355,965 for the previous year. The year’s total, however, included £357,773 for the petrol-tax, tire-tax, licenses, &c., which was offset by the new revenue item referred to above. The true comparative net increase was thus £231,166, made up of an increase of £256,660 under permanent appropriations, and a decrease of £25,494 under annual appropriations. The principal items of expenditure will be found set out in Table No. 8 attached to this Statement.

PERMANENT APPROPRIATIONS.**Permanent
appropriations.**

The expenditure under this heading, which covers debt charges and payments made in pursuance of various Acts of Parliament, amounted last year to £14,879,378. This total includes £9,757,602 for debt charges, as follows:—

Debt charges.

						£
Interest	..	..	..	..	..	8,397,074
Debt repayment	..	..	..	..	..	1,360,528
Total	..	..	..	..	..	<u>£9,757,602</u>

The new loans raised during the year led to an increase in the gross amount of interest paid, but this was more than met by increased recoveries from interest-earning accounts, with the result that the net expenditure on this item showed a comparative decrease of £53,720. This satisfactory result demonstrates the soundness of the Government's policy of restricting the use of borrowed capital as far as possible to expenditure on productive assets.

The expenditure on debt-repayment showed an increase of £65,390. I would like to emphasize the fact that though the statutory repayment system provides for a steadily increasing annual repayment of debt, the increases are not an additional burden on taxation, but represent part of the saving of interest on the debt redeemed. The same remark applies to the funded-debt agreement with the British Government. Thus the steadily increasing amount for debt-repayment is provided without increasing the annual burden on the taxpayer.

Moreover, the greater part of the original annual charge under the Repayment of the Public Debt Act, 1925, does not come from taxation, but from interest on the Public Debt Redemption Fund. That Fund consists of the old Sinking Fund accumulations and the amount of the accumulated surpluses invested in the Discharged Soldiers Settlement Account.

This debt-repayment system, and also the funded-debt agreement with the British Government, operate on the same principle as a table mortgage; and it is interesting to note that the Chancellor of the Exchequer in Great Britain proposed in his last Budget to introduce a somewhat similar scheme in connection with the repayment of the British public debt.

The balance of the expenditure under permanent appropriations, amounting to £5,121,776, consists of payments, mostly recurring, made in terms of various Acts of Parliament, the chief items being pensions, subsidies to local bodies and hospital boards, and losses on isolated sections and branch lines of the railways. In total this is an increase of £602,763 in comparison with the expenditure for 1926-27, but it includes the £357,773 petrol-tax, tire-tax, &c., mentioned above, and also another new item of £125,000 for the first instalment of the Dominion's contribution to the Singapore Base.

Apart from these two new items, the comparative net increase is £119,990. Principal increases are :—

	£
Subsidies to Hospital Boards	72,651
Pensions	90,526
Railways (losses on isolated sections and branch lines) ..	55,591

Against these increases there are sundry decreases, among which might be mentioned fruit guarantee claims, £82,642. There was no expenditure under this item last year.

Concerning pensions, a steady increase each year is to be expected in the case of old-age and other pensions governed largely by population. Of the increase for last year, however, £24,214 was on account of war pensions, which up till then had been steadily declining at the rate of over £50,000 a year. The main reason for the change is that many of the ex-soldiers are only now feeling the full effect of their war injuries, and this liability is likely to increase. Other countries have had a similar experience.

ANNUAL APPROPRIATIONS.

The net expenditure under annual appropriations amounted to £10,065,526, a decrease of £25,494 in comparison with the previous year.

An examination of the comparative tables attached to this Statement will show that there was relatively little variation in the expenditure under the various votes. An increase of £41,776 is shown for "Scientific and Industrial Research," but the bulk of this is nominal, being the cost of activities previously charged to other votes. An increase of £43,540 for vote "Agriculture" is mainly due to the increased amount of the subsidy on the carriage of fertilizers for farmers. The expenses of the Lands and Survey Department increased by £17,159, chiefly on account of activities in connection with deteriorated lands.

Principal decreases.

The principal decreases in votes are as follows :—

	£
Post and Telegraph Department	46,380
Naval Defence	40,193
Maintenance of Public Buildings	28,534
Internal Affairs	53,137

The last named was partly nominal, being offset by the increase under "Scientific and Industrial Research," but otherwise was due to the fact that last year's expenditure included the cost of the census and the expenses of the visit of T.R.H. the Duke and Duchess of York.

Administrative expenses.

An analysis of the total expenditure under annual appropriations shows that, compared with the previous year, there was a decrease of approximately £90,000 in administrative expenses. Against this there was an increase of £65,000 in grants, subsidies, and other miscellaneous payments, leaving a net decrease of £25,000 in the total expenditure, as stated above.

SUMMARY OF YEAR'S OPERATIONS.

Summary of year's operations.

Transactions for the year resulted in a surplus, viz. :—

<i>Revenue.</i>				£	£
Revenue (proper) .. ..	..	..	..	24,549,413	
Departmental receipts .. ..	..	..	..	560,803	
Recoveries on account of expenditure of previous years				13,764	
				<hr/>	
Revenue for year .. ..	..	..	..		25,123,980
 <i>Expenditure.</i>					
£					
Permanent appropriations .. ..	..	..	17,508,985		
Less credits in reduction .. ..	..	..	2,629,607		
			<hr/>	14,879,378	
Annual appropriations .. ..	..	..	11,883,900		
Less credits in aid .. ..	..	..	1,818,374		
			<hr/>	10,065,526	
				<hr/>	
Net expenditure chargeable to year's revenue					24,944,904
					<hr/>
Surplus .. ..	..	..	..		£179,076
					<hr/>

Result in funds of Ordinary Revenue Account.

The following shows the result in the funds of the Ordinary Revenue Account at the end of the year :—

	£
Balance forward, 1st April, 1927	3,681,466
Add—	
Surplus, 1927-28	179,076
Temporary transfers to other accounts repaid ..	26,000
	<hr/>
	3,886,542
Less—	
£	
Used for reduction of debt	95,979
Instalments of purchase price of C long-term mortgage shares in Bank of New Zealand	117,188
Transfer to Public Works Fund—	
General Purposes Account	250,000
Advance to State Forests Account	45,000
Sundry charges and expenses of renewing loans	1,037
Subsidies to local bodies for relief of unemployment	75,106
	<hr/>
	584,310
	<hr/>
Balance, 31st March, 1928	£3,302,232
	<hr/>

The balance was held as follows :—

	£
Cash	1,729,392
Imprests outstanding	255,039
Investments	1,317,801
	<hr/>
	£3,302,232
	<hr/>

The amount of £117,188 shown above as a payment to the Bank of New Zealand represents a further instalment of the purchase price of the 234,375 C long-term mortgage shares allotted to the New Zealand Government in terms of section 6 of the Bank of New Zealand Act, 1926. A total of £175,781 had been paid up on these shares to 31st March last. **Bank of New Zealand shares.**

Regarding the transfer of £250,000 to the Public Works Fund, the use of surplus revenues for this purpose, and also for debt-repayment, has resulted in the debt charges being £1,000,000 per annum less than they would have been had this policy not been adopted. In particular the transfer was required last year to offset the additional work provided by the Public Works Department for relief of unemployment. **Transfer to Public Works Fund.**

The £75,106 paid to local bodies for relief of unemployment represents subsidies on wages and voluntary contributions paid in terms of section 4 of the Imprest Supply Act, 1927. The subsidies earned for last year amounted to £113,000, but the balance of this amount had not been claimed up to the 31st March last, and will be included in this year's expenditure. **Unemployment subsidies.**

Unemployment usually coincides with falling revenue, and in times like the present we are fortunate in having an accumulated fund out of which such extraordinary payments can be made. Otherwise there might be no alternative but to increase taxation to meet the increased expenditure.

The balance of the Ordinary Revenue Account is now down to approximately £3,300,000, and there has yet to be paid out a sum of £400,000 to the Rural Intermediate Credit Board in terms of the Act passed last session. **Balance of Ordinary Revenue Account.**

It is often urged that this balance should be used for reducing taxation ; but this would mean that a normal year's expenditure would be in excess of that year's revenue, or, in other words, we would be budgeting for a deficit. Such a course would undermine our reputation for sound and safe finance, which to a borrowing country means savings of a permanent nature in cheaper money that far outweigh any temporary respite that might be obtained by disregarding this principle. This is especially so at present when we are faced with the task of re-financing a considerable portion of the public debt.

TREASURY BILLS.

Treasury bills in anticipation of revenue, amounting to £250,000, were sold in New Zealand during December at $5\frac{1}{2}$ per cent. discount, and were duly redeemed out of revenue at the beginning of February, 1928. **Treasury Bills.**

In consequence of the heavy excess of withdrawals from the Post Office Savings-bank which was one of the results of the temporary financial stringency of last year, it was found necessary to sell £1,050,000 worth of redemption Treasury bills in London during November last. Bills to this amount were outstanding at the end of the financial year, but have since been redeemed at maturity out of the proceeds of an issue of debentures in New Zealand. The transactions, of course, had no effect on the amount of the Public Debt.

PUBLIC WORKS.

The programme of public works was proceeded with last year, and substantial progress was made towards completion of the large undertakings at present in hand. Details of these works will be set out for honourable members in the **Public works expenditure.**

Statement to be brought down later by my colleague the Hon. the Minister of Public Works. I am at present only concerned with the finance of the several undertakings. The expenditure on capital works for the last financial year may be summarized as follows:—

	£
Railway construction, additions, and improvements ..	2,573,252
Main highways and roads	1,297,141
Hydro-electric supply	1,272,575
Telegraphs and telephones	625,540
Public buildings	605,747
Irrigation, land and river improvement	273,452
Other public works	177,983
	<hr/>
	£6,825,690
	<hr/>

The expenditure on public buildings includes £368,479 for schools.

Highways and roads.

In regard to expenditure on highways and roads, it was necessary to enlarge the scope of operations in the last two years in order to provide employment for additional men. Even so, the State expenditure for roading purposes out of both revenue and capital has risen from about £700,000 in 1923 to £1,945,000 in 1928. The expenditure out of loan accounts, which, as shown above, amounted to £1,297,000 for last year, has almost exactly doubled in this period.

Hydro-electric supply.

The capital expenditure on electric supply last year amounted to £1,272,575, which is a record for the account. It was, however, the peak year of the construction programme; and after the current financial year, when the large works at Arapuni and Waikaremoana will be nearing completion, there should be a considerable decline in capital requirements, although a start is being made on a new scheme on the Waitaki River.

LONDON LOAN, 1928.

London Loan, 1928.

A further loan of £5,000,000 to be expended on public works during the current year was successfully floated in London on the 1st May last. The issue price was £94 10s. per cent., with interest at $4\frac{1}{2}$ per cent. per annum, which with a full half-year's interest payment on the 1st November gave a return to investors of £4 19s. 8d. per cent., as compared with £5 0s. 10d. from last year's loan, which was 5 per cent. at £99 10s. The cost of the new loan to the State, allowing for redemption of the discount and expenses over the period of $19\frac{1}{2}$ years, is £5 3s. 5d. per cent. as compared with £5 4s. 7d. for the 1927 loan.

The loan was subscribed nearly sixfold; and this, in conjunction with the fact that the issue at $4\frac{1}{2}$ per cent. inaugurated a definite break from the 5-per-cent. rate which had obtained in London for some time, was a striking indication of our financial reputation in that great money-market. The comment on the issue in the London financial papers was very favourable.

In terms of the authorities under which it was raised, the loan-money has been allocated as follows:—

	£
Public Works Fund, for railway-construction, telegraph and telephone extension, &c.	3,000,000
Hydro-electric-power works	1,000,000
Railways improvement	1,000,000
	<hr/>
	£5,000,000
	<hr/>

Along with this issue there was a conversion offer, to which I will refer later when dealing with the debt transactions.

PUBLIC DEBT.

The gross public debt as at the 31st March, 1928, amounted to £251,396,252, a **Public debt.** net increase of £5,545,363 during the last financial year.

In round figures, the net increase in the debt for each of the last three financial years was as follows : £11,000,000 in 1925–26, £7,000,000 in 1926–27, and £5,500,000 in 1927–28. These figures clearly demonstrate that the Government is proceeding resolutely with its declared policy of steadily reducing the annual net increase in the debt, without, however, in any way hindering the progress of the large capital works at present under construction.

The new loans raised during the year totalled £8,022,499, of which £6,166,749 **New loans raised.** was raised in London, while the balance represents the proceeds of the usual local sales.

A total of £6,996,749 was allocated to the Public Works Fund (General Purposes Account), Electric Supply Account, Railways Improvement Authorization Act 1914 Account, and other accounts from which the capital works previously referred to were financed.

A sum of £890,000 was made available for the State Advances Office, part of the amount being used to start the new Rural Advances Branch.

The balance of the new loan-money was raised for afforestation and other purposes.

As a set-off against the new loans raised, debt to the amount of £2,477,136 **Debt redeemed.** was redeemed during the year.

This debt was domiciled as follows :—

	£
New Zealand	1,960,620
Australia	48,600
London	467,916
Total	<u>£2,477,136</u>

The London redemptions include £100,211 in addition to the funded-debt **London redemptions.** payment to the British Government. These additional redemptions are a new departure carried out in accordance with an undertaking contained in the prospectus of the 1927 loan. A more definite undertaking to apply not less than 50 per cent. of the annual amount available under the public-debt-repayment system to London redemptions, provided the same can be effected to advantage and New Zealand maturities do not make it inadvisable to do so, was contained in the prospectus of the last London loan.

It was considered advisable to take these steps in view of the increased attention being given by London investors to the matter of debt-repayment generally. Incidentally their concern on this point serves to emphasize the importance of a comprehensive scheme of debt-repayment in maintaining the credit of the State.

Concerning local public debt, I would like to draw attention to the fact **Local redemptions.** that the redemptions exceeded new loans raised in the Dominion by approximately £100,000. This means that, instead of absorbing any portion of the local capital supplies, the debt-repayment policy had the effect of augmenting the resources of the local market.

