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1929.
NEW ZEALAND.

FINANCIAL STATEMENT.

(In Committee of Supply, 1st August, 1929.)

BY THE RIGHT HON. SIR JOSEPH WARD, BART., P.C., K.C.M.G., LL.D.,
MINISTER OF FINANCE.

MR. SMITH,—

The honour once again devolves upon me of laying before honourable members and the people of New Zealand a statement of our national finances, and of submitting to this House proposals for meeting the requirements of the Government for carrying on the affairs of State and dealing resolutely with the urgent economic problems facing the country, in order that the Dominion may again be placed on the highroad to general prosperity.

As you are aware, the Government assumed office only in December last, and it was then too late in the financial year to make any radical changes so far as the general financial position was concerned. As soon as I was able to investigate matters, however, I was seized with the fact that the year's transactions on the basis of the arrangements made by my predecessor in office would result in a deficit, and, as you are all aware, this unfortunately proved to be the case. I may say, however, that I took immediate steps to institute a careful control of departmental expenditure in order to minimize the deficit as much as possible. A saving of approximately £90,000 in the annual votes resulted from the Government's efforts in this direction.

Control of
expenditure.

The deficit for the year was £577,252. I must emphasize that this is mainly the outcome of the Budget of my predecessor in office. The principal cause of the trouble was overestimating the revenue from taxation, in addition to which the expenditure was unexpectedly increased by £156,000 for additional interest arising out of the large conversion operations I was called upon to deal with immediately upon assuming office. Fundamentally, the lessened yield from taxation arose out of the tardy recovery of the trading position. Exports from the Dominion in 1927–28 were valued at nearly fifty-five millions, and exceeded imports by ten millions and a half. During the last financial year the position of external trade was better still, exports totalling over fifty-seven millions and exceeding imports by twelve millions. These results are, of course, reflected in the banking figures, where the position shows a recovery from £4,260,000 excess advances for the June quarter, 1927, to £7,520,000 excess deposits for the June quarter, 1928, and £9,640,000 excess deposits for the same quarter of this year. This indicates that the credit position has quite recovered from the depression obtaining in 1926 and 1927, and a healthy revival in business is the natural corollary. A study of the published banking figures, however, will show that the additional funds have gone mostly into fixed deposits, while the total of advances is lower than it has been since 1925, all of which proves that at present a large part of the available banking resources is not being used to finance trade and industry. This is causing many of our troubles. There is, for instance,

Economic conditions.

a close connection between idle capital and idle men. The march of science is bringing many changes into our everyday life, and the rapid developments in the post-war years have perhaps temporarily disturbed the economic equilibrium of the Dominion. Want of confidence in rural investments, now happily passing, together with high interest rates, has also contributed in no small measure to the present economic situation. The Government is endeavouring to give the country a strong lead in meeting these difficulties, but of course cannot carry the whole burden. Given a little enterprise on the part of the producers and the business community generally—and they have not been lacking in this respect in the past—I feel assured that all obstacles will be overcome; unemployment will disappear, and all will be well in this Dominion. It has certainly been slow in coming, but signs are not wanting now that we are on the eve of a big forward movement in business.

REVENUE.

Revenue.

Details of the year's accounts of the Ordinary Revenue Account of the Consolidated Fund will be found in the published accounts, and are summarized in the comparative tables attached to this statement. The revenue for the year amounted to £23,599,676, of which £17,836,234 was derived from taxation and the balance of £5,763,442 from interest earnings and sundry revenues and recoveries from various State activities. The revenue from taxation includes £1,243,577 on account of petrol-tax, motor license fees, &c., which are specially earmarked for highways purposes, so that the revenue from taxation for general purposes amounted to £16,592,657.

In total the revenue is not comparable with that received in 1927–28, as last year the total revenue and expenditure of the Post Office were not comprised in the Consolidated Fund, which included only interest on capital as an item of revenue. Another complication from the point of view of comparison arises from the fact that the petrol-tax operated for only part of 1927–28.

Apart from Post Office receipts and motor taxation, last year's revenue represented an increase of £496,497 over that of the previous year. Complete details will be found in Table No. 3 attached hereto. There it will be seen that most of the increase was in the interest receipts, and that the taxation items showed relatively little increase over the previous year.

Taxation receipts.

In fact, this lack of buoyancy in the revenue from taxation for general purposes was the principal cause of the deficit, in that the former Minister of Finance had anticipated an increase of approximately £426,000, whereas the results showed an increase of only £108,000. The mainstay of the revenue—Customs duties—showed an increase of £11,663 over the previous year, but fell short of the estimate by £306,748, mostly due, I find, to a marked decline in the duty collected on spirits. Beer duty, however, was well maintained, and slightly exceeded the estimate for the year.

Direct taxation.

Coming next to direct taxation, this also proved disappointing for the most part. The income-tax receipts for 1927–28 were exceeded last year by a relatively small margin of £37,148, but the results for 1928–29 were short of the estimate by £89,123. This, of course, is a reflex of the tardy recovery of the trading position, to which I have already made passing reference.

Land-tax.

As regards land-tax, this was not only a little short of the estimate, but £14,155 less than was received for the previous financial year, 1927–28. I find that there has been a steady shrinkage in land-tax over the last few years, due to the subdivision of estates and the adjustment of country valuations consequent upon the decline in some of the inflated land-values to a more economic level. Subdivision of estates is in the true interests of the Dominion, and the Government will not complain of loss of revenue from this cause.

Stamp and death duties.

Stamp and death duties were estimated to produce last year practically the same amount as was received for the previous year. The results, however, showed an increase of £71,353 over the total for 1927–28. Death duties contributed £17,457 and gift duty £27,686 towards this increase, while adhesive and impressed stamps produced £49,111 more than for the previous year. These increases, however, were partly offset by a fall of £26,711 in totalizator revenue.

Revenue other than taxation.

The revenues other than from taxation, amounting to £5,763,442, fell short of expectations by an amount of £46,808.