The reductions of debt during the year were effected as follows :—

	£
Under Repayment of Public Debt Act, 1925.. ..	999,811
Under funded-debt agreement with British Government	367,705
Accumulated surplus moneys from Ordinary Revenue Account	94,500
German reparation-moneys	366,370
From Discharged Soldiers Settlement Account ..	533,620
From Lands for Settlement Account — Discharged Soldiers Settlement Account	100,000
From other accounts	15,130
	<u>£2,477,136</u>

Statutory debt repayment.

The first two items totalling £1,367,516 represent the statutory debt repayment, the money for which is provided out of the Consolidated Fund as a charge upon the year's revenue; but, as I have already explained, only a small proportion of the amount comes from taxation.

Redemptions of war debt.

The major portion of the redemptions for the year were concentrated on the war debt, which was reduced by £1,607,525, bringing the total redemption of war debt for six years up to £9,887,887.

Comparative weight of war debt and ordinary debt.

The difference between war debt and ordinary debt is very clearly shown by an examination of relative interest burdens on the taxpayer. Of the 1927–28 net charges on the taxpayers, interest on approximately £72,000,000 of war debt amounted to £3,489,334, as against £2,104,672 for the remainder of the debt, amounting to £179,000,000. In other words, the ordinary debt is about two and a half times as large as the war debt, but it costs the taxpayer about £1,250,000 less than the war debt annually.

These figures are a significant indication of the measure of relief to be obtained from the repayment of dead-weight war debt, and the soundness of the Government's policy of using all available resources for the purpose. Even though the redeemed dead-weight debt is replaced by fresh borrowing, this will in no way diminish the relief in charges provided the new loans are expended on productive purposes. Further, most of the loans raised for war purposes will mature in the next few years, and for the most part will have to be renewed, probably at slightly higher rates of interest.

Local war loan matured.

One of these war loans, amounting to £2,564,460, and bearing interest at 5 per cent., matured in November, 1927. It was the largest local war loan that has matured to date. Money from reparations and the Public Debt Repayment Account enabled a total of £861,730, or approximately one-third, to be repaid, and, of the balance, £1,655,620 was met by further issues in renewal or in redemption, leaving £47,110 still outstanding at the end of the financial year. The debt repaid out of the Public Debt Repayment Account is subject to an annual charge of 4 per cent. for further redemptions, but on the whole the maturing loan was disposed of with a small saving in charges to the taxpayer.

War-debt charges.

Over the whole war debt the charges showed a decrease of approximately £50,000 during the year.

SUMMARY OF DEBT OPERATIONS FOR YEAR.

Summary of debt operations.

					£
Debt as at 1st April, 1927	..	..	..	..	245,850,889
Add new loans raised—			£	£	
Ordinary	..	..	7,112,749		
State Advances	..	..	890,000		
				8,002,749	
Balances in Loans Redemption Account raised for redemption but not used as at 31st March, 1928				19,750	
					8,022,499
					253,873,388
Less redemptions—					
Ordinary	..	..	..	208,891	
Discharged soldiers	..	..	..	660,720	
War	..	..	..	1,607,525	
					2,477,136
Debt at 31st March, 1928	..	..	..	..	£251,396,252

Classification of Debt.

					£
Ordinary	..	..	..	..	139,329,644
War	..	..	..	..	71,970,636
State advances	..	..	..	..	31,081,966
Discharged soldiers	..	..	..	..	9,014,006
					£251,396,252

Apart from new loans and reductions affecting the total of the debt, securities amounting to £5,804,736 were renewed, £307,700 debentures converted into inscribed stock, £357,000 inscribed stock converted into debentures, while other conversions amounted to £25,050. Further debentures and inscribed stock to the value of £5,383,720 were redeemed out of the proceeds of the issue of new securities of an equal face value. The last figure includes the £1,050,000 redemption Treasury bills and the redemptions on account of the matured war loan previously referred to in this Statement.

Renewals and conversions.

A further reduction of £151,725 in the amount of the free-of-income-tax securities was effected during the year, leaving the amount of such securities outstanding on the 31st March, 1928, at £37,574,874.

Free-of-income-tax securities.

The loans falling due in the next seven years are set out in Table No. 21 attached to this Statement. It will be seen that nearly a third of the public debt will mature during this and the next two financial years. This year's maturities are almost wholly held in the Dominion, and I do not anticipate any difficulties in dealing with them.

Loans falling due.

The first transaction of magnitude to be faced is the 4-per-cent. Consolidated Stock which matures in London in November, 1929. At the end of last year the amount outstanding was £29,490,852, but concurrently with the issue of the £5,000,000 loan for new money in May last an offer was made to holders to convert £5,000,000 of this stock into 4½-per-cent. stock to mature in 1947 at the rate of £104 10s. of the new stock for £100 of the old. This is equivalent to an issue price of approximately £95 14s. for the new stock, giving a return to investors with redemption of the discount over the period of £4 16s. 10d. per cent. After making an allowance for expenses and redemption of the premium over the period of the new loan, the cost to the State works out at £4 18s. 3d. per cent., so that the cost of this portion of the debt has been increased by £45,625 per annum, although the interest bill in the meantime is only increased by £35,125 per annum.

4-per-cent. Consolidated Stock, 1929.

As the stock did not mature until next year, it may be said that we could have saved the increase in interest charges for one year. There would, however, have been considerable risk in leaving the whole £29,000,000 to be dealt with at maturity, and the policy followed should result in the placing of the whole of the stock on a more favourable basis than if left to be attempted in one sum at maturity date.

Gross debt as at the 31st March, 1928, was held as under:—

Domicile of debt.

Where held.	Amount. £
New Zealand	107,470,429
Australia	4,168,850
London	139,756,973
	<u>£251,396,252</u>

Gross Annual Charge.

	£
Interest	11,070,353
Annual sinking funds	7,000
Repayment of funded debt	386,224
Public Debt Repayment	1,053,559
Total gross charges	<u>£12,517,136</u>

Debt charges.

The last-mentioned amount, £12,500,000, represents the total gross charges payable in respect of the debt as at the 31st March last, but I would again emphasize that the greater part of it, about £6,750,000, will come from interest-earning accounts, leaving only £5,750,000 to be borne by the taxpayer as such. Of the latter amount approximately £3,750,000 is for war debt.

Capital set-off
against debt.

As a direct set-off against the total debt there is the Public Debt Redemption Fund which, less the amount written off in connection with the settlement of discharged soldiers, now amounts to £23,125,645, and also certain special sinking funds amounting to £2,635,766 as at 31st March last.

Apart from the investments of the special sinking funds referred to, debt securities to the value of £4,813,587 were held by Treasury accounts as at 31st March last. In the course of the year's financial transactions securities are bought and sold by Treasury accounts, and the investments held as at 31st March in each year, while forming part of the debt, do not represent amounts due directly or indirectly to the public. The £4,813,587 of investments can accordingly be directly set-off against the debt, bringing the total capital set-off as at 31st March last up to £30,574,998.

In addition, there are, of course, the assets of the Railways, Post Office, State Advances, &c., representing the investment of the productive portion of the public debt. Details of the assets are set out in Table No. 20 attached to this Statement.

TAXATION.

Taxation.

On questions of taxation and its incidence I endeavour to give careful consideration to the various views and criticisms put forward by chambers of commerce, farmers' unions, and other organizations whose members are brought into close and constant contact with the effect of taxation on business and enterprise. During the recess I discussed publicly the allegation that taxation in New Zealand is unduly heavy. I contend that, in comparison with other countries, this is not so, except in the cases I shall mention hereafter. In my opinion, it is fallacious to divide the total tax revenue by the population and draw any inference therefrom as to whether taxation per head is high or low. We have a large Customs revenue in New Zealand, but Customs taxation is not high—in fact, our rates of Customs taxation are moderate compared with most countries. The large revenue is due to large importations, and not to high rates of duty.

Direct taxation.

Turning to direct taxation, the income-tax on the individual in New Zealand is, admittedly, one of the lowest in the world. On the other hand, the company income-tax is high, and I am of opinion that when the state of national revenue warrants a general reduction in taxation this fact should not be lost sight of.

Land-tax.

The graduated land-tax is high, but that is for the express purpose of preventing aggregation and enforcing subdivision. In other respects, however, the land-tax is by no means burdensome, as is evidenced by the fact that 55,000 farmers out of 80,000 pay none at all. In one respect the graduated land-tax often operates harshly—namely, where a business has branches in many urban centres. All its sites are aggregated for land-tax, although there is no real aggregation, and in each centre that business has to compete with local rivals who pay no graduated land-tax.

But in the two chief sources of revenue, which are also the ones most frequently criticized—namely, Customs and income-tax (apart from company tax)—in my opinion, taxation in New Zealand is low compared with most countries at a similar stage of development.

Concessions in
Customs duties.

The concessions in Customs duties last year represented a very large sum, affecting items of household use, such as crockery, china, linen, linoleums, cotton goods, and other items. In addition to this, the duty on corrugated iron and British-made silks was removed. Concessions were also made on various classes of industrial machinery and appliances. From the Customs returns during the first few months of this year it would appear that the effect of these concessions in depressing the revenue has been more marked than was anticipated; in fact, there has been a heavy fall in the revenue.

It must be remembered, moreover, that, so far, not only has the revenue from Customs fallen substantially, but receipts from income-tax are estimated to show relatively little increase over last year; and, therefore, the improved conditions in trade and commerce will not reflect themselves to the extent that might be expected in this year's public finances. The liabilities on account of unemployment have also to be taken into account.

I agree with those who hold that taxation-reduction is one effective method of checking inordinate demands for more expenditure by the Government; but even after the utmost curtailment of departmental estimates and refusing many urgent and reasonable public requests for further expenditure I can find no sufficient margin that would render a tax-reduction for this year either practicable or safe.

On a review of the whole position, I am convinced that we may look forward with confidence to increasing prosperity. That prosperity will reflect itself in the public revenues. These increased revenues should enable a reduction in taxation to be made in the near future.

RACING TAXATION.

I have carefully examined the frequent statements by racing deputations that they are being crushed by heavy taxation. I am unable to find any warrant for these statements. In fact, the racing clubs do not ask that the taxation imposed on the public should be reduced, but merely that they should receive a larger share of it. While it is clear that some clubs are in financial difficulties, it is equally clear that these difficulties do not arise from Government taxation.

The main source of the racing clubs' revenue is the totalizator-tax, a levy of 10 per cent. on the money put through the machine. The clubs take $7\frac{1}{2}$ per cent. and the Government only $2\frac{1}{2}$ per cent. This tax has not been altered since 1910, so that the frequent statement that the clubs suffer from increased war taxation has no foundation. The $2\frac{1}{2}$ per cent. which is handed over to the Government is merely collected by the racing clubs as agents for the Crown, and in no way renders them the poorer. The dividend-tax was increased in 1921 from $2\frac{1}{2}$ per cent. to 5 per cent. This is also levied on the investor's money, and the dividend-winner pays it, not the club. It is, like the totalizator-tax, collected by the racing clubs as agent for the Crown, and does not in any way tax the revenues of the club. These remarks also apply to the stakes duty and amusement-tax.

It must not be forgotten, too, that although for a short period in 1921 the unpaid fractions of dividends were taken by the Government they were shortly afterwards again conceded to the clubs. These amount approximately to between £35,000 and £40,000 a year.

In 1925 $1\frac{1}{4}$ per cent. of the totalizator duty on the first £20,000 (equivalent to £250) was rebated to each club for improvements effected to grounds. This meant a further concession to the clubs of £26,000 per annum of the Government's small share of the totalizator-tax. The clubs also benefited considerably from the general abolition of income-tax on income derived from the use of lands. The stakes duty was reduced from 10 per cent. to 5 per cent. in 1924, a concession valued at £30,000; and the tax of $2\frac{1}{2}$ per cent. on payments for admission to the course, valued at £6,500, was repealed last year.

To sum up, the remissions and concessions to racing in the last few years are worth over £100,000 a year.

My reason for recapitulating these facts is to show that financial difficulties of the racing clubs are due to causes which have nothing to do with taxation.

I would suggest for consideration that the most practicable way in which assistance can be given to the smaller clubs is to fix the totalizator-tax on a graduated scale, so as to practically exempt the small clubs from taxation. So far the metropolitan clubs have not received this proposal with favour.

If, however, there is any assistance within reason that can be granted to the country clubs, I feel sure that when the opportunity occurs Parliament will support it, as it is highly undesirable that all the racing facilities should be concentrated in the cities.

STATE ADVANCES.

This office continued to render substantial assistance to those in need of capital. Including £751,900 under the Rural Advances Act, the Department paid over loans amounting to £2,793,030 during the year.

In the last five years the Department has paid over to 26,312 applicants loans amounting in the aggregate to the large sum of £26,692,969. Of this total £11,849,676 has been lent for the erection and purchase—mostly the former—of dwellings.

In spite of the huge sums that have been advanced, the pressure on the Office still continues, and in many cases applicants have to wait some time before their applications can be dealt with. Though the Department pays its way and the borrowed capital is no burden on the taxpayer, we cannot go on adding unlimited millions to the public debt without damaging our national credit. Further, in my opinion, it is certainly not in the interests of the country that the State should become the only money-lender in the Dominion.

**Rural Advances
bonds.**

Rural Advances bonds for long-term mortgages to the amount of £543,300 were sold last financial year. Loans paid over to farmer borrowers amounted to £751,900, the additional funds having been provided by means of temporary transfers from the other branches of the State Advances Office, which had been provided with additional funds specially for this purpose.

DISCHARGED SOLDIERS SETTLEMENT.

**Discharged soldiers
settlement.**

As honourable members are aware, large numbers of revaluations and writings-off of accumulated revenue debts to the Crown have been made in the last few years in connection with the discharged soldiers settlement scheme. The writing-down of capital to its economic price-level and the wiping-off of arrears of interest has established the settlers on a sounder footing, and in most cases they are now in a position to make some headway. Last year most of the settlers were able to meet their obligations, and from the financial point of view the year was the best one to date.

**Capital reductions
and remissions to
settlers.**

The extensive capital reductions and the remission of arrears of interest, &c., granted to settlers had of necessity to be written off in the various public accounts concerned. Power to make the necessary adjustment of accounts was contained in section 22 of the Finance Act, 1927 (No. 2). Revaluation Board reductions amounted in the aggregate to £3,424,584, while accumulated revenue losses and other items to be written off brought the total up to £5,164,636. These losses have been written off as far as possible against revenue items.

Writing-off of losses.

In particular, liabilities to the Consolidated Fund for interest, &c., to the amount of £1,886,756 were cancelled, £1,600,000 was written off the £13,500,000 advance from the Consolidated Fund now forming part of the Public Debt Redemption Fund. In addition, the Land for Settlements Discharged Soldiers Settlement Account was relieved from payment of interest on £1,011,000 of loan capital, while the balance of £666,880 was written off against reserves. With the exception of the last-mentioned item the losses have thus been borne by the Consolidated Fund.

RAILWAYS.

Railways.

The railway revenue was £8,034,970, and the working-expenses £6,685,123, leaving a net revenue of £1,349,847. Assistance to developmental lines (paid and accrued) amounted to £489,568, making £1,839,415 available to meet interest charges of £2,130,867. The result of the year's operations was, therefore, a loss of £291,452.

In comparison with the previous year the revenue showed a net increase of £45,537, a decrease in passenger traffic receipts of £158,884, being more than offset by increased revenue from carriage of goods and other items.

Working-expenses showed a comparative increase of £194,243, the principal contributing factors being the greater mileage of line worked, the increase in goods traffic, and the improvements and additions to passenger services by rail and road.

The net earnings of the railways, apart from the assistance to certain lines, thus decreased by £148,706, while interest charges increased by £87,434. Unless these opposite tendencies can be checked it is evident that the taxpayer will have to bear increased burdens in the future. The assistance to branch lines and isolated sections has increased from £359,540 in 1925-26 to £489,568 for 1927-28.

POST AND TELEGRAPH DEPARTMENT.

This Department paid into the Consolidated Fund as revenue for the year the amount of £3,323,260, which was £96,702 more than for the previous year. Working-expenses under the vote amounted to £2,297,058, maintenance of Post Office buildings cost £19,774, and, after allowing for interest and depreciation charges, the Department was able to close the year with a net profit of approximately £20,000.

Post and Telegraph Department.

In order to give the Department continuity of finance, and establish it upon a complete commercial basis, legislation was passed last session to separate the Post Office accounts from the Consolidated Fund. Henceforth these accounts will be shown in a separate account, which will enable honourable members and the public generally to obtain a better idea of the operations of this large Department. There will be brought into the Consolidated Fund as revenue full interest on the amount of loan capital sunk in the assets of the Department.

Accounting changes.

The Government's policy in regard to the Post Office Savings-bank was outlined by me in the House last session. In pursuance of that policy steps have been taken to reduce the maximum amount of deposits on which interest is payable from £5,000 to £2,000, while making an exception in the case of deposits in excess of £2,000 at the time for so long as they remain on deposit. The change operated as from the 1st April last.

Post Office Savings-bank.

The function of a savings-bank is to provide facilities for the safe investment of the small savings of the people. The manner in which the funds of a savings-bank are invested is quite unsuited for handling commercial deposits and large floating balances.

Function of a savings-bank.

Any considerable amount of floating balances practically at call is, in fact, a danger to the stability of a savings-bank. On this account the maximum amount of individual deposits in savings-banks in all countries is severely restricted. In Australia, I understand, the maximum for the Commonwealth Savings-bank is £1,300, and for the other banks less than that. These restrictions not only practically exclude commercial deposits, but provide an additional safeguard, in that a large number of depositors must be simultaneously seized with the desire to withdraw their money before there is any appreciable chance of straining the liquid resources of the bank concerned.

At the same time, in order to provide facilities for the investment of savings for fixed periods and any amount, arrangements were made to issue Post Office Investment Certificates on attractive terms. These provide for investment of any amount for periods of one, two, and five years at rates of interest varying from approximately $4\frac{1}{2}$ per cent. to $5\frac{1}{4}$ per cent. These certificates, I am pleased to say, are proving popular, and in the six months to the end of the last financial year investments amounted to £541,790.

Post Office Certificates.

National saving certificates on similar lines are issued in Great Britain, where they have proved a very popular instrument of thrift, the holdings of the people amounting to the sum of £360,000,000.

UNEMPLOYMENT.

In order to provide work for those who had the misfortune to be out of employment, the Government arranged for additional works, mostly on roads and tree-planting, to be put in hand during 1927-28. The expenditure on such works amounted to approximately £397,000. In addition, subsidies earned on works undertaken by local authorities during the year totalled £113,000, so that the total cost of unemployment works to the State was £510,000.

Unemployment.

As unemployment is again prevalent this winter, steps were taken, as soon as the House met, to further extend the life of the legislation empowering local authorities to raise loans expeditiously for unemployment works without taking a poll of ratepayers.

In the same Act—Local Authorities Empowering (Relief of Unemployment) Amendment Act, 1928—the provision for payment of subsidies out of the Consolidated Fund on wages and voluntary contributions was extended to £300,000, inclusive of the amount paid over last year.

RURAL INTERMEDIATE CREDIT.

Rural intermediate credit.

The independent organization for bridging the gap between the long-term mortgage finance and the facilities offered by commercial banks, provided for under the legislation passed last session, is now in full operation.

Briefly, the object is to enable farmers to obtain credit on the security of stock and chattels at reasonable rates of interest, principally by encouraging the application of the co-operative principle through the formation of rural intermediate credit associations. Eleven such associations have already been formed, and committees are actively at work with the object of forming others.

Those provisions of the Act which enable loans to be granted direct to farmers with the collateral guarantee of some substantial person or company are being utilized by dairy companies as a means of assisting their suppliers to obtain the benefits of the system.

In addition, applicants will receive every assistance from the sixteen District Boards, composed mostly of practical farmers and business men. The intimate local knowledge of these Boards will also react for the protection of the interests of debenture-holders.

The Government have assisted the inauguration of the system, which is purely a commercial concern, by lending £400,000, free of interest for ten years. One-third of this amount must be invested in Government securities, as the nucleus of a redemption fund for the debentures from the sale of which the necessary capital will be provided. A substantial amount of debentures has already been disposed of without resort to a public issue.

It should be clearly understood, however, that the intermediate credit organization, administered by the Public Trustee, is quite separate from the Rural Advances Branch of the State Advances Office, which deals solely with long-term first mortgages of land.

REVIEW OF FINANCIAL POSITION.

Review of financial position.

The decrease of £90,000 in departmental expenses last year was the result of a continuous and rigid supervision over practically every item of expenditure subject to administrative control.

Administrative reforms.

Many reforms have been introduced in the last few years. Merit and efficiency have been made the chief considerations for the promotion of officers of the Service, who have been encouraged to qualify themselves in every way for the better performance of their duties. Modern methods of accountancy have been adopted throughout the Departments of State, and commercial balance-sheets are now produced annually for all State activities. Steps have also been taken to ensure that all stores are accounted for in the same manner as cash, and a Stores Control Board has been set up to arrange for the purchase of supplies in bulk. Where the nature of the service permits of it, every effort is being made to make services self-supporting as far as possible, and no opportunity is lost of introducing better methods, eliminating waste, and preventing extravagance. Experience has shown that in a very large organization like the Public Service true economy in administration is not attained by spectacular reforms, but by continual and gradual improvements, and this is the course that is being followed.

Economy.

By far the greater part of the expenditure consists of fixed payments in which no curtailment is possible unless some of the services at present rendered by the State are to be eliminated or restricted. It is easy to indulge in rhetorical platitudes about economy, but I am convinced that this virtue is practised by the heads of Departments to an extent little realized by the public. They are not responsible for policy questions, and if they are called upon to carry out new or more extended services it is the Government that must meet public approval or condemnation, and not the administrative heads.

The 1926 Budget contained a statement setting out the net charges on taxation for the various services provided for out of the Consolidated Fund in 1925–26, compared with the charges in 1914, after the figures for the latter had been adjusted to a comparable basis. Bringing the table up to date, the allocation per head of the taxation receipts for 1927–28, amounting to £16,484,788, compare as follows :—

CHARGES ON TAXATION:

					Allocation of Taxation Receipts per Head of Mean Population.	
					1913–14 (Adjusted to a comparable basis).	1927–28.
					£ s. d.	£ s. d.
War pensions and war-debt charges	..	..	..	..	..	3 7 10
Other debt charges	..	..	..	..	1 17 3	1 7 8
Social services (health and hospitals, pensions, and education)	..	..	..	..	2 16 6	4 2 8
Defence (land, sea, and air)	..	..	..	..	0 14 5	0 14 8
Other charges (general and administrative)	..	..	..	..	2 3 7	1 13 1
Surplus for year	..	..	..	..	0 10 9	0 2 6
					8 2 6	11 8 5

In the first place, it will be noticed that war pensions and war-debt charges absorb about a third of the present taxation receipts, and account for the whole of the increase in the taxation burden since 1914. Relief can only be obtained by repayment of the war debt, hence my anxiety to concentrate on this matter. As already stated, we have paid off about £10,000,000 in six years.

Social services, including health and hospitals, pensions, and education, absorb at least another one-third of the State's annual revenue from taxation. These services must expand automatically as the population grows, and, except in so far as the national wealth grows proportionately, further extensions of these services can only be met by diving deeper into the pockets of the taxpayers.

The remaining third of the taxation receipts is expended on ordinary debt charges, defence, and general administrative charges. The relative burden of these items has decreased by £1 per head in comparison with 1914.

It was advocated by the late Lord Oxford and others in England that the Treasury should ration the Departments of State : in other words, should decide the maximum revenue to be raised and apportion it as equitably as possible. To a great extent this is already done in New Zealand, but if we are to call a halt in the growth of national expenditure, are we to tell the Education Department and the school dental services and other similar beneficent activities that they are not to expand ? I do not think this is the wish of the public or the taxpayers. All that they ask of the Government is to see that these services are efficiently and economically administered.

I am therefore averse from making any promises of great economies, as I cannot see how any substantial savings can be effected while the demand for increased social services is so insistent. It is not the extravagance of the Government that is at fault, but the almost universal belief that the resources of the Treasury are bottomless. For example, there is a widespread demand for invalidity and pension-insurance schemes, and these have the strong sympathy of the Government. But it has often been pointed out that a wise expenditure on such social services should follow a revival of national prosperity, and not precede it. Otherwise the country is being made to spend money which does not exist within its current resources, and this can result only in an increased burden of debt or taxation, and an aggravation of the position which such expenditure is mistakenly designed to remedy. For this reason the Government has been compelled to postpone consideration of invalidity insurance this year, as the excellent recovery in Dominion trade and finance is not yet reflected in the public revenues.

Net charges on taxpayer.

War pensions and war-debt charges.

Social services.

Other services.

Growth of expenditure.

Further social services.

The duty of the Government is, in fact, to reconcile as best it may the widespread demand for reduced Government expenditure with the equally insistent cry for extended social services, increased pensions, and further grants and subsidies of every description. Exactly the same dilemma can be observed facing the Governments in England, Australia, and elsewhere.

Balanced budgets

I regret to see in certain quarters the statement repeated that we are not paying our way. Such a statement has no foundation in fact. If there were any truth in it, our financial critics in London would be the first to draw attention to it, as they display a most intimate knowledge of our public finance.

A well known writer on Public Finance says: "The difference between a balanced Budget with a surplus and an unbalanced Budget with a deficit means in the long-run the difference between national solvency and national bankruptcy. 'Balance your Budget' is a maxim which bankers, financiers, and practical economists ever since the war have been trying to impress upon the impecunious but extravagant Governments of Europe." The International Financial Conference held in Brussels in 1920 laid it down that balanced Budgets are the *sine qua non* of recovery from war difficulties.

I claim that New Zealand answers to this test; and, indeed, her enviable reputation for balancing her Budget has much to do with our high credit abroad.

Loan expenditure and public debt.

Secondly, as to the public debt, I am of opinion that our loan expenditure would be rightly regarded as unduly heavy were it not for the fact that we are at the same time making substantial repayments each year of our war debt. It is also to be observed that, if part of this loan expenditure is unproductive, we have made large transfers of revenue to capital expenditure.

While in times like the present I agree that we should be content with a bare balancing of accounts, I am strongly of opinion that when and so long as trade and conditions are normal we should, as a matter of sound finance, aim at providing each year a certain amount of revenue for capital purposes to cover the cost of works that, while necessary, are only very indirectly productive. In fact, if we are to maintain the policy of development while reducing loan expenditure, such provision must increase as the years go by.

In visualizing the problem of national expenditure it should also be kept in mind that over £107,000,000 of the public debt is owned in New Zealand and the debt charge goes back to the taxpayer in the form of interest.

Survey of position.

Taking a general survey of the position, it seems to me that when the present heavy programme of capital expenditure is completed in the next few years the then Minister of Finance should find himself in the happy position of being able to more rapidly reduce our war debt and also taxation, provide more funds for land settlement, and view with a less reluctant eye reasonable demands for improved social services.

1928-1929.**ESTIMATE OF REVENUE.****Estimates of revenue.**

In estimating the revenue of the current year's operations, as will be gathered from my foregoing remarks, I cannot place any great reliance on increasing buoyancy of revenue before the year closes.

I estimate the revenue receipts under the respective headings as follows :—

	£
Customs	8,261,000
Beer duty	600,000
Stamp and death duties	3,500,000
Land-tax	1,150,000
Income-tax	3,400,000
Interest on public moneys	747,000
Interest on capital liability—	
Railways	2,255,000
Postal and Telegraph	425,000
Interest on Public Debt Redemption Fund	992,250
Motor-vehicles—Duties, licenses, &c.	1,147,000
Other receipts	1,391,000
	<hr/>
	£23,868,250

This total of £23,868,250, it will be noted, includes “£1,147,000—Motor-vehicles, duties, &c.,” which is not available for general services.