It may perhaps be noted that these departmental revenues amounted in the aggregate to considerably less than was received in 1927–28, but the reason for this is that the 1927–28 total included the whole of the Post and Telegraph revenue, amounting to £3,323,260, whereas last year only interest on Post Office capital, amounting to £428,000, was included in the revenue. These changes arise from the Post and Telegraph Amendment Act, 1927, since consolidated, in terms of which the Post Office accounts have been separated from the Consolidated Fund and placed on a commercial basis. As honourable members know, the Consolidated Fund is kept purely on an annual cash basis, which is not suitable for a commercial undertaking which requires continuity of finance in order to build up depreciation and renewal funds, &c.

The change in system meant that the Ordinary Revenue Account received considerably less assistance from the Post Office last year than was the case in 1927–28, but the additional receipts formerly received and used for general purposes represented the Post Office Depreciation Reserve, which of course should have been held intact until such time as the moneys were required for the renewal of telephone and telegraph lines and apparatus, all of which are comparatively short-lived assets. Capital expenditure on telephones and automatic exchanges has been very heavy in the last few years, and if the change had not been made to enable a proper Depreciation Fund to be created it would have meant that the excess receipts being wrongly used to relieve the taxpayer in the interim would have had to be made good within a comparatively short period when renewals became necessary. The only other way would have been renewal out of loan-money, and that of course would be quite unsound. Under the circumstances the setting-aside of the Post Office revenue after meeting working-expenses and interest charges was the right and proper thing to do, notwithstanding the temporary inconvenience to the Consolidated Fund.

EXPENDITURE.

The net expenditure out of the Ordinary Revenue Account for 1928–29 amounted to £24,176,928, an increase of £1,529,082 compared with the previous year after the Post and Telegraph expenditure has been deducted from the 1927–28 figure. It must be explained, however, that this increase includes £877,243 on account of the transfer to Main Highways Account and local bodies of the special taxation earmarked for highways purposes. As previously explained, the large increase under this heading is due to the fact that these items for 1927–28 represented only about three months' revenue. The net increase on other items was thus £651,839, of which £487,976 was under permanent appropriations and £163,863 under annual votes. Details will be found set out in Table No. 8 attached to this Statement. The principal items responsible for these increases are as follows :—

					£	Comparative increases.
Under permanent appropriations—						
Interest ..	..	..	..	..	278,147	
Debt-repayment ..	..	..	..	..	74,992	
Pensions ..	..	..	..	..	91,307	
Family allowances ..	..	..	..	..	17,300	
Samoan Military Police ..	..	..	..	..	27,374	
Under annual appropriations—						
Electoral Department ..	..	..	..	..	80,046	
Agriculture ..	..	..	..	..	86,316	
Education ..	..	..	..	..	92,681	

These last three items with certain other smaller increases are partly offset by decreases under other votes.

Concerning the increase in interest payments it may be explained that £156,393 of the increase is due to a change in interest dates, arising out of the recent conversion operations in London, which entailed the payment of interest for a broken period of four months. In the ordinary course this interest would not have been payable until this financial year. The balance of the increase in interest charges comes from the increase in the public debt.

Debt-repayment charges.

The increase in debt-repayment charges is consequent upon the operation of the Funded Debt Agreement with the British Government and the general debt-repayment system. Apart from the effect of the increase in the aggregate of the public debt, the increasing charges are offset by the saving in interest on the debt redeemed, and therefore impose no additional burdens on the taxpayers.

Pensions.

Concerning pensions, it will be seen that old-age and widows' pensions together increased by £59,622. Such pensions bear a fairly definite relationship to population, and increases are to be expected accordingly. War pensions might be expected to decrease, but such is not the case, the increase for the year being £31,691. The reason for this is that many of the men are only now feeling the full effect of their war injuries. Family allowances have shown a substantial increase, which is due to the fact that many who were eligible for allowances did not at once take advantage of the provisions of the Act.

Samoa Military Police.

The charge for the Samoan Military Police is an entirely new item arising out of the unrest in Samoa.

Increase in annual appropriations.

The large increase in the expenditure of the Electoral Department was the result of the general elections held last year, while the increase under the heading of "Agriculture" was principally due to a new item of £25,810 for bonus on export of pork and an increase of £34,791 in the subsidy on the railage of fertilizers for farmers.

Expenditure under vote "Education" showed an increase of £92,681. For the most part this is the result of the normal increase in the number of children attending school, added to which there was an increased cost for conveyance of children to school and for boarding out children placed in the care of the State.

Charges on taxation.

Before leaving the question of expenditure out of the Consolidated Fund I would like to review briefly the position that has now been reached and the effect on taxation. As I have pointed out, the revenue as shown in the accounts includes £5,763,442 derived from interest-earning assets and sundry departmental receipts apart from taxation, and in order to demonstrate to honourable members where the taxpayers' money goes I have had this revenue other than from taxation deducted from the relative items of expenditure as far as is possible, and I propose now to deal with the net cost figures thus obtained. Further, although over £16,000,000 out of a total expenditure of £24,000,000 is practically fixed by contract—*e.g.*, interest, or by Act of Parliament, such as pensions, for instance, all of which are paid under what are known as permanent appropriations, I propose for this purpose to ignore such distinctions and deal solely with services as such.

Taxation account.

Proceeding on these lines, we arrive at what might be described as a taxation account, as follows:—

Revenue.				Expenditure.		Percentage.
£				£		
Customs	7,954,252			War pensions and war debt charges	5,023,755	27·2
Beer duty	611,484			Other debt charges	2,226,416	12·1
Stamp and death duties	3,575,720			Social services	6,292,930	34·2
Land-tax	1,140,324			Defence—Land, sea, and air	1,043,622	5·7
Income-tax	3,310,877			Justice, law, and order	544,976	3·0
Motor-vehicles (petrol and tire tax, &c.)	1,243,577			Agriculture	464,533	2·5
Non-taxation receipts (not apportionable)	7,180			Roads and highways	1,536,517	8·3
Deficit for year	577,252			General and other administration charges	1,287,917	7·0
	£18,420,666				£18,420,666	100·0

Dealing with the expenditure, the first item, which exceeds the total receipts from both land and income tax, contains no administrative charges, but represents the dead-weight costs of the war, which costs are practically rigid in the meantime, and will only be reduced with the effluxion of time and the repayment of the war debt. There can be no question of economy under this heading.