Income-tax is not expected to show much response to reviving business resulting from the better trade balance, but, as regards Customs, I have allowed for a small increase to be expected for the remainder of the financial year.

ESTIMATED RESULTS FOR THE YEAR.

Estimated results,
1928-29.

Revenue	£	23,868,250
Expenditure—	£	
Permanent Appropriations ..	15,827,398	
Annual Appropriations ..	7,780,706	
		<u>23,608,104</u>

Leaving a balance of	260,146
to meet supplementary estimates and contingencies.	

In arriving at these results I have had to allow for the many factors that at present make accurate estimates difficult to forecast. We are in a transition period when the chief sources of revenue are in full bud, but not yet in flower.

I have therefore refrained from placing before honourable members proposals that might under the circumstances bring about at the close of the year a result inconsistent with the policy I have striven to adhere to, that of maintaining the reputation of this country for sound finance.

SUMMARY, 1927-28.

Consolidated Fund—

Ordinary Revenue Account—

	£
Revenue	25,123,980
Expenditure	24,944,904
Surplus, 1927-28	<u>£179,076</u>

	£
Balance brought forward, 1st April, 1927	3,681,466
Add—	
Surplus, 1927-28	179,076
Temporary transfers to other accounts repaid	26,000
	<u>3,886,542</u>

	£
Less—	
Used for reduction of debt	95,979
Instalments of purchase price of "C" long-term mortgage shares in Bank of New Zealand	117,188
Transfer to Public Works Fund—	
General Purposes Account	250,000
Advance to State Forests Account	45,000
Sundry charges and expenses of renewing loans	1,037
Subsidies to local bodies for relief of unemployment	75,106
	<u>584,310</u>

Balance, 31st March, 1928	<u>£3,302,232</u>
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Comparisons with previous year—

	£
Total revenue, comparative decrease	188,245
Income-tax, decrease	148,487
Land-tax, decrease	74,588
Beer duty, decrease	12,189
Customs, decrease	309,986
Stamp and death duties, increase	125,351
Revenue other than from taxation, increase	231,654
Total expenditure, comparative net increase	231,166
Subsidies to Hospital Boards, increase	72,651
Pensions, increase	90,526
Railways (increased losses on isolated sections and branch lines)	55,591
Contribution to Singapore Naval Base (new item)	125,000
Agriculture—carriage of fertilizers for farmers, increase	43,540

Capital expenditure on public works—

	£
Railway-construction, additions and improvements	2,573,252
Main highways and roads	1,297,141
Hydro-electric supply	1,272,575
Telegraphs and telephones	625,540
Public buildings (including schools)	605,747
Irrigation, land and river improvement	273,452
Other public works	177,983

£6,825,690

Total State expenditure for roading purposes increased from £700,000 in 1923 to £1,945,000 in 1928.

£250,000 transferred from Revenue to Public Works Fund.

£1,000,000 in debt charges saved annually through policy of using surplus revenues for capital charges and debt repayment.

Gross public debt as at 31st March, 1928—

	£
Ordinary	139,329,644
War	71,970,636
State Advances	31,081,966
Discharged soldiers	9,014,006
	<u>£251,396,252</u>

New loans raised during the year	8,022,499
Loans paid off during the year	2,477,136

Net increase for year £5,545,363

Net increase in debt—

	£
1925-26	11,000,000
1926-27	7,000,000
1927-28	<u>5,500,000</u>

Local debt reduction £1,960,620

German reparation-moneys applied solely in reduction of war debt, 1927-28 £366,370

War debt—Repayments in six years £9,887,887

War-debt charges show decrease during year £50,000

Ordinary debt two-and-a-half times as great as war debt, but costs taxpayer annually £1,250,000 less than war debt.

No revenue Treasury Bills outstanding.

London Loan, 1928—

£5,000,000 raised for—

	£
Public Works Fund (railway construction, telegraph, and telephone extension, &c.)	3,000,000
Hydro-electric-power works	1,000,000
Railways improvement	1,000,000
	<u>£5,000,000</u>

Loan was very favourably received and heavily over-subscribed.

Success of loan a striking indication of the Dominion's financial reputation.

In addition £5,000,000 of Consolidated Stock converted on favourable terms.

Taxation—

New Zealand income-tax on individuals among the lowest in the world.

Customs duties—concessions last year represented very large sum.

Until increasing productivity of country reflected in revenues, no further reductions of taxation practicable or safe.

State Advances Office—

	£
Paid over to borrowers in last five years	26,692,969
Additional loan-moneys made available during the year amounted to	890,000
Rural advances bonds sold	543,300
Rural advances to farmers	751,900

Discharged soldiers settlement—

Further revaluations of property and writings-off of principal and interest totalling £5,164,636 were made for the purpose of establishing the settlers on a sounder footing.

Railways—

Revenue compared with previous year showed increase of	45,537
Working expenses compared with previous year showed increase of	194,243

Postal and Telegraph—

Net profit for year	20,000
Post-office accounts now separate from the Consolidated Fund.	
Sales of Post Office Investment Certificates	541,790

Unemployment relief—

Expenditure during year on public works, including tree-planting	£ 397,000
Subsidies earned on works undertaken by local authorities	113,000

Total cost to State £510,000

Legislation enabling local authorities to raise unemployment loans without a poll extended.

Provision extended in respect of subsidies on wages and on voluntary contributions for approved relief works.

Rural intermediate credit—

Organization now in full operation.

Intermediate credit associations formed and District Boards set up; the system proving of great benefit to farmers generally.

Many reforms introduced in last few years to promote economy in administration.

Administration expenses decreased by £90,000 last year.

	£	s.	d.
Revenue from taxation per head of population	11	8	5
Charges on taxpayer per head of population—			
War pensions and war-debt charges....	3	7	10
Social services	4	2	8
All other charges	3	17	11
Total	£11	8	5

ESTIMATES FOR 1928-29.

Consolidated Fund—

Ordinary Revenue Account—

	£
Estimated revenue	23,868,250
Estimated expenditure	23,608,104
Available for supplementary estimates and contingencies	£260,146

	£
Estimated Customs revenue	8,261,000
Estimated stamp and death duties	3,500,000
Estimated land and income tax	4,550,000

TABLES TO ACCOMPANY THE FOREGOING STATEMENT.

	Page
TABLE NO. 1.—ABSTRACT OF RECEIPTS AND EXPENDITURE OF THE FINANCIAL YEAR ENDED 31ST MARCH, 1928. SEE PARLIAMENTARY PAPER B.-1 [PART I].	
TABLE NO. 2.—THE PUBLIC DEBT ON 31ST MARCH, 1928. SEE PARLIAMENTARY PAPER B.-1 [PART III].	
TABLE NO. 3.—REVENUE FOR THE YEAR ENDED 31ST MARCH, 1928, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1927	ii
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, 1928	ii
TABLE NO. 5.—ESTIMATED REVENUE FOR 1928-29, COMPARED WITH THE ACTUAL REVENUE FOR 1927-28 ..	iii
TABLE NO. 6.—COMPARATIVE STATEMENT OF STAMP AND DEATH DUTY REVENUE FOR 1926-27 AND 1927-28	iii
TABLE NO. 7.—STATEMENT OF THE CUSTOMS DUTIES COLLECTED FOR 1927-28, COMPARED WITH 1926-27 ..	iv
TABLE NO. 8.—STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1928, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1927.. .. .	iv
TABLE NO. 9.—COMPARATIVE STATEMENT OF THE APPROPRIATED AND ACTUAL EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1928	vi
TABLE NO. 10.—ESTIMATED NET EXPENDITURE FOR 1928-29, COMPARED WITH THE ACTUAL NET EXPENDITURE FOR 1927-28	vii
TABLE NO. 11.—STATEMENT SHOWING HOW ACCUMULATED SURPLUSES HAVE BEEN APPLIED	viii
TABLE NO. 12.—STATEMENT OF THE ESTIMATED LIABILITIES OF THE CONSOLIDATED FUND OUTSTANDING ON 31ST MARCH, 1924 TO 1928 INCLUSIVE	ix
TABLE NO. 13.—PUBLIC WORKS FUND—STATEMENT SHOWING NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED 31ST MARCH, 1928, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1927 ..	x
TABLE NO. 14.—STATEMENT SHOWING THE TOTAL WAYS AND MEANS OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT AND THE TOTAL NET EXPENDITURE TO 31ST MARCH, 1928 ..	xi
TABLE NO. 15.—STATEMENT OF THE ESTIMATED LIABILITIES OF THE PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, OUTSTANDING ON 31ST MARCH, 1924 TO 1928 INCLUSIVE	xii
TABLE NO. 16.—STATEMENT OF THE ESTIMATED LIABILITIES OF THE VARIOUS SEPARATE ACCOUNTS OUTSTANDING ON 31ST MARCH, 1924 TO 1928 INCLUSIVE	xiii
TABLE NO. 17.—RECEIPTS AND PAYMENTS OF ACCOUNTS, 1927-28, WITH BALANCES AT 1ST APRIL, 1927, AND 31ST MARCH, 1928	xiv
TABLE NO. 18.—STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1927, AS COMPARED WITH THE 31ST MARCH, 1928	xv
TABLE NO. 19.—STATEMENT SHOWING THE AMOUNT CHARGED TO "UNAUTHORIZED" IN EACH FINANCIAL YEAR FROM 1ST APRIL, 1910, TO 31ST MARCH, 1928	xvi
TABLE NO. 20.—SUMMARY OF THE PUBLIC DEBT AND OF THE STATE ASSETS WHICH MAY BE SET OFF AGAINST IT, AS AT 31ST MARCH, 1928	xvi
TABLE NO. 21.—STATEMENT SHOWING LOANS FALLING DUE IN THE SEVEN YEARS ENDING WITH THE YEAR 1934, EXCLUDING IMPERIAL DEBT REPAYMENTS	xviii
TABLE NO. 22.—STATEMENT OF HALF-YEARLY INSTALMENTS OF PRINCIPAL AND INTEREST FOR REPAYMENT OF DEBT FUNDED WITH IMPERIAL GOVERNMENT	xviii
TABLE NO. 23.—EDUCATION EXPENDITURE—TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS SINCE 1913-14	xix
TABLE NO. 24.—STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH, 1924 TO 1928	xx
TABLE NO. 25.—STATEMENT SHOWING IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, 1920 TO 1928	xx
TABLE NO. 26.—COMPARATIVE STATEMENT SHOWING AMOUNT OF INCOME-TAX PAID IN NEW ZEALAND, AUSTRALIAN STATES, AND GREAT BRITAIN ON SELECTED INCOMES UP TO £10,000 PER ANNUM	xxi

Table No. 3.
REVENUE FOR THE YEAR ENDED 31ST MARCH, 1928, COMPARED WITH THE YEAR ENDED
31ST MARCH, 1927.

	Year ended 31st March, 1928.	Year ended 31st March, 1927.	Increase.	Decrease.
	£	£	£	£
Customs	7,942,589	8,252,575	..	309,986
Motor-vehicles—Duties, licenses, &c. .. .	369,118	..	369,118	..
Beer duty	609,624	621,813	..	12,189
Stamp and death duties	3,504,367	3,379,016	125,351	..
Postal and telegraph	3,323,260	3,226,558	96,702	..
Land-tax	1,154,479	1,229,067	..	74,588
Income-tax	3,273,729	3,422,216	..	148,487
Registration and other fees	200,259	199,144	1,115	..
Marine	112,502	110,834	1,668	..
Interest on public moneys	698,057	601,220	96,837	..
Interest on Public Debt Redemption Fund .. .	878,408	863,942	14,466	..
Interest on Railway capital liability	2,130,867	2,043,433	87,434	..
Local Bodies' Loans Act, 1908, sec. 76 .. .	10,158	13,939	..	3,781
Rents of buildings	32,178	26,816	5,362	..
Tourist and Health Resorts	66,964	63,102	3,862	..
Miscellaneous	41,939	58,121	..	16,182
Territorial	200,915	202,187	..	1,272
Departmental and other receipts	574,567	629,124	..	54,557
			801,915	621,042
			621,042	
Totals.. .. .	25,123,980	24,943,107	180,873	

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, 1928.

	Estimate for 1927-28.	Actual for 1927-28.	Difference.	
			More.	Less.
	£	£	£	£
Customs	7,775,000	7,942,589	167,589	..
Motor-vehicles—Duties, licenses, &c. .. .	..	369,118	369,118	..
Beer duty	610,000	609,624	..	376
Stamp and death duties	3,403,100	3,504,367	101,267	..
Postal and telegraph	3,254,000	3,323,260	69,260	..
Land-tax	1,205,000	1,154,479	..	50,521
Income-tax	3,425,000	3,273,729	..	151,271
Registration and other fees	206,000	200,259	..	5,741
Marine	115,800	112,502	..	3,298
Interest on public moneys	640,000	698,057	58,057	..
Interest on Public Debt Redemption Fund .. .	870,000	878,408	8,408	..
Interest on Railway capital liability	2,180,000	2,130,867	..	49,133
Local Bodies' Loans Act, 1908, sec. 76 .. .	17,000	10,158	..	6,842
Rents of buildings	30,000	32,178	2,178	..
Tourist and Health Resorts	62,000	66,964	4,964	..
Miscellaneous	60,000	41,939	..	18,061
Territorial	204,000	200,915	..	3,085
Departmental and other receipts	620,000	574,567	..	45,433
			780,841	333,761
			333,761	
Totals.. .. .	24,676,900	25,123,980	447,080	

Table No. 5.

ESTIMATED REVENUE of the CONSOLIDATED FUND (Ordinary Revenue Account) for 1928-29, compared with the Actual Revenue received for 1927-28.

	Estimate for 1928-29.	Actual for 1927-28.	Differences.	
			Increase.	Decrease.
ORDINARY REVENUE ACCOUNT.				
	£	£	£	£
Customs	8,261,000	7,942,589	318,411	..
Motor-vehicles—Duties, licenses, &c.	1,147,000	369,118	777,882	..
Beer duty	600,000	609,624	..	9,624
Stamp and death duties	3,500,000	3,504,367	..	4,367
Postal and telegraph .. .. .	..	3,323,260	..	3,323,260
Land-tax	1,150,000	1,154,479	..	4,479
Income-tax	3,400,000	3,273,729	126,271	..
Registration and other fees	201,000	200,259	741	..
Marine	120,000	112,502	7,498	..
Interest on public moneys	747,000	698,057	48,943	..
Interest on Public Debt Redemption Fund	992,250	878,408	113,842	..
Interest on Railway capital liability	2,255,000	2,130,867	124,133	..
Interest on capital liability—Post and Telegraph	425,000	..	425,000	..
Local Bodies' Loans Act, 1908, Section 76 .. .. .	..	10,158	..	10,158
Rents of buildings	26,000	32,178	..	6,178
Tourist and Health Resorts	72,000	66,964	5,036	..
Miscellaneous	167,000	41,939	125,061	..
Territorial	200,000	200,915	..	915
Departmental receipts	592,000	560,803	31,197	..
Recoveries on account of expenditure of previous years	13,000	13,764	..	764
			2,104,015	3,359,745
				2,104,015
Totals	23,868,250	25,123,980	..	*1,255,730

* Decrease nominal being due to accounting changes in connection with Post and Telegraph Department. Apart from these items, comparative increase of £1,672,530, of which £777,882 is on account of motor-vehicles (duties and licenses) which are not available for general purposes.

Table No. 6.

COMPARATIVE STATEMENT of STAMP and DEATH DUTY REVENUE for 1926-27 and 1927-28.

Item.	1926-27.	1927-28.	Increase.	Decrease.
	£	£	£	£
Adhesive stamps	92,427	85,254	..	7,173
Duty on instruments	490,527	428,805	..	61,722
Death duty (estate and suc- cession duty)	1,644,798	1,847,714	202,916	..
Gift duty	45,576	51,656	6,080	..
Impressed stamps, and duty on cheques	181,552	187,875	6,323	..
Company licenses	69,442	70,881	1,439	..
Bank-note duty	201,913	195,301	..	6,612
Duties payable by racing clubs	583,421	567,890	..	15,531
Amusements-tax	63,555	63,165	..	390
Rates, fines, and miscellaneous	5,805	5,826	21	..
			216,779	91,428
			91,428	
Totals	3,379,016	3,504,367	125,351	

Table No. 7.

STATEMENT SHOWING CUSTOMS DUTIES COLLECTED FOR YEAR 1927-28, COMPARED WITH THE YEAR 1926-27.

	1927-28.	1926-27.	Increase.	Decrease.
	£	£	£	£
Spirits, wine, and beer	1,381,909	1,190,991	190,918	..
Tobacco, cigars, and cigarettes	1,497,460	1,393,909	103,551	..
Apparel and textiles	1,698,227	1,707,385	..	9,158
Motor-vehicles and parts (other than tires)	782,019	936,601	..	154,582
Other goods	2,176,305	2,570,924	..	394,619
Primage	406,669	452,765	..	46,096
Totals	7,942,589	8,252,575	294,469	604,455

Table No. 8.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1928, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1927.

	Year ended 31st March, 1928.	Year ended 31st March, 1927.	Increase.	Decrease.
	£	£	£	£
Permanent appropriations—				
Civil List	30,289	31,054	..	765
Interest	8,397,074	8,450,794	..	53,720
Funded debt repayment	367,216	349,609	17,607	..
Sinking fund	Cr. 452	4,000	..	4,452
Repayment of public debt	993,764	941,529	52,235	..
Under special Acts—				
Advances to other Governments .. .. .	..	30,000	..	30,000
Contribution to Singapore Naval Base	125,000	..	125,000	..
Education purposes	127,289	115,499	11,790	..
Endowments—New Plymouth Harbour Board	2,976	4,154	..	1,178
Fruit-guarantee claims	Cr. 23	82,619	..	82,642
Maintenance of overseas war graves and war memorials	23,063	36,655	..	13,592
Miscellaneous	124,008	100,828	23,180	..
Main Highways Revenue Account—Transfer of tire-tax, fees, fines, &c.	225,602	..	225,602	..
Motor-spirits tax—Allocation of revenue	132,171	..	132,171	..
N.Z. Consolidated Stock—Amount paid Bank of England for management	18,271	26,816	..	8,545
Pensions—				
Old-age	968,928	941,348	27,580	..
Widows'	302,766	301,080	1,686	..
Military	16,377	19,446	..	3,069
War	1,146,955	1,122,741	24,214	..
Miners'	42,469	39,465	3,004	..
Blind	12,249	10,304	1,945	..
Various	21,668	24,017	..	2,349
Family allowances	37,515	..	37,515	..
Refunds in respect of totalizator-tax	25,209	31,174	..	5,965
Salaries and honoraria	99,780	98,007	1,773	..
Subsidies paid to Hospital Boards*	683,149	610,498	72,651	..
Subsidies paid to local authorities on rates	215,679	212,018	3,661	..
Subsidies to superannuation funds and the National Provident Fund	197,781	189,990	7,791	..
Territorial revenue	7,946	12,232	..	4,286
Working Railways—Losses on isolated sec- tions and branch lines	484,659	429,068	55,591	..
Transfer to Discharged Soldiers' Settlement Loans Act 1920 Depreciation Fund Account	50,000	50,000	..	..
	14,879,378	14,264,945	824,996	210,563

*Subsidy under Hospital and Charitable Institutions Acts for Jubilee Institute for the Blind is included under Education purposes.

Table No. 8—continued.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1928, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1927—continued.

	Year ended 31st March, 1928.	Year ended 31st March, 1927.	Increase.	Decrease.
Annual Appropriations—	£	£	£	£
Legislative Departments	97,637	89,192	8,445	..
Prime Minister's Department	12,600	2,467	10,133	..
Treasury Department	37,865	34,586	3,279	..
National Provident and Friendly Societies Department	24,792	23,789	1,003	..
Land and Income Tax Department	58,883	55,461	3,422	..
Stamp Duties Department	102,291	101,356	935	..
Post and Telegraph working-expenses ..	2,297,058	2,343,438	..	46,380
Public buildings	84,710	113,244	..	28,534
Government and other domains	6,008	6,859	..	851
Maintenance and repairs to roads	111,701	100,211	11,490	..
Maintenance of irrigation-works, &c. ..	17,264	8,087	9,177	..
Native Department	29,284	28,404	880	..
Department of External Affairs	35,466	30,982	4,484	..
Cook Islands	49,953	38,056	11,897	..
Department of Industries and Commerce ..	33,318	48,780	..	15,462
Department of Justice	132,645	135,482	..	2,837
Prisons Department	94,220	77,851	16,369	..
Crown Law Office	5,381	5,693	..	312
Police Department	417,975	410,506	7,469	..
Pensions Department	169,278	173,204	..	3,926
Mines Department	33,297	44,784	..	11,487
Department of Internal Affairs	349,717	402,854	..	53,137
Audit Department	26,917	25,806	1,111	..
Public Service Commissioner's Office ..	6,362	7,025	..	663
Printing and Stationery Department ..	226,297	233,204	..	6,907
Mental Hospitals Department	274,818	275,125	..	307
Department of Health	246,644	251,001	..	4,357
Naval Defence	486,830	527,023	..	40,193
Defence Department	481,759	493,274	..	11,515
Customs Department	175,023	170,495	4,528	..
Marine Department	119,078	125,817	..	6,739
Department of Labour	56,480	55,726	754	..
Department of Lands and Survey	186,522	169,363	17,159	..
Scenery-preservation	6,577	3,789	2,788	..
Valuation Department	51,610	48,007	3,603	..
Electoral Department	9,727	10,299	..	572
Department of Agriculture	365,610	322,070	43,540	..
Department of Tourist and Health Resorts ..	76,871	76,378	493	..
Department of Education	2,999,615	2,979,597	20,018	..
Department of Scientific and Industrial Research	44,823	3,047	41,776	..
Services not provided for	15,943	27,914	..	11,971
Emergency Expenditure Account	6,677	10,774	..	4,097
	10,065,526	10,091,020	224,753	250,247
			1,049,749 460,810	460,810
Total expenditure (permanent and annual appropriations)	24,944,904	24,355,965	588,939	

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, 1928.

	Net Appropriations, 1927-28.	Actual Net Expenditure, 1927-28.	Difference.	
			More.	Less.
Permanent appropriations—	£	£	£	£
Civil List	31,170	30,289	..	881
Interest	8,371,202	8,397,074	25,872	..
Sinking Fund	2,882	Cr. 452	..	3,334
Reduction of funded debt	367,216	367,216	..	..
Repayment of Public Debt Act, 1925	998,839	993,764	..	5,075
Under special Acts	4,385,191	5,091,487	706,296	..
	14,156,500	14,879,378	732,168	9,290
Annual appropriations—				
Legislative Departments	83,197	97,637	14,440	..
Prime Minister's Department	12,591	12,600	9	..
Treasury Department	36,438	37,865	1,427	..
National Provident and Friendly Societies De- partment	24,795	24,792	..	3
Land and Income Tax Department	57,432	58,883	1,451	..
Stamp Duties Department	95,739	102,291	6,552	..
Post and Telegraph working-expenses	2,397,837	2,297,058	..	100,779
Public buildings	101,445	84,710	..	16,735
Government and other domains	6,383	6,008	..	375
Maintenance and repairs to roads	137,096	111,701	..	25,395
Maintenance of irrigation-works, &c.	20,400	17,264	..	3,136
Native Department	31,216	29,284	..	1,932
Department of External Affairs	45,413	35,466	..	9,947
Cook Islands	60,461	49,953	..	10,508
Department of Industries and Commerce	35,066	33,318	..	1,748
Department of Justice	131,118	132,645	1,527	..
Prisons Department	91,459	94,220	2,761	..
Crown Law Office	5,955	5,381	..	574
Police Department	426,431	417,975	..	8,456
Pensions Department	167,594	169,278	1,684	..
Mines Department	35,741	33,297	..	2,444
Department of Internal Affairs	342,306	349,717	7,411	..
Audit Department	29,628	26,917	..	2,711
Public Service Commissioner's Office	6,886	6,362	..	524
Printing and Stationery Department	238,966	226,297	..	12,669
Mental Hospitals Department	286,559	274,818	..	11,741
Department of Health	266,925	246,644	..	20,281
Naval defence	494,921	486,830	..	8,091
Defence Department	472,385	481,759	9,374	..
Customs Department	178,677	175,023	..	3,654
Marine Department	124,149	119,078	..	5,071
Department of Labour	60,686	56,480	..	4,206
Department of Lands and Survey	186,917	186,522	..	395
Scenery-preservation	6,604	6,577	..	27
Valuation Department	51,774	51,610	..	164
Electoral Department	9,792	9,727	..	65
Department of Agriculture	386,855	365,610	..	21,245
Department of Tourist and Health Resorts	77,010	76,871	..	139
Department of Education	3,036,920	2,999,615	..	37,305
Department of Scientific and Industrial Research	46,829	44,823	..	2,006
Services not provided for .. .. .	..	15,943	15,943	..
Emergency Expenditure Account .. .. .	..	6,677	6,677	..
	10,308,596	10,065,526	69,256	312,326
			801,424 321,616	321,616
Total expenditure	24,465,096	24,944,904	479,808	

Table No. 10.

ESTIMATED NET EXPENDITURE of the ORDINARY REVENUE ACCOUNT for 1928-29, compared with Actual Net Expenditure for 1927-28.

	Estimate for 1928-29.	Actual for 1927-28.	Differences.	
			Increase.	Decrease.
REVENUE ACCOUNT.				
Permanent Appropriations,—	£	£	£	£
Civil List	30,990	30,289	701	..
Interest	8,539,134	8,397,074	142,060	..
Sinking Fund	2,882	Cr. 452	3,334	..
Reduction of Funded Debt	385,710	367,216	18,494	..
Debt Repayment	1,053,559	993,764	59,795	..
Under special Acts	5,815,123	5,091,487	723,636	..
	15,827,398	14,879,378	948,020	..
Annual Appropriations,—				
Legislative Departments	85,594	97,637	..	12,043
Prime Minister's Department	13,049	12,600	449	..
Treasury Department	38,086	37,865	221	..
National Provident and Friendly Societies Department	25,447	24,792	655	..
Land and Income Tax Department	62,258	58,883	3,375	..
Stamp Duties Department	94,158	102,291	..	8,133
Post and Telegraph Working-expenses .. .. .	..	2,297,058	..	2,297,058
Public Buildings	75,350	84,710	..	9,360
Government and other Domains	6,400	6,008	392	..
Maintenance and repairs to Roads	103,000	111,701	..	8,701
Maintenance of Irrigation Works, &c.	13,700	17,264	..	3,564
Native Department	30,259	29,284	975	..
Department of External Affairs	39,743	35,466	4,277	..
Cook Islands	39,494	49,953	..	10,459
Department of Industries and Commerce	31,650	33,318	..	1,668
Department of Justice	131,614	132,645	..	1,031
Prisons Department	95,609	94,220	1,389	..
Crown Law Office	5,812	5,381	431	..
Police Department	428,072	417,975	10,097	..
Pensions Department	168,168	169,278	..	1,110
Mines Department	36,783	33,297	3,486	..
Department of Internal Affairs	318,548	349,717	..	31,169
Audit Department	29,459	26,917	2,542	..
Public Service Commissioner's Office	7,270	6,362	908	..
Printing and Stationery Department	230,293	226,297	3,996	..
Mental Hospitals Department	290,868	274,818	16,050	..
Department of Health	240,773	246,644	..	5,871
Naval Defence	449,011	486,830	..	37,819
Defence Department	461,816	481,759	..	19,943
Customs Department	118,573	175,023	..	56,450
Marine Department	115,683	119,078	..	3,395
Department of Labour	60,295	56,480	3,815	..
Department of Lands and Survey	176,790	186,522	..	9,732
Scenery-preservation	15,550	6,577	8,973	..
Valuation Department	54,713	51,610	3,103	..
Electoral Department	90,209	9,727	80,482	..
Department of Agriculture	396,550	365,610	30,940	..
Department of Tourist and Health Resorts	80,416	76,871	3,545	..
Department of Education	3,060,462	2,999,615	60,847	..
Department of Scientific and Industrial Research	59,181	44,823	14,358	..
Services not provided for .. .. .	..	15,943	..	15,943
Emergency Expenditure Account .. .. .	..	6,677	..	6,677
	7,780,706	10,065,526	255,306	2,540,126
			1,203,326	2,540,126
				1,203,326
Total expenditure	£23,608,104	£24,944,904	..	£1,336,800*

* Decrease nominal being due to accounting changes in connection with Post and Telegraph Department. Excluding Post and Telegraph working-expenses there is a comparative increase of £980,259, of which £753,227 represents increased transfers of petrol-tax, tire-tax, &c., to Main Highways Account.