The next item, "Other debt charges," is also fixed. The total debt charges apart from war debt amounted last year to £8,724,742, but the greater part of this is recovered from interest-earning assets, leaving £2,226,416 to be defrayed out of taxation, representing the charges on that proportion of the ordinary debt which is not directly or fully productive. Debt charges.

Then we come to "Social services," the largest item of all. It includes £3,224,968 on account of education, £1,209,571 for health, and £1,858,391 for pensions and superannuation. I do not suppose that any one advocates a reduction of expenditure on education, about 90 per cent. of the money for which goes in grants to the Boards and other local governing authorities to cover the cost of teachers' salaries and administration expenses of such local authorities. As to the health expenditure, this comprises hospital subsidies, £673,689; maintenance of our mental hospitals, £302,737; and £233,145 to cover the various activities of the Health Department. Social services.

The charge on taxation for old-age, widows', and other pensions, which cost, with administration, £1,628,737, is an item that I am sure none would wish to see curtailed. Superannuation, with the subsidy and expenses of the National Provident Fund, cost the taxpayer £229,763. As to superannuation, I shall have more to say about the position of the State funds presently. In the meantime I just wish to point out that the expenditure on these items cannot be curtailed. Pensions and superannuation.

It will be noticed that the first three items of the taxation account to which I am referring absorbed 74 per cent., practically three-quarters, of the revenue from taxation last year, and the charges are either quite rigid or such that very little, if anything, in the way of reduction is feasible.

Following on with the charges on taxation, the next items are—"Defence," absorbing 5·7 per cent., and "Justice, law, and order," 3 per cent. The Police Force and the Courts are, of course, essential, and while there are perhaps some who will say that the expenditure of over £1,000,000 a year on defence is unnecessary, the fact remains that war has not yet been completely ruled out, and there must be some preparation for the defence of our country in case the need should arise. In other words, the 5·7 per cent. of taxation spent on defence must be regarded as an insurance against external aggression. Defence.

The promotion of agriculture cost the taxpayer last year £464,533, about half of which goes in grants and direct subsidies of various kinds. Agriculture.

The cost of roads and highways has increased greatly in the last few years, and last year, including the petrol-tax specially imposed for roading purposes, absorbed 8·3 per cent. of the taxation. This is only the direct cost, and does not include the interest charges on the millions of capital expenditure out of the Public Works Fund. Altogether the item is a heavy one, but to meet the demands of modern transport the roads must be kept in good order, and there is little, if any, scope at present for curtailment. Roads and highways.

The remaining item under the heading of "General and other administration charges" covers the cost of the Legislature, the maintenance of public buildings, the expenses of the revenue Departments, and of Lands, Labour, Internal Affairs, and all the other departments of State not covered in the other items I have mentioned. There are also included numerous small grants and subsidies and other items of a miscellaneous nature. General administrative expenses.

To sum up, it will be seen that the existing charges on the taxpayer are, as I have said, largely of a rigid nature, and the scope for administrative economy is very much smaller than is popularly supposed. Every effort will be made to obtain the utmost economy in administration, but I am satisfied, after an examination of the detailed estimates for the current year, that enough cannot be saved in this way to offset the automatic increases in such items as interest, pensions, education, &c., let alone make good the deficit for last year. So far as interest is concerned, in addition to the increases arising out of loan expenditure for such purposes as schools, public buildings, and other items that are not interest-earning wholly or in part, we must expect increases from the renewal at higher rates of some of the old loans. For instance, by the time the operations are completed it is calculated that the conversion of the £29,000,000 4-per-cent. 1929 Consolidated Stock will increase interest costs by about £220,000 a year. Economy in administration.

Thus it is clear that the deficit cannot be made good by administrative economy, and, as a matter of fact, the only alternative left is either to reduce the services rendered by the State (and by services I mean not only work done by the Departments, but financial assistance given, which is the larger item), or to obtain more revenue. That is the position in a nutshell.

Increase of State
services.

The services rendered by the State have been greatly increased over the last decade, and, generally speaking, it would appear that we have reached a stage when it is advisable, as far as possible, to stabilize the position for a year or two, to enable the increasing population and wealth of the Dominion to lighten the relative burden on the taxpayer.

Effect of trade
position.

Another important point that should not be overlooked is that the whole trade position of the Dominion is largely governed by the world prices for our staple exports, over which prices we have no control. For this reason our public finances should not be cut too fine when times are good. To reduce taxation in a prosperous period is easy, but the benefit so derived does not in any way compensate for having to increase it again when times are bad. Further, it is highly desirable that a certain amount of the money for public works should be provided from revenue, and the surpluses from the exceptional revenue of good years should be utilized for this purpose.

Taxation.

All will agree on the desirability of keeping rates of taxation as low as possible, but I am not at all sure that the reductions granted in recent years were not greater than were warranted in view of the progressive increases in expenditure on account of extended services. Anyway, the revenue from taxation last year proved insufficient to provide for the existing services, and the year closed with a deficit of £577,000. That is the position which the Government is called upon to deal with. Having once received all the existing services from the State, the people generally do not want to lose them, so, as it is essential that the national accounts for the current year should be balanced, it appears that the Government has no option now but to adjust the taxation to obtain more revenue. The increased rates of taxation will, I hope, only be temporary, as I am sure that when the Government has had time to deal with the seat of the trouble the resulting increase in prosperity will be permanently reflected in increased receipts and reductions in the rates of taxation on a stable basis will be possible. In the meantime immediate action is necessary to rectify the position. I will deal with the Government's proposals in this connection shortly.

SUMMARY OF YEAR'S OPERATIONS.

The transactions for the year resulted in a deficit, viz. :—

Summary of year's
operations.

<i>Revenue.</i>					£	£
Taxation .. .. .	..	..	..	..	17,836,234	
Other receipts .. ..	..	..	..	..	5,763,442	
Revenue for year .. ..	..	..	..	..		23,599,676
<i>Expenditure.</i>						
					£	£
Permanent appropriations .. ..	..	..	..	..	19,083,085	
Less credits in reduction .. ..	..	..	..	..	2,838,488	
						16,244,597
Annual appropriations .. ..	..	..	..	..	9,115,347	
Less credits in aid .. ..	..	..	..	..	1,183,016	
						7,932,331
Net expenditure chargeable to year's revenue ..						24,176,928
Deficit .. .. .	..	..	..	..		£577,252

In addition to this deficit there were certain other items charged against the balance of the accumulated surpluses of past years and the following shows the result in the funds of the Ordinary Revenue Account at the end of the year :—

Result in funds of Ordinary Revenue Account.