Table No. 12.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) outstanding on the 31st MARCH, each Year from 1924 to 1928.

	1924.	1925.	1926.	1927.	1928.
REVENUE ACCOUNT.	£	£	£	£	£
Permanent Appropriations,—					
Civil List	185	161	313	337	335
Under Special Acts of the Legislature	13,667	15,411	13,435	16,835	16,540
Pensions	2,756	796	701	1,202	898
	16,608	16,368	14,449	18,374	17,773
Annual Appropriations,—					
Legislative Departments	349	752	1,007	2,751	4,297
Departments of Minister of Finance*	3,744	7,502	11,064	8,226	16,253
Working Railways	263,254	332,985	¶	¶	¶
Post and Telegraph Department	114,961	104,383	93,919	61,876	89,230
Public Buildings, Domains, Maintenance of Roads, and Maintenance of Irrigation Works	14,364	15,899	17,315	23,301	19,189
Justice Department†	11,498	10,462	19,258	15,155	38,603
Mines Department	868	2,087	2,371	3,698	3,961
Internal Affairs Department‡	29,525	26,186	61,038	76,794	53,442
Defence Department§	28,715	55,459	94,392	41,813	41,541
Customs Department	} 4,027	4,857	9,198	5,520	5,080
Marine Department					
Labour Department	961	2,200	1,148	2,152	1,417
Lands Department	2,686	1,971	1,840	3,332	5,024
Agriculture Department|| .. .. .	48,830	11,178	35,103	28,137	44,033
Education Department	22,200	10,414	10,405	33,828	41,455
Valuation and Electoral Departments	1,897	1,277	2,337	2,302	1,865
	547,879	587,612	360,395	308,875	365,390
Services not provided for .. .. .	..	..	112	2,652	419
Imprest Supply Act, 1927, Section 4 .. .. .	..	..	..	..	843
Refunds of Revenue .. .. .	..	37	1,344	5,453	3,052
Totals	564,487	604,017	376,300	335,354	387,477

* Includes Treasury, Land and Income Tax, Stamp Duties, and National Provident Fund and Friendly Societies Departments. † Includes Native, External Affairs, Supreme and Magistrates' Courts, Prisons, Police, Cook Islands, and Crown Law. ‡ Includes Audit, Printing and Stationery, Public Service Commissioner's Office, Mental Hospitals, Pensions, Scenery Preservation (from 1924-25), Health, Prime Minister's, and Scientific and Industrial Research Departments. § Includes Naval Defence. || Includes Industries and Commerce and Tourists Departments. ¶ Now a separate account (see Table No. 16).

Table No. 13.

PUBLIC WORKS FUND.

STATEMENT SHOWING THE NET EXPENDITURE UNDER APPROPRIATIONS FOR THE YEAR ENDED 31ST MARCH, 1928, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1927.

Vote.	Year ended 31st March, 1928.	Year ended 31st March, 1927.	Increase.	Decrease.
	£	£	£	£
Public Works, Departmental	130,688	115,444	15,244	..
Railway-construction	908,669	1,096,368	..	187,699
Additions to Open Lines	233,153	384,439	..	151,286
Public Buildings—				
General	42,554	119,864	..	77,310
Courthouses	7,531	1,261	6,270	..
Prison Buildings and Works	22,359	22,812	..	453
Police-stations	5,561	7,411	..	1,850
Postal and Telegraph	77,194	86,052	..	8,858
Agricultural	2,863	4,164	..	1,301
Mental Hospital Buildings	51,119	68,635	..	17,516
Health and Hospital Institutions	14,361	15,840	..	1,479
Timber-supply and Sawmills, &c. ..	Cr. 6,997	8,512	..	15,509
Acquisition and Operation of Quarries ..	Cr. 9,325	6,302	..	15,627
Lighthouses	7,979	5,758	2,221	..
Harbour-works	15,891	13,262	2,629	..
Development of Tourist Resorts	36,673	31,981	4,692	..
Department of Immigration	67,157	184,918	..	117,761
Roads, &c.	669,832	575,131	94,701	..
Roads on Goldfields	2,330	2,230	100	..
Roads to give access to outlying districts	33,642	..	33,642	..
Telegraph Extension	625,540	558,041	67,499	..
Contingent Defence	39,986	34,014	5,972	..
Lands, Miscellaneous	72,898	56,267	16,631	..
Irrigation, Water-supply, and Drainage ..	49,735	56,937	..	7,202
Plant, Material, and Stores	Cr. 1,288	Cr. 24,148	22,860	..
Transfer to Main Highways Account, Construction Fund	200,000	400,000	..	200,000
Services not provided for	264	1,190	..	926
			272,461	804,777
				272,461
Totals	3,300,369	3,832,685	..	532,316

Table No. 14.

STATEMENT showing the Total WAYS and MEANS of the PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, and the Total Net EXPENDITURE to the 31st MARCH, 1928.

WAYS AND MEANS.				£	s.	d.	£	s.	d.
LOANS:—									
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, 1884	..	..	..	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	..	..	..	5,061,081	18	2			
Aid to Public Works and Land Settlement Act, 1922	..	..	..	4,403,904	7	6			
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	..	..	..	4,306,626	17	7			
Finance Act, 1924, Section 2	..	..	..	2,065,893	1	11			
Finance Act, 1925, Section 2	..	..	..	4,152,990	12	0			
Finance Act, 1926, Section 2	..	..	..	3,599,001	2	3			
Post and Telegraph Act, 1908	..	..	..	200,000	0	0			
Midland Railway Petitions Settlement Acts, 1902 and 1903	..	..	..	150,000	0	0			
Paeroa-Waihi Railway Act, 1903	..	..	..	75,000	0	0			
Waikaka Branch Railway Act, 1905	..	..	..	50,000	0	0			
Wellington and Manawatu Railway Purchase Act, 1908	..	..	..	1,000,000	0	0			
Appropriation Act, 1912	..	..	..	15,000	0	0			
Irrigation and Water-supply Act, 1913	..	..	..	100,000	0	0			
							90,109,686	18	3
RECEIPTS IN AID:—									
Amount transferred from Consolidated Fund	..	..	..	14,555,000	0	0			
Contributions of Canterbury Province for Railways	..	..	..	56,000	0	0			
Proceeds of Railway Material handed over to Cook County Council	..	..	..	4,963	7	4			
Stamp Duties to 31st December, 1876	..	..	..	264,657	16	4			
Transfer from Confiscated Lands Liabilities Account	..	..	..	19,963	1	3			
Receipts under Section 16 of the Reserves and other Lands Disposal and Public Bodies Empowering Act, 1912	..	..	..	21,890	4	5			
Special Receipts under Section 9 of the Railways Construction Act, 1878	..	..	..	60,616	3	0			
Special Receipts under the Ellesmere Lake Lands Acts, 1888 and 1893	..	..	..	64,119	16	5			
Special Receipts under the Railways Authorization and Management Act, 1891	..	..	..	2,257	1	9			
Special Receipts under the North Island Main Trunk Railway Loan Application Act, 1886	..	..	..	114,550	19	6			
Sinking Funds released	..	..	..	506,819	19	3			
							15,670,838	9	3
							£105,780,525	7	6

Table No. 14—continued.

STATEMENT showing the Total WAYS and MEANS of the PUBLIC WORKS FUND, GENERAL PURPOSES ACCOUNT, and the Total Net EXPENDITURE to the 31st MARCH, 1928—continued.

NET EXPENDITURE.									
Expenditure on—						£	s. d.	£	s. d.
Immigration .. .. .	..	..	..	..	..	3,184,566	3 0		
Public Works, Departmental .. .. .	..	..	..	..	..	2,490,564	14 4		
Railways, including Surveys of New Lines and payment to Midland Railway Bondholders.. .. .	..	..	..	..	..	51,106,402	13 2		
Roads .. .. .	..	..	..	..	..	16,966,026	14 4		
Land-purchases .. .. .	..	..	..	..	..	2,061,147	1 10		
Development of Mining .. .. .	..	..	..	..	..	881,845	0 11		
Telegraph Extension .. .. .	..	..	..	..	..	9,291,947	1 3		
Public Buildings .. .. .	..	..	..	..	..	10,136,524	2 3		
Lighthouses, Harbour Works and Defences .. .. .	..	..	..	..	..	1,249,213	12 4		
Contingent Defence .. .. .	..	..	..	..	..	1,280,916	0 11		
Rates on Native Lands .. .. .	..	..	..	..	..	68,671	16 10		
Thermal Springs .. .. .	..	..	..	..	..	14,599	13 2		
Development of Tourist Resorts .. .. .	..	..	..	..	..	460,765	17 4		
Lands Improvement .. .. .	..	..	..	..	..	426,606	19 11		
Plant, Material, and Stores .. .. .	..	..	..	..	..	348,217	7 6		
Charges and Expenses of raising Loans .. .. .	..	..	..	..	..	2,596,623	14 10		
Coal-mines .. .. .	..	..	..	..	..	10,835	8 0		
Interest and Sinking Fund .. .. .	..	..	..	..	..	218,500	0 0		
Irrigation and Water-supply .. .. .	..	..	..	..	..	781,282	4 10		
Timber Supply, Sawmills, &c. .. .. .	..	..	..	..	..	5,686	15 5		
Acquisition and operation of quarries .. .. .	..	..	..	..	..	11,143	12 6		
Motor Transport Service .. .. .	..	..	..	..	..	33,635	5 3		
Transfer to Main Highways Account, Construction Fund .. .. .	..	..	..	..	..	826,000	0 0		
Balance on 31st March, 1928,—								104,451,721	19 11
Cash in the Public Account .. .. .	..	..	..	..	..	668,314	3 2		
Imprests outstanding .. .. .	..	..	..	..	..	37,489	4 5		
Investments .. .. .	..	..	..	..	..	623,000	0 0		
								1,328,803	7 7
								£105,780,525	7 6

Table No. 15.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the PUBLIC WORKS FUND (GENERAL PURPOSES ACCOUNT), outstanding on the 31st MARCH each Year from 1924 to 1928.

	1924.	1925.	1926.	1927.	1928.
Annual Appropriations—	£	£	£	£	£
Public Works, Departmental	503	1,033	1,768	2,198	2,475
Railways	269,090	455,534	99,592	122,980	114,964
Irrigation and Water-supply	11,257	6,257	2,406	3,478	2,216
Public Buildings	18,752	19,571	19,521	20,880	15,276
Timber-supply, &c.	865	557	81	1,367	552
Acquisition and Operation of Quarries .. .. .	..	3,228	2,011	1,053	1,997
Lighthouses, Harbour-works, and Harbour-defences	91	74	591	861	1,423
Development of Tourist Resorts	776	1,137	6,697	992	4,590
Immigration .. .. .	..	..	33,179	20,238	13,216
Roads	142,565	48,734	54,859	74,969	94,445
Telegraph Extension	488,989	539,812	214,007	211,700	227,018
Lands, Miscellaneous	1,166	1,819	3,621	1,535	3,170
Plant, Material, and Stores	5,638	2,947	4,292	2,610	7,376
Totals	939,692	1,080,703	442,625	464,911	488,718

Table No. 16.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the undermentioned SEPARATE ACCOUNTS outstanding on the 31st March each Year from 1924 to 1928.

	1924.	1925.	1926.	1927.	1928.
	£	£	£	£	£
Deteriorated Lands Account .. .. .	..	..	117	839	34
Discharged Soldiers Settlement Account .. .. .	..	..	..	..	5,012
Education Loans Account	9,274	2,774	2,214	3,962	3,855
Deposits Account .. .. .	..	222	3	..	569
Electric Supply Account	37,734	75,743	87,856	141,064	330,055
Government Accident Insurance Account	289	14	956	345	316
Government Life Insurance Account	1,214	2,849	1,142	1,269	1,339
Hauraki Plains Settlement Account	2,741	2,099	1,808	4,836	4,160
Kauri-gum Industry Account	45	65	441	..	..
Land for Settlements Account	49	1,096	1,143	870	35
Land for Settlements Account (Discharged Soldiers Settlement Account)	136	456	238	74	2,162
Land for Settlements Account (Opening up Crown Lands for Settlement Account)	47	20	2,799	..	..
Main Highways Account—					
Revenue Fund	3	15,047	73,703	64,276	66,304
Construction Fund .. .. .	..	17,328	81,847	124,746	59,418
National Endowment Account .. .. .	..	1,113	1,005	..	88
Native Land Settlement Account	1,611	1,008	542	4,045	3,881
Native Trustee's Account	61	20	57	39	53
Public Service Superannuation Fund Account	389	345	23	157	171
Public Trust Office Account .. .. .	..	..	..	5,032	6,142
Railways Improvement Authorization Act 1914 Account	22,529	45,992	42,083	50,524	140,866
Rangitaiki Land Drainage Account	594	2,621	448	970	1,540
State Advances Account	4,502	2,648	2,699	4,268	64,939
State Coal-mines Account	10,631	6,302	4,930	21,130	16,926
State Fire Insurance Account	15	503	202	59	..
State Forests Account	3,240	3,152	13,455	11,342	10,487
Swamp Land Drainage Account	3,233	864	1,174	3,471	3,670
Waihou and Ohinemuri Rivers Improvement Account	1,522	2,496	2,954	6,403	6,888
War Expenses Account	182,409	..	..	..	..
Westport Harbour Account	526	464	612	4,621	647
Working Railways Account* .. .. .	..	..	309,278	329,829	358,110

* Formerly vote under Consolidated Fund.

Table No. 17.

RECEIPTS AND PAYMENTS OF ACCOUNTS, 1927-28, WITH BALANCES AT 1ST APRIL, 1927, AND 31ST MARCH, 1928.

Account.	Balance, 1st April, 1927.	Receipts (net).	Credits in Reduction.	Net Expenditure.	Balance, 31st March 1928.	
					In Cash.	In Investments
Consolidated Fund—	£	£	£	£	£	£
Ordinary revenue	3,681,466	25,399,980	4,447,981	30,227,195	1,984,431	1,317,801
Nauru and Ocean Islands	3,251	36,548	..	36,354	245	3,200
Nauru and Ocean Islands Sinking Fund ..	164	9,373	..	9,430	7	100
Accounts of Local Bodies	9,573	32,280	..	33,395	8,458	..
Deposits	354,666	862,504	..	941,074	23,077	252,919
Public Works Fund—						
General Purposes	839,387	3,890,643	815,286	4,216,513	705,803	623,000
Waihou and Ohinemuri Rivers Improve- ment	1,667	182,156	7,278	179,023	12,078	..
Electric Supply	274,190	1,582,070	28,933	1,812,493	72,700	..
Electric Supply Sinking Fund	38,663	37,053	..	..	216	75,500
Advances to other Governments	49,637	323,371	..	326,441	46,567	..
Bank of New Zealand Shares	1,683,594	351,953	..	234,766	..	1,800,781
Cheviot Estate	172,658	25,340	..	6,608	710	190,680
Conversion	31	..	..	..	31	..
Deteriorated Lands	4,722	22,878	..	12,186	15,414	..
Discharged Soldiers Settlement	699,270	1,811,048	8,684	1,883,625	289,133	346,244
Discharged Soldiers Settlement Act 1920						
Depreciation Fund	355,967	65,534	..	4,384	20,242	396,870
Education Loans	56,162	535,000	11,721	545,169	17,714	40,005
General Purposes Relief	25,963	6,395	..	2,821	4,537	25,000
Hauraki Plains Settlement	12,359	72,548	6,115	80,627	10,395	..
Howard Estate .. .. .	..	240	..	240	..	..
Hunter Soldiers' Assistance Trust	3,734	884	..	139	429	4,050
Hutt Valley Lands Settlement	27,171	103,689	..	107,027	23,833	..
Kauri-gum Industry	2,365	3,280	103	5,676	72	..
Land Assurance Fund	81,052	4,588	..	3,239	801	81,600
Land for Settlements	163,453	604,651	15,619	597,121	6,277	180,325
Land for Settlements (Discharged Soldiers Settlement)	118,274	101,402	1,147	168,933	6,890	45,000
Land for Settlements (Opening-up Crown lands for Settlement)	9,060	14,053	238	14,721	8,630	..
Loans Redemption	239	13,324,547	..	13,292,773	32,013	..
Main Highways—						
Revenue Fund	752,939	774,955	29,880	934,888	379,986	242,900
Construction Fund	70,559	550,009	60,813	608,810	72,571	..
Mining Advances	13,612	2,007	..	1,003	7,616	7,000
National Endowment	129,312	149,148	..	142,841	26,989	108,630
National Endowment Trust	25,139	8,562	..	467	944	32,290
Native Land Settlement	114,397	96,696	569	139,343	8,319	64,000
Public Debt Repayment	4,395	993,981	..	998,188	188	..
Railways Improvement Authorization Act, 1914	402,655	1,695,257	94,110	1,515,253	102,519	574,250
Rangitaiki Land Drainage	14,839	10,576	1,344	20,951	3,808	2,000
Reserve Fund	2,000,000	..	..	..	..	2,000,000
State Advances Loan	2,381	1,406,159	..	1,408,128	412	..
State Coal-mines	33,704	318,779	1,732	317,817	22,098	14,300
State Coal-mines Sinking Fund	55,105	7,233	..	..	5,313	57,025
State Forests	23,640	332,825	1,536	320,217	17,784	20,000
Swamp Land Drainage	4,388	137,596	655	123,376	19,263	..
Westport Harbour	81,807	181,375	528	206,261	1,449	56,000
Working Railways	864,514	8,233,419	1,063,614	9,519,116	247,431	395,000
Public Account Cash Balance Investment ..	..	..	..	..	-2,275,000	2,275,000
	13,262,024	64,302,585	6,597,886	70,998,632	1,932,393	11,231,470

Table No. 18.

STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE 31ST MARCH, 1927, AS COMPARED WITH THE 31ST MARCH, 1928.

Account.	1927.			1928.		
	Balance on 31st March, 1927.	Liabilities on 31st March, 1927.	Unexhausted Authority for raising Loan on 1st April, 1927.	Balance on 31st March, 1928.	Liabilities on 31st March, 1928.	Unexhausted Authority for raising Loan on 1st April, 1928.
Consolidated Fund—	£	£	£	£	£	£
Ordinary Revenue	3,681,466	335,354	..	3,302,232	387,477	..
Nauru and Ocean Islands	3,251	..	..	3,445	..	..
Nauru and Ocean Islands Sinking Fund	164	..	..	107	..	..
Public Works Fund—						
General Purposes	839,387	464,911	5,061,050	1,328,803	488,718	5,561,050
Waihou and Ohinemuri Rivers Improvement	1,667	6,403	175,000	12,078	6,388	90,000
Electric Supply	274,190	141,064	4,478,990	72,701	330,055	3,418,990
Electric Supply Sinking Fund	38,663	..	..	75,716	..	..
Advances to other Governments	49,637	..	..	46,567	..	..
Bank of New Zealand Shares	1,683,594	..	..	1,800,781	..	..
Cheviot Estate	172,658	..	..	191,390	..	..
Conversion	31	..	..	31	..	..
Deteriorated Lands	4,722	839	288,000	15,414	34	278,000
Discharged Soldiers Settlement	699,270	..	862,750	635,377	5,013	862,750
Discharged Soldiers Settlement Loans Act 1920 Depreciation Fund	355,967	..	..	417,117	..	..
Education Loans	56,162	3,962	541,160	57,714	3,855	1,166,160
General Purposes Relief	25,963	..	..	29,537	..	160,000
Hauraki Plains Settlement	12,359	4,836	200,000	10,395	4,160	..
Hunter Soldiers' Assistance Trust	3,734	..	..	4,479	..	..
Hutt Valley Lands Settlement	27,171	..	..	23,833	..	..
Kauri-gum Industry	2,365	..	..	72	..	..
Land Assurance Fund	81,052	..	..	82,401	..	..
Land for Settlements	163,453	870	500,000	186,602	35	750,000
Land for Settlements—						
Discharged Soldiers Settlement	118,274	74	1,500,000	51,890	2,162	1,500,000
Opening-up Crown Lands for Settlement	9,060	..	250,000	8,630	..	..
Loans Redemption	239	..	..	32,013	..	..
Main Highways—						
Revenue Fund	752,939	64,276	..	622,886	66,304	..
Construction Fund	70,559	124,746	2,400,000	72,571	59,418	2,350,000
Mining Advances	13,612	..	50,000	14,616	..	50,000
National Endowment	129,312	..	..	135,619	88	..
National Endowment Trust	25,139	..	..	33,234	..	..
Native Land Settlement	114,397	4,045	500,000	72,319	3,881	500,000
Public Debt Repayment	4,395	..	..	188	..	..
Railways Improvement Authorization Act, 1914	402,655	50,524	2,000,000	676,769	140,866	2,350,000
Rangitaiki Land Drainage	14,839	970	15,000	5,808	1,540	15,000
Reserve Fund	2,000,000	..	..	2,000,000	..	..
Samoa Loan Suspense .. ..	..	..	1,000	..	..	17,800
State Coal-mines	33,704	21,130	55,000	36,398	16,926	130,000
State Coal-mines Sinking Fund	55,105	..	..	62,338	..	..
State Forests	23,640	11,342	503,225	37,784	10,487	388,225
Swamp Land Drainage	4,388	3,471	150,000	19,263	3,670	150,000
Westport Harbour	81,807	4,621	..	57,449	647	..
Working Railways	864,514	329,829	..	642,431	358,110	..
State Advances	206,676	4,268	9,964,250	163,181	64,939	10,123,523
<i>Additional Unexhausted Authorities for raising Loans.</i>						
Hutt Railway and Road Improvement Acts, 1903, 1905, 1907, 1910 .. ..	..	..	3,320	..	..	3,320
Government Railways Amendment Act, 1910 .. ..	..	..	55,470	..	..	55,470
Finance Act, 1917, sec. 77 (Discharged Soldiers Employment) .. ..	..	..	1,000,000	..	..	1,000,000
Naval Defence Act, 1909 (inoperative) .. ..	..	..	299,400	..	..	299,400
Land Act, 1924 (waste lands) .. ..	..	..	1,000,000	..	..	1,000,000
Government Accident Insurance Act, 1908 .. ..	..	..	23,000	..	..	23,000
State Fire Insurance Act, 1908 .. ..	..	..	98,000	..	..	98,000
Finance Act, 1918 (No. 2), Part IV (War Expenses) .. ..	..	..	4,467,360	..	..	4,467,360
Totals	13,102,180	1,577,535	36,441,975	13,042,179	1,954,773	36,808,048

Table No. 19.

STATEMENT showing the Amount charged to "UNAUTHORIZED" in each Financial Year from 1st April, 1910, to 31st March, 1928.

FINANCIAL YEAR.	CONSOLIDATED FUND.—REVENUE ACCOUNT.						OTHER ACCOUNTS.		PUBLIC WORKS FUND.		TOTAL.	
	Services not provided for.		Excess of Votes.		Total.							
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
1910-1911 ..	10,427	9 4	27,200	14 6	37,628	3 10	1,009	9 7	12,833	7 5	51,471	0 10
1911-1912 ..	20,332	3 1	62,950	14 7	83,282	17 8	860	5 4	4,982	8 7	89,125	11 7
1912-1913 ..	2,506	15 0	115,428	2 5	117,934	17 5	63	15 0	73,404	8 3	191,403	0 8
1913-1914 ..	4,730	15 8	80,228	10 11	84,959	6 7	137	5 8	16,671	3 3	101,767	15 6
1914-1915 ..	109,512	12 4	68,004	2 1	177,516	14 5	853	3 5	8,189	3 10	186,559	1 8
1915-1916 ..	30,865	10 2	47,222	13 9	78,088	3 11	14,742	5 9	2,363	3 9	95,193	13 5
1916-1917 ..	41,600	17 4	106,454	9 0	148,055	6 4	34,852	5 5	6,636	4 1	189,543	15 10
1917-1918 ..	17,909	4 7	48,886	8 7	66,795	13 2	26,010	17 11	7,693	0 5	100,499	11 6
1918-1919 ..	13,519	17 3	66,701	19 8	80,221	16 11	..	..	..	..	80,221	16 11
1919-1920 ..	77,149	13 2	362,295	0 5	439,444	13 7	1,239	5 4	11,072	14 6	451,756	13 5
1920-1921 ..	108,498	19 2	392,596	5 9	501,095	4 11	1,750	12 6	168,745	11 6	671,591	8 11
1921-1922 ..	2,455	13 7	105,962	14 10	108,418	8 5	2,982	1 6	292,233	1 4	403,633	11 3
1922-1923 ..	65,687	7 9	76,710	6 9	142,397	14 6	754	10 10	41	4 2	143,193	9 6
1923-1924 ..	189,384	15 11	1,983	3 1	191,367	19 0	33,123	3 1	41,944	10 2	266,435	12 3
1924-1925 ..	22,526	15 9	63,690	15 3	86,217	11 0	27,890	19 0	101,970	16 2	215,579	6 2
1925-1926 ..	30,265	7 9	26,257	3 7	56,522	11 4	30,811	19 2	23,665	13 8	111,000	4 2
1926-1927 ..	27,913	18 1	45,418	12 4	73,332	10 5	1,581	10 7	2,801	18 9	77,715	19 9
1927-1928 ..	15,942	15 4	51,560	10 5	67,503	5 9	10,740	8 2	49,604	6 11	127,848	0 10

Table No. 20.

SUMMARY OF THE PUBLIC DEBT AND OF THE STATE ASSETS WHICH MAY BE SET OFF AGAINST IT, AS AT 31ST MARCH, 1928, TOGETHER WITH SUPPORTING SCHEDULE SHOWING DETAILS OF ASSETS.

Debt.		£
Ordinary debt .. .. .	.. .. .	139,329,644
War debt .. .. .	.. .. .	71,970,636
State Advances debt .. .. .	.. .. .	31,081,966
Discharged soldiers debt .. .. .	.. .. .	9,014,006
Surplus assets over debt .. .. .	.. .. .	11,146,053
		<u>£262,542,305</u>
Assets.		
Cash and investments (Reserve Funds, Bank of New Zealand shares, Public Debt Redemption Fund, &c.) .. .. .	.. .. .	35,183,617
Sinking funds accrued .. .. .	.. .. .	2,635,766
Loans and advances outstanding (Discharged Soldiers, State Advances, &c.) .. .. .	.. .. .	37,111,525
Revenue Earning and Trading Accounts (Railways, Telegraphs, &c.) .. .. .	.. .. .	77,852,274
Lands and forests (Crown lands, State forests, &c.) .. .. .	.. .. .	71,930,663
Indirectly productive expenditure—		£
Roads and public buildings, &c. .. .. .	.. .. .	34,643,894
Immigration .. .. .	.. .. .	3,184,566
		<u>37,828,460</u>
		<u>£262,542,305</u>

Details of Assets included above.

(Note : Stores or supplies in hand not included in assets.)