	£	
Balance forward 1st April, 1928	3,302,232	
Less—	£	
Deficit for year 1928-29	577,252	
Final instalment of purchase price of C long-term mortgage shares in Bank of New Zealand ..	58,594	
Amortization of debt	50	
Subsidies to local authorities in respect of unemployment	68,567	
Advances to Native Trustee (net)	33,000	
Advances to Rural Intermediate Credit Board ..	110,100	
Sundry charges and expenses of raising loans ..	1,128	
	<u>848,691</u>	
Balance, 31st March, 1929	<u>£2,453,541</u>	

This balance was made up as follows :—

	£	
Cash	2,315,381	
Imprests outstanding	135,880	
Investments	2,280	
	<u>£2,453,541</u>	

The payment to the Bank of New Zealand is the final 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.

Bank of New Zealand shares.

Concerning the subsidies to local authorities for relief of unemployment, I have to say that in addition to the amount of £68,567 paid over there were also subsidies to the amount of £36,794 to which the State is committed but which had not been claimed by the local authorities up to 31st March last. These unclaimed subsidies will come to charge this year.

Subsidies to local authorities.

The advances to the Native Trustee referred to represent the balance outstanding on 31st March for certain temporary advances to the Native Trustee under section 17 of the Native Trustee Act, 1920, whereby the Minister of Finance can be called upon to provide money when the Native Trustee's Account is unable to meet lawful claims thereon. These advances, however, have now been repaid with interest.

Advances to Native Trustee.

The advance to the Rural Intermediate Credit Board is a portion of the initial capital which in terms of section 16 of the Rural Intermediate Credit Act, 1927, is to be provided out of the Ordinary Revenue Account up to a total of £400,000 to be free of interest for ten years from the date of the first advance, which was made on 30th June, 1928.

Rural Intermediate Credit Board.

TREASURY BILLS.

Treasury bills in anticipation of revenue amounting to £200,000 were sold in London on the 19th December, 1928, at a discount rate of $4\frac{1}{2}$ per cent., and were duly redeemed out of revenue on the 31st January, 1929.

Treasury bills.

Redemption Treasury bills totalling £1,050,000 issued during 1927-28 and outstanding on the 1st April, 1928, were redeemed during May, 1928, out of the proceeds of an issue of debentures in New Zealand. Thus no Treasury bills were outstanding on the 31st March, 1929.

PUBLIC WORKS.

Public-works
expenditure.

I would next like to bring under the notice of honourable members the salient features of the present programme of public works in which was sunk the major portion of the loan capital borrowed during the year. As in the case of the Consolidated Fund, the programme of public works for the year was well advanced when the Government assumed office, and for the most part the arrangements made by our predecessors had to be left to run their course. The Government, however, lost no time in investigating the position, and as a result of these inquiries it was deemed advisable immediately to stop the work on the new Taupo Railway and the Palmerston North Deviation. After very careful consideration of all the relevant factors the Government came to the decision that the large capital outlay involved in these works was not justified at present. As regards Taupo, this was not a trunk line, and it was quite clear that the transport needs of the district concerned, which are relatively small and likely to be so for many years, were certainly not of a magnitude to justify the building of a railway.

Taupo Railway.

Palmerston North
Deviation.

Concerning the Palmerston North Deviation, it was found that transport conditions had altered considerably since the work was placed on the schedule of improvement works, and that the expected increased volume of traffic, which would have justified the deviation, had not materialized. Further, the estimate of the cost had been greatly increased since the work was originally authorized, and not only would the deviation produce no extra revenue to meet the additional interest burden but it would actually increase the working costs of the railways. The work was clearly not justified at present, and should not have been started. It may be added that much of the expenditure, roughly £200,000, already incurred was on account of land-purchases and permanent earthworks, which can be used should it be found necessary to proceed with the work at a later date.

Control of loan
expenditure.

Another matter which I attended to as soon as possible was the institution of a better control over the expenditure of loan-moneys on public works. The practice has been for the detailed estimates of the expenditure on the various works to be prepared each year in accordance with the requirements of the Engineers without the various proposals being subject to any expert review from the financial aspect. Another difficulty is that often a comparatively small amount is placed on the estimates one year to start a large undertaking without any definite consideration as to the effect on the finances in succeeding years when expenditure becomes heavier. Thus to attain effective financial control the Loan Budget must be considered over several years, and not merely from year to year, as has been largely the case in the past. To remedy these undoubted weaknesses in the system I have arranged for the public-works estimates for this year, and in the future, to be sent to the Treasury for investigation before being finalized for submission to this House.

Again, in the case of large works the construction of which is spread over several years, the annual estimates presented to this House have not shown what the completed work is to cost, how much has been expended to date, or how the actual cost compares with the Engineer's estimates on which the work was authorized. To give honourable members all this additional information I have arranged for the form of the public-works estimates to be amended, and the estimates for this year will appear in the new form.

Expenditure on
capital works.

The net expenditure on capital works for 1928–29 was £7,659,580, comprising the following main classes of outlay:—

	£
Railway construction, additions, and improvements	3,179,391
Main highways and roads	1,822,922
Hydro-electric supply	965,560
Telegraphs and telephones	624,414
Public buildings, including schools	602,392
Irrigation, land and river improvements	282,806
Other public works	182,095
	<hr/>
	£7,659,580
	<hr/>

It will be observed that nearly half the expenditure was incurred on account of railways. On railway-construction, including a proportion of the overhead costs of the Public Works Department, the expenditure was £1,066,454. The policy of the Government in regard to railway-construction, in accordance with the mandate received from the people at the election, is to accelerate the construction work and complete the trunk lines as quickly as possible. This is desirable from all points of view. In the first place, some £4,440,000 has already been sunk in unopened lines, and it is only good business to get lines completed and earning revenue. In the meantime the capital sunk is a dead asset. Then, an acceleration of the construction work means additional employment, and that is very necessary at present. Thirdly, the completion of the lines is going to assist materially in increasing the production and trade of the country, and generally in promoting the prosperity of the Dominion.

**Railway-
construction.**

Of the lines in question, starting from the north, there is the completion of Okaihau-Rangiahua Section, which is an extension of the North Auckland Trunk line to the Hokianga River. Over £420,000 has already been sunk in this section, and the estimated cost of completing it is about £200,000. In the same district there is also the linking-up of the Dargaville isolated section. Considerable work has already been done on this connecting-link, but it will cost some £265,000 to complete it.

**North Auckland
Trunk line.**

Next there is the completion of the gaps in the line from Napier to Gisborne. Over £2,000,000 is already invested in the unopened sections of this line, and it is accordingly very desirable that the construction work should be pushed on as fast as possible. There was considerable diversity of opinion as to the location of the line from Wairoa to Gisborne, and after fully investigating the position the Government decided upon the coastal route, and the matter is now definitely settled. To complete the line from Napier to Gisborne will, it is estimated, cost about £1,800,000.

**Napier to Gisborne
line.**

A large part of the line to link up Taranaki with the Main Trunk has already been constructed, work having been carried on from both ends. The intervening gap lies through some difficult country, but the whole line should be finished in three or four years. The estimated cost to complete the work is £700,000.

**Taranaki Main
Trunk line.**

Coming now to the South Island, there is the completion of the South Island Main Trunk line by bridging the gap between Wharanui and Parnassus. The Government is satisfied that the construction of this piece of line, estimated to cost about £2,350,000, is necessary to complete the South Island system. About £43,000 has already been expended on preliminary work, and as soon as the surveys now being made can be completed the construction work will be pushed on vigorously. There has been much discussion as to whether this section of line will pay, but the discussion has all been on the basis of treating the new piece of line as an isolated section, instead of a necessary part of the trunk railway system. One could doubtless find many sections of the existing main lines which, considered as isolated sections, could be shown to be hopeless propositions as revenue-producers; yet no one would suggest that they should not have been built. From the paying-point of view the trunk lines must be regarded as a complete system, and not a series of independent units. I propose later in this Statement to place before honourable members the whole financial position of the railways, and the Government's policy in regard thereto.

**South Island Main
Trunk line.**

Returning in the meantime to railway-construction, the remaining sections in the programme are those necessary to complete the lines from Nelson to Inangahua and Westport to Inangahua. Approximately £350,000 has been spent on the uncompleted sections to the end of the last financial year, and the estimated cost of completing them is about £2,170,000. This estimate has probably been upset by the recent earthquake, the full effects of which are not yet known, and the proposed route of these lines will have to be re-examined by the Engineers.

**Nelson to Inangahua
and Westport to
Inangahua.**

With a view to speeding up the construction work all round, the vote for railways-construction for this year will show an increase of more than 60 per cent. over the amount spent last year.

**Rolling-stock,
dwellings, &c.**

In addition to railway-construction, there was also expended out of the Public Works Fund last year an amount of £213,405 for additions to open lines. This expenditure was for rolling-stock, dwellings, purchase of motor-buses, additions to station buildings, and other facilities.

**Railway-
improvements.**

Then, out of the special account under the Railways Improvement Authorization Act, 1914, a total of £1,899,532 was spent on various capital works. Nearly half the amount, or approximately £900,000, was sunk in the new workshops at Otahuhu and Petone, and additions and alterations to the existing workshops at Addington and Hillside. These workshops, when completed, will have cost about £2,450,000, against which there will, however, be credits amounting to approximately £130,000 for land released for other purposes. Other heavy items were the new station and improved approach line at Auckland, the Tawa Flat Deviation at Wellington, and the electrification of the Lyttelton Tunnel.

Highways and roads.

The next largest item in the schedule of public-works expenditure is main highways and roads, which absorbed £1,822,922 of loan-moneys. This, with the amount of £1,530,000 provided out of taxation, to which I referred earlier in this Statement, makes a total of approximately £3,350,000 provided out of public funds for roads last financial year. Of the expenditure out of loan-moneys, £936,496 was expended out of the Main Highways Construction Fund, mainly for the purposes of improving road communication between important centres and to tourist resorts. Considerable sums were also expended in laying down high-class pavements on roads in the vicinity of the main centres, which roads carry heavy traffic. A new road has been made between Te Kuiti and Taumarunui to enable traffic to proceed right through the interior of the North Island from Auckland to Wellington. Other cases of outstanding activity are on the highways between Auckland and Maungaturoto and out of Wanganui. Including overhead costs, the roading expenditure out of the Public Works Fund amounted to £886,426. For the most part, the money was spent on developmental roads in the more remote districts. For this year the vote will be increased to about £950,000, of which £75,000 will be specially reserved for roads to outlying districts, where people are still labouring under hardship through lack of access.

**Hydro-electric
supply.**

Concerning hydro-electric supply, the year's expenditure on capital works was considerably lower than in the previous period, but nevertheless substantial progress resulted. The Waikaremoana scheme was sufficiently forward in January to enable one unit to be used for the relief of the overloaded plant at Mangahao, and as from the 1st April, 1929, Waikaremoana has been regarded as permanently in operation. Since the end of the year, following a vigorous programme at the Arapuni powerhouse, that station has also been brought into partial operation. The Waitaki River scheme has been commenced, and its construction will now be the most important work of this class, with the object of having electricity available from there in 1931.

The Government is gradually connecting all the main generating stations in each Island with high-tension lines to ensure more economical and reliable operation of the whole system, and it is intended to proceed with this work.

The plant capacity of schemes in operation at the 1st April this year amounted to 96,740 horse-power, and works are at present in hand which, when completed, will bring the capacity up to 232,500 horse-power.

The total capital invested in hydro-electric works to date is £8,467,151, of which £6,095,403 is charged to schemes in operation.

It is proposed to provide approximately £1,000,000 for expenditure on all construction schemes this year.

**Telegraphs and
telephones.**

The expenditure on account of telegraphs and telephones was mostly on account of automatic equipment and extension of the telephone system to meet the demands of the public for these facilities. The most important developmental works undertaken during the year were the introduction of the carrier-current system for the purpose of extending and improving long-distance telephone communications and the extension of the system of direct dialling between exchanges for the purpose of speeding-up long-distance calls.

**Public buildings—
schools.**

As to public buildings, last year's expenditure of £602,392 included £227,041 for departmental buildings, post-offices, mental hospitals, &c., and £375,351 for schools. The erection of schools in newly settled districts and in areas where the

population is increasing rapidly has been given first consideration, and these activities absorbed a large proportion of the funds available last year. Nevertheless, a good deal was accomplished in the way of remodelling schools with a view to providing separate class-rooms for each teacher, and incorporating in the buildings more effective lighting, ventilation, and heating. In addition, a few buildings of different open-air types have been erected with a view to discovering whether such buildings are suitable to the climatic conditions of the different parts of the country. Large sums have been required in recent years to provide additional accommodation in our secondary and technical schools, and the past year was no exception to the rule. It is the intention of the Government to proceed with the improvement of school-buildings as fast as financial considerations will permit. It is highly desirable that the children attending school should be housed in well-ventilated, well-lighted, and comfortable schools.

The expenditure on irrigation and rivers improvement comprises £58,697 for irrigation in Otago, mostly on the Hawkdun and Arrow schemes, £91,304 for grants and subsidies to Drainage Boards and various river-protection works, and £132,805 for large drainage schemes being carried out by the State. **Irrigation and rivers improvement.**

The final item for other public works includes £50,266 for immigration, and the balance of the votes of the Public Works Fund not included in the special items to which I have just referred. Immigration with State assistance was restricted during the year to separated families, single women, domestic servants, and juveniles. The Government proposes to continue the restrictions on immigration until such time as our own unemployment difficulties have been overcome. **Immigration.**

The Government is being urged to undertake the construction of a bridge across the Auckland Harbour as a national work. Apart from the debatable question of it being a national work the undertaking is a very large one and calls for serious consideration. The Government, however, will provide £1,000 towards the work of exploration and, if required, the advice of the technical officers of the State will also be available in this connection. **Auckland Harbour Bridge.**

LONDON LOAN, 1929.

In order to provide additional capital for public works, and particularly the acceleration of railway-construction in accordance with the Government's policy, a further loan of £7,000,000 was successfully floated in London on the 8th January last. The issue price of the loan was £95 per cent. with interest at $4\frac{1}{2}$ per cent. The loan matures on the 1st March, 1958, but the right is reserved to redeem it at par at any time after the 1st March, 1948, on giving three months' notice to holders of the stock. Over the full period the yield to investors with redemption of the discount is £4 16s. 5d. per cent., as compared with £4 19s. 8d. per cent. for the shorter-dated loan issued last year. The cost of the new loan to the State, allowing for the redemption of the discount and expenses over the full period, is £5 0s. 1d., which is cheaper than the cost of any other loan raised by the Dominion for some years. The issue was very favourably commented upon in the London financial papers, and in the light of subsequent events in the money-market the Dominion is undoubtedly fortunate in having obtained a loan on these terms, which are better, and in most cases considerably better, than those obtained by other borrowing States. The result is further proof of the confidence that London investors have in the financial strength of New Zealand, and shows that this great financial centre has not been misled by the mistaken propaganda concerning the Government's borrowing-policy. **London Loan, 1929.**

Normally a New Zealand issue for the then current year does not appear on the London market until about May, but, in view of the information forwarded by our financial advisers in London as to the general financial outlook for this year, I deemed it advisable to make a departure from the usual practice and go on the market for our

requirements early in January. Subsequent events have amply justified this decision, and there is no doubt that with the rise of the bank rate, and the general situation that developed in the money-market, a higher price would have had to be paid if we had delayed going on the market until the usual time. As it is, although the capital was not required until this financial year, this fact does not involve the taxpayer in any loss. On the contrary, I have been able to invest the loan proceeds in the short-loan market at an average rate of approximately £5 3s. 9d. per cent. with the most satisfactory result that a profit has been made on these moneys for the period during which they have been held.

In accordance with the authorities under which it was raised, the £7,000,000 loan has been allocated as follows :—

Public Works Fund, for railway-construction, roads,	£
telephone extension, &c.	4,500,000
Hydro-electric-power works	1,000,000
Railways improvement	1,500,000
	<hr/>
	£7,000,000
	<hr/>

In conjunction with this issue a further conversion offer was made to holders of 4-per-cent. 1929 New Zealand Consolidated Stock, but I will refer to this transaction presently when dealing with the debt operations.

PUBLIC DEBT.

Public debt.

The public debt as at the 31st March, 1929, amounted to £264,191,983, a net increase of £12,795,731, during the financial year.

New loans raised.

Honourable members should understand, however, that this increase included £5,379,105 on account of the £7,000,000 loan to which I have just referred. I must explain that the whole £7,000,000 was not added to the debt as at the 31st March because the last instalment of the loan, was, in terms of the prospectus, not received until the 2nd April. The proceeds of this loan were not drawn upon at all for last year's requirements, so that the loan belongs entirely to this year's finance. The debt increase for this year will, of course, be less by the amount already added to the debt on account of the loan by the 31st March last.

Additions for year.

Apart from the £7,000,000 loan, the aggregate of additions to the debt for the year was £10,650,750, made up as follows :—

Increase from conversion and redemption operations	
in connection with the 4-per-cent. 1929 Con-	
solidated Stock	£ 739,347
Raised for redemption but unused on 31st March last	3,946
New loans for public works, State advances, and	
other developmental activities	9,497,910
Charges and expenses of £5,000,000 loan of 1928 ..	409,547
	<hr/>
	£10,650,750
	<hr/>

The first two items were wholly raised in London, and of the new loans and expenses £5,409,547 was raised in London, while the balance of £4,497,910 came from the proceeds of local issues.

Of the new capital raised during the year £3,067,910 was for State advances, £200,000 for State forests, and the balance of £6,230,000 for public works, the expenditure on which I have already reviewed. Concerning the 4-per-cent. Consolidated Stock, honourable members will remember that there was £29,490,852 of it falling due in London on the 1st November next. Although it was obvious that renewal of this stock would have to be at a higher rate of interest, it was equally obvious that there would have been considerable risk in leaving the whole amount to be dealt with at maturity. Accordingly £5,000,000 of it was converted into 4½-per-cent. 1947 stock in May, 1928, at the rate of £104½ of the new stock

Conversion operations.

for £100 of the old stock. This still left over £24,000,000 of the 1929 stock outstanding, so after assuming office I deemed it advisable to make a further offer to holders in January last to convert up to £12,000,000 of the stock into $4\frac{1}{2}$ -per-cent. 1948–58 stock similar to that issued for the £7,000,000 loan, with which the conversion offer was concurrent. The offer was £104 $\frac{1}{4}$ of the 1948–58 stock for £100 of the 1929 stock, and on these terms, which returned investors £4 15s. 3d. per cent. over the full period of the new stock £11,729,496 of the 1929 stock was converted. The cost to the State of the new stock, allowing for redemption of the conversion premium and other expenses over the period of the loan, is £4 16s. 11d. per cent. This important transaction was successfully carried out, and the terms, in the light of the ruling rates of interest, were very satisfactory.

In addition to the large conversions, £1,104,500 of the 1929 stock was disposed of by subsidiary operations during last financial year. These operations include repayment of £502,500 of the stock out of Public Debt Repayment Account, conversion of an odd amount of £30,000, and redemption of £572,000 out of the proceeds of further sales of 1947 stock.

To sum up the position: £17,833,996 of the 1929 Consolidated Stock has now been cancelled, and further parcels amounting to £382,500 were held by the Treasury, as an investment, awaiting cancellation, so that the total amount held by the public on the 31st March last was £11,274,356. This is a more manageable amount, but I am hopeful of reducing it still further before the maturity date on the 1st November next.

In fact, as local money is relatively plentiful at present, I am raising some of the funds in New Zealand for redemption of this stock, and, including the cancellation of the £382,500 of stock held by the Treasury on 31st March last, have already disposed of some £860,000 of it in this manner. The effect is to transfer so much of the debt to New Zealand, which will be a sound proposition economically.

Including the £502,500 of 1929 stock just referred to, repayments of debt during the year amounted to £3,234,124. This debt was domiciled as follows:—

	£
New Zealand	2,130,293
Australia	500
London	1,103,331
	<hr/>
	£3,234,124
	<hr/>

These reductions in debt were effected as follows:—

	£
Under Repayment of Public Debt Act, 1925 ..	1,046,000
Under Funded Debt Agreement with British Government	386,224
Out of reparations and war credits	368,550
From Discharged Soldiers Settlement Account ..	680,250
From sundry other accounts	733,350
Raised for redemption, 1927–28, and applied this year	19,750
	<hr/>
	£3,234,124
	<hr/>

In addition to all these operations affecting the total of the debt there was also effected during last financial year a considerable volume of renewals, mostly of securities held by Government Departments, together with numerous other transactions appertaining to the management of the debt. Details of all these transactions may be found set out in the published accounts, but as they have no bearing on the general position of the debt I do not think that it is necessary to enumerate them in this Statement.

SUMMARY OF DEBT OPERATIONS FOR YEAR.

Summary of debt operations.

The changes in the position of the debt during 1928-29 may be summarized as follows :—

Debt as at 1st April, 1928	..	..	..	..	£ 251,396,252
Add—					
New loans raised for 1928-29—				£	
Ordinary	..	..	..	6,839,547	
State Advances	..	..	..	3,067,910	
					9,907,457
Part £7,000,000 loan carried forward for 1929-30	..				5,379,105
Increases arising out of conversions and redemptions of 1929 stock	..	..	..		739,347
Raised for redemption but not applied at 31st March, 1929..					3,946
Less redemptions—				£	267,426,107
Ordinary	..	..	..	803,537	
War	..	..	..	1,089,367	
Discharged soldiers	..	..	..	726,350	
State Advances	..	..	..	614,870	
					3,234,124
Debt as at 31st March, 1929	..			..	£264,191,983

Classification of the Debt.					£
Ordinary	..	..	..	..	151,488,052
War	..	..	..	..	70,881,269
Discharged soldiers	..	..	..	..	8,287,656
State advances	..	..	..	..	33,535,006
					£264,191,983

Relative burden of the debt.

£264,000,000 of public debt at first sight would appear to be a staggering burden to be carried by our relatively small population, and undoubtedly it would be a very heavy burden for the Dominion if the debt were wholly deadweight like the debts of most of the countries of the Old World. Our war debt, of course, is wholly unproductive, but it now amounts to little more than one-quarter of the total. The greater part of the remainder, raised for public works, land-settlement, and State advances, is self-supporting. The proof of this lies in the expenditure figures. For instance, during the last financial year the actual payments for interest and statutory repayment charges on the debt amounted to £12,779,721, but, as I demonstrated when dealing with the expenditure earlier in this Statement, only £6,024,395 of the burden fell on the taxpayer, and of this amount the greater portion—to wit, £3,797,979—was on account of war debt. The balance of the interest-payments was provided for out of the earnings of our interest-earning assets. State Advances, for instance, provide the whole of the interest on their portion of the debt. Further, in addition to the actual recoveries in cash, it must not be overlooked that the expenditure of the capital which gave rise to the debt has contributed in no small measure to the development of the Dominion, and though it cannot be accurately assessed in pounds shillings and pence it cannot be gainsaid that the railways, roads, bridges, and other public works have been productive to a greater degree even than is indicated by the expenditure figures I have just quoted.

Government's borrowing-policy.

The Government is certainly not going to embark on any programme of extravagant expenditure out of loan-money, but is going to see to it that as far as possible further debt is incurred only for the purpose of providing what is essential for the economic development of the resources of the country. So long as this principle is observed, and steps are taken to see that the State obtains full value for its money, the wealth of the community will increase at a greater rate

than the debt charges, and there will consequently be no increase in the relative burden on the taxpayers. Guided by these principles the Government will have no hesitation in borrowing the additional capital necessary for land-settlement, for State advances, and for the completion of the trunk railway-lines.

STATE ADVANCES.

This is another matter to which the Government gave immediate attention on assuming office. The previous Administration had restricted the funds available for advances, with the result that settlers and workers had to wait for months and even years for an advance. When the Government took office I found that there were several thousands of applications on hand, involving an amount exceeding £4,000,000. Obviously the first thing to do was to deal with these arrears of applications, and I immediately arranged to place additional capital at the disposal of the State Advances Board, and gave instructions that everything possible was to be done to get properties valued and generally expedite matters. As a result I am pleased to be able to inform honourable members that the accumulation of applications has now been overtaken, and, beyond the time required to attend to the valuation of properties and arrange the necessary formalities, there is now no delay in dealing with applications. Thus settlers desiring loans to assist them in their farming operations, or workers desirous of building homes for themselves, are no longer handicapped by having to wait for long indefinite periods for loans. In addition to assisting the individual applicants, the expediting of the State Advances has undoubtedly stimulated the timber trade, provided work for carpenters, plumbers, and various other tradesmen, and generally assisted materially towards overcoming our unemployment problem.

Since 10th December, when the Government assumed office, up to 29th July loans were authorized by the State Advances Board as follows:—

	£
To 2,006 settlers	2,420,790
To 2,749 workers	2,384,995
<u>4,755</u>	<u>£4,805,785</u>

Loans paid over during the same period amounted to £3,319,300.

As I indicated when dealing with the public debt, all the additional capital required for State advances was obtained locally. I had no difficulty in obtaining all the money required; and, while it may be a matter of indifference to the individual applicant where the money for his loan comes from, the fact that the Dominion out of its own savings is able to find the money to finance our settlers and workers is of considerable economic importance.

In addition to the proceeds from local sales of public debt securities, additional capital for advances to settlers has been obtained locally from the sale of long-term Rural bonds, securities which are finding increasing favour with the investing public. Since this branch of the State Advances Office was started in April, 1927, approximately £1,900,000 worth of bonds has been taken up. These bonds, bearing interest at 5 per cent., to mature in 1947, are at present being sold at £94 10s. per cent., giving a return to investors with redemption of the discount over the period of the loan of approximately 5½ per cent.

Having satisfactorily disposed of the more urgent matter of clearing up the arrears of applications, the next step is to concentrate on the question of interest rates. This, of course, is a matter that will be gradual, the governing factors being the rate at which fresh capital can be raised, and the cost of refinancing the existing loans when they fall due. It must also be borne in mind that loans borrowed in recent years have been at relatively high rates, which, of course, have to be paid until the loans in question mature. It is well known, however, by all who have any knowledge of finance that though the nominal rate of interest on our last two London loans was 4½ per cent. the discount price would not permit of lending out on that basis right away. The break in the old rate of 5 per cent. in May, 1928, indicated that according to circumstances governing world finance rates would

gradually work down to $4\frac{1}{2}$ per cent. at par, but it is impossible for any one to say when that position will be reached. I am hopeful that the lending rates for new advances can be started on the downward path before long. The Settlers Branch last year made a profit of £30,465, equal to 3s. per cent. on the capital invested, and the Workers Branch a profit of £10,887, equal to 2s. 1d. per cent. on the capital.

RAILWAYS AND ROAD TRANSPORT.

Railways and road transport.

The next matter I wish to deal with is the position of our railways, with which is involved practically the whole transport problem of the Dominion. As is also the case in many other countries, this is one of the major, if not the foremost problem with which we are faced. The development of road transport is comparatively recent, and I doubt whether the true significance of the problem is generally appreciated throughout the Dominion.

Railway revenue and expenditure.

The Railway revenue for last year amounted to £8,249,038 and working-expenses to £6,849,383, leaving a net revenue of £1,399,655. Subsidies on branch lines and isolated sections (paid and accrued) amounted to £498,937, giving a total of £1,898,592 available for interest charges amounting to £2,331,335. The result of the year's working was, therefore, a loss of £432,743 so far as the Railway Department was concerned under present arrangements. The subsidies merely represent losses already borne by the Consolidated Fund, so that the disclosed loss for the year is approximately £930,000, as against £280,000 for 1925-26, the first year of operations under the present system. The real loss is even greater than is indicated by these figures, as there are certain capital charges which the Railways have not been asked to carry.

Railway losses.

Now, that part of the loss which is at present carried by the Railways must be met out of their working capital and such reserves as they have for renewals and depreciation, &c., and as soon as these are represented only by accumulated losses, the Railways will obviously be unable to carry on without further assistance from the Consolidated Fund. This will mean that the whole of the losses will have to be borne directly by the taxpayers as the same accrue, and I am satisfied that if the present drift is allowed to go on for only a few years longer the taxpayers of this Dominion will have to find not less than £2,000,000 a year to meet Railway deficits. That is what we are faced with.

Capital cost per open mile of line.

The heavy construction costs of the lines added to the system in recent years, together with the extensive programme of improvement works authorized by the previous Governments, and better rolling-stock, have together been responsible for raising the average capital cost per open mile of line from £12,106 in 1920 to £17,210 in 1929. This has meant increased interest charges, especially in view of the high rates for money that have ruled in recent years, against which net earnings per open mile have gone down in about the same ratio as the capital cost has gone up—viz., from £551 in 1920 to £353 in 1929.

Comparison of Railway revenue.

As to the causes of this falling-off in Railways earnings, I would draw honourable members' attention to the following comparison, to obtain which the additional revenue and expenditure in connection with advertising, motor services, and other subsidiary services have been omitted from the 1928-29 figures:—

Revenue—		1919-20. £	1928-29. £
Passenger traffic	.. ..	2,594,440	2,502,887
Goods traffic	.. ..	2,956,237	4,846,125
Miscellaneous	.. ..	201,810	175,852
Total operating revenue		5,752,487	7,524,864
Working-expenses	.. ..	4,105,067	6,374,579
Net operating earnings		£1,647,420	£1,150,285

It will be seen that the seat of the trouble lies in the passenger traffic, where the revenue has declined, notwithstanding the fact that over the period, lines opened for traffic increased by 281 miles, while passenger train-mileage run increased by about 60 per cent. Had the passenger revenue increased in the same ratio as the goods revenue all would have been well. Passenger traffic.

The falling-off in the passenger traffic is undoubtedly due to the development of motor transport, which is becoming a rapidly increasing factor in the transport system of the Dominion as elsewhere. As things are at present there is no possibility