Cash and Investments :—

*Cash in the Public Account and in the hands of officers of the Government	£	£	£
†Less liabilities outstanding, 31st March, 1928	1,894,821		
	1,919,532		
		Cr. 24,711	
*Investment of cash balances		7,045,146	
Reserve fund (securities at cost)		1,928,162	
Post Office Savings-bank Reserve Fund		1,000,000	
Bank of New Zealand shares (nominal value)		2,109,375	
‡Public Debt Redemption Fund		23,125,645	
			35,183,617

Sinking funds accrued—

State Advances debt		2,268,418	
State Coal-mines		62,338	
Westport Harbour loans		220,050	
Samoa loan		9,137	
Nauru and Ocean Islands Sinking Fund Account		107	
Electric Supply Sinking Fund Account		75,716	
			2,635,766

Loans and advances outstanding—

Mining purposes		26,836	
Local bodies (annuity value of interest receivable)		914,315	
Samoa (loan, less sinking fund)		151,063	
Repatriation advances outstanding, 31st March, 1928		331,356	

	£	
Discharged soldiers' mortgages and property held	16,537,302	
Less amount included in Public Debt Redemption Fund	11,900,000	
		4,637,302

State Advances—Mortgages and property held, less sinking funds and investments included elsewhere		31,019,788	
General purposes relief—Advances outstanding		30,865	
			37,111,525

Revenue Earning and Trading Accounts—

Railways (capital cost, including unopened lines and value of assets taken over from provinces)		58,591,440	
Telegraphs (value of assets)		8,495,003	
Pacific cable (estimated value of Dominion's interest)		100,000	
Electric-power supply and development (capital expenditure)		7,523,929	
Westport Harbour-works (value of assets)		566,011	
Lighthouses and harbour-works (capital expenditure)		1,249,379	
Tourist and health resorts (capital expenditure)		475,881	
State coal-mines (value of assets)		246,403	
Kauri-gum (trading capital)		39,188	
Nauru and Ocean Islands (purchase price of rights)		565,040	
			77,852,274

Lands and forests—

Crown lands (estimated value, including settlement lands, Native lands, and education reserves)		30,351,114	
Land-drainage schemes (capital invested)		1,459,568	
Irrigation and water-supply (capital expenditure)		784,080	
Waihou and Ohinemuri Rivers improvement (capital expenditure)		607,989	
Lands improvements (capital expenditure)		429,181	
Samoa Crown Estates (value of Dominion's interest)		662,360	
Howard Estate		75,000	
State forests (estimated value of forests, reserves, plantations, and nurseries)		37,561,371	
			71,930,663

Indirectly productive expenditure—

Public buildings (including school buildings)		13,526,058	
Roads (including roads on Crown lands and main highways)		20,218,031	
Timber-supply, sawmills, &c. (capital invested)		5,687	
Quarries (acquisition and working)		11,143	
Development of mining (capital expenditure)		882,975	
Immigration (capital expenditure)		3,184,566	
			37,828,460

£262,542,305

* Does not include trust, deposit, or sinking funds, or certain other accounts included elsewhere.

† After deducting £28,894, credits due from other Governments, from the total liabilities.

‡ Includes £11,990,000 previously included under discharged soldiers' mortgages, and £11,225,645 of accumulated sinking funds.

Table No. 21.
PUBLIC DEBT.

STATEMENT SHOWING LOANS FALLING DUE IN THE NEXT SEVEN YEARS, ENDING WITH THE YEAR 1935,
EXCLUDING IMPERIAL DEBT REPAYMENTS.

Year ending 31st March,	London.	Australia.	New Zealand.	Total.
	£	£	£	£
1929	13,100	15,500	15,275,345	15,303,945
1930	29,471,029*	2,360	12,405,432	41,878,821
1931	13,250	123,190	21,479,586	21,616,026
1932	3,800	334,900	6,420,106	6,758,806
1933	56,890	477,550	4,675,023	5,209,463
1934	500,000	52,000	2,906,920	3,458,920
1935 .. .. .	..	1,275,000	..	1,275,000
Totals	30,058,069	2,280,500	63,162,412	95,500,981

* £5,000,000 of this amount has since been converted in 1928 to stock falling due in 1947.

Table No. 22.
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

* 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.

Table No. 23.

EDUCATION EXPENDITURE.

TOTAL EXPENDITURE ON EDUCATION OUT OF PUBLIC FUNDS, INCLUDING UNIVERSITY, PRIMARY, SECONDARY, AND HIGHER EDUCATION, TECHNICAL AND SPECIAL SCHOOLS, 1913-14 TO 1927-28.

Year.	Consolidated Fund.					Loan-money: Erection of School Buildings and Residences.		Total.	Per Head of Mean Population.
	Special Acts.	National Endowment Revenue.	Administration: Vote, Education, Salaries and other Charges.	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	71,808	17,000	121,954	..	1,420,941	1 5 3
1914-15 ..	26,128	55,139	1,207,983	70,802	17,000	122,940	..	1,499,992	1 6 2
1915-16 ..	46,874	64,858	1,329,166	84,390	17,000	97,972	..	1,640,260	1 8 6
1916-17 ..	58,408	60,180	1,406,264	90,535	17,000	70,367	..	1,702,754	1 9 8
1917-18 ..	59,362	70,345	1,511,256	90,518	17,000	63,082	..	1,811,563	1 11 5
1918-19 ..	57,716	76,177	1,602,995	92,095	43,000	115,656	..	1,987,639	1 14 1
1919-20 ..	79,747	78,988	2,031,825	99,352	43,000	195,500	..	2,528,412	2 1 10
1920-21 ..	101,972	70,313	2,460,116	100,758	43,000	244,722	214,571	3,235,452	2 11 8
1921-22 ..	96,217	71,737	2,580,562	105,448	43,000	2,469	563,411	3,462,844	2 13 10
1922-23 ..	90,393	66,610	2,514,991	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	3,259,291	2 8 11
1924-25 ..	128,844	86,746	2,752,271†	118,973*	68,000	..	462,212	3,617,046	2 13 2
1925-26 ..	111,389	87,512	2,854,719†	119,978*	70,952	..	564,946	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*	71,497	..	369,134	3,756,300	2 12 1

* Net revenue after deducting expenses and cost of collection.

† Excluding £25,000 for teachers' superannuation, included under that heading.

In addition, secondary schools and University colleges derive direct income (amounting for 1927-28 to £77,576) from reserves vested in them.

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

	£
1916-17	2,127
1917-18	2,658
1919-20	15,682
1920-21	16,162
1921-22	27,103
1922-23	8,542
1923-24	12,490
1924-25	32,829
1925-26	4,938
1926-27	10,337
1927-28	12,474

Table No. 24.

PENSIONS.

STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH, 1924 TO 1928.

	Year ended 31st March,				
	1924.	1925.	1926.	1927.	1928.
	£	£	£	£	£
War	1,306,652	1,242,182	1,179,552	1,122,741	1,146,955
Old-age	765,392	804,969	901,256	979,296	968,928
Widows'	202,364	235,959	285,654	301,080	302,766
Miners'	36,060	38,477	40,204	41,947	42,469
Maori War	30,326	26,836	23,087	19,446	16,377
Epidemic	32,507	22,938	14,420	10,935	8,757
Civil Service Act, 1908	21,025	19,115	16,767	16,724	13,206
Defence Act, 1909	3,146	3,071	2,898	2,628	2,695
Judicature Act, 1908	2,889	3,548	2,703	3,556	4,204
Police	486	586	552	406	457
Blind .. .. .	..	1,036	8,040	10,304	12,249
Family Allowance .. .. .	..	..	..	..	37,515
Sundry	4,374	4,897	5,022	5,945	6,273
Totals	2,405,221	2,403,614	2,480,155	2,515,008	2,562,851

Table No. 25.

EXTERNAL TRADE.

STATEMENT SHOWING IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, 1920 TO 1928.

Year ended 31st March,				Imports.	Exports.	Excess of Exports.	Excess of Imports.
				£	£	£	£
1920				32,162,029	50,776,650	18,614,621	..
1921				67,463,269	48,219,672	..	19,243,597
1922				35,986,060	43,794,883	7,808,823	..
1923				37,112,779	45,548,700	8,435,921	..
1924				44,401,756	51,652,606	7,250,850	..
1925				49,821,095	54,771,158	4,950,063	..
1926				53,025,856	48,697,587	..	4,328,269
1927				48,192,670	45,682,338	..	2,510,332
1928				44,419,357	54,962,031	10,542,674	..
						57,602,952 26,082,198	26,082,198
Totals				412,584,871	444,105,625	31,520,754	

Table No. 26.

INCOME-TAX.

COMPARATIVE STATEMENT SHOWING AMOUNT OF INCOME-TAX PAID IN NEW ZEALAND, AUSTRALIAN STATES, AND GREAT BRITAIN ON SELECTED INCOMES UP TO £10,000 PER ANNUM.

Income per Annum.	Taxpayer married, with Children.	New Zealand.	Including Australian Commonwealth.				Great Britain.
			New South Wales.	Victoria.	Queensland.	South Australia.	
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
£400	None ..	2 12 6	5 16 10	4 18 1	6 5 6	11 0 4	10 18 0
	Two ..	Nil	Nil	0 18 9	0 6 7	6 12 3	Nil
	Three ..	Nil	Nil	Nil	Nil	5 10 7	Nil
£600	None ..	10 18 0	19 11 2	20 18 3	22 13 9	26 1 9	32 10 0
	Two ..	7 4 5	12 5 3	13 4 5	13 14 10	19 16 8	16 10 0
	Three ..	5 18 2	9 0 0	10 17 6	9 16 8	17 0 7	11 10 0
£800	None ..	28 17 6	36 5 4	34 14 1	47 7 8	47 9 3	65 18 0
	Two ..	22 10 0	27 12 3	27 10 2	33 1 10	42 19 6	43 18 0
	Three ..	19 11 11	23 10 0	24 2 6	27 14 4	40 18 11	33 18 0
£1,000	None ..	52 10 0	56 4 9	54 15 7	87 5 7	71 16 2	99 2 0
	Two ..	43 17 6	45 19 6	49 2 0	81 12 0	66 2 7	77 2 0
	Three ..	39 16 11	41 0 11	46 9 3	78 19 3	63 9 10	67 2 0
£1,250	None ..	77 6 11	84 9 9	80 3 0	127 12 3	107 12 5	140 18 0
	Two ..	66 16 11	73 4 2	73 17 5	121 6 8	101 6 10	118 18 0
	Three ..	61 17 6	67 6 3	70 9 6	117 18 9	97 18 11	108 18 0
£1,500	None ..	106 17 6	112 16 0	104 18 8	170 14 4	145 14 4	182 10 0
	Two ..	94 10 0	101 2 10	98 13 10	164 9 6	139 9 6	160 10 0
	Three ..	88 11 11	95 8 7	95 13 9	161 9 5	136 9 5	150 10 0
£2,000	None ..	170 12 6	179 14 2	161 11 8	274 10 0	237 19 9	282 10 0
	Two ..	156 15 0	165 2 2	152 13 0	266 11 4	230 1 1	260 10 0
	Three ..	150 0 6	157 18 8	149 16 2	262 14 6	226 4 3	250 10 0
£10,000	None ..	2,205 0 0	2,786 11 0	2,152 7 8	3,405 6 0	3,272 3 6	3,013 15 0
	Two ..	2,182 10 0	2,744 11 0	2,125 7 8	3,378 6 0	3,245 3 6	2,991 15 0
	Three ..	2,171 5 0	2,723 11 0	2,111 17 8	3,364 16 0	3,231 13 6	2,981 15 0

Table No. 26

INCOME-TAX

COMPARATIVE STATEMENT SHOWING AMOUNT OF INCOME-TAX PAID IN NEW ZEALAND, AUSTRALIAN STATES AND IN BRITAIN ON SELECTED INCOMES UP TO £10,000 PER ANNUM.

New Zealand	Taxes on Income	Income Tax in the Australian Colonies				Great Britain
		South Australia	Queensland	Victoria	New South Wales	
£10,000	Three	3,251 10 0	3,251 10 0	3,111 17 8	3,111 17 8	3,111 10 0
£9,000	Three	2,951 10 0	2,951 10 0	2,811 17 8	2,811 17 8	2,811 10 0
£8,000	Three	2,651 10 0	2,651 10 0	2,511 17 8	2,511 17 8	2,511 10 0
£7,000	Three	2,351 10 0	2,351 10 0	2,211 17 8	2,211 17 8	2,211 10 0
£6,000	Three	2,051 10 0	2,051 10 0	1,911 17 8	1,911 17 8	1,911 10 0
£5,000	Three	1,751 10 0	1,751 10 0	1,611 17 8	1,611 17 8	1,611 10 0
£4,000	Three	1,451 10 0	1,451 10 0	1,311 17 8	1,311 17 8	1,311 10 0
£3,000	Three	1,151 10 0	1,151 10 0	1,011 17 8	1,011 17 8	1,011 10 0
£2,000	Three	851 10 0	851 10 0	711 17 8	711 17 8	711 10 0
£1,000	Three	551 10 0	551 10 0	411 17 8	411 17 8	411 10 0
£500	Three	251 10 0	251 10 0	111 17 8	111 17 8	111 10 0
£200	Three	101 10 0	101 10 0	61 17 8	61 17 8	61 10 0
£100	Three	51 10 0	51 10 0	31 17 8	31 17 8	31 10 0
£50	Three	25 10 0	25 10 0	15 17 8	15 17 8	15 10 0
£25	Three	12 10 0	12 10 0	7 17 8	7 17 8	7 10 0
£10	Three	5 10 0	5 10 0	3 17 8	3 17 8	3 10 0
£5	Three	2 10 0	2 10 0	1 17 8	1 17 8	1 10 0
£2	Three	1 10 0	1 10 0	0 17 8	0 17 8	0 10 0
£1	Three	0 10 0	0 10 0	0 17 8	0 17 8	0 10 0
£0	Three	0 10 0	0 10 0	0 17 8	0 17 8	0 10 0

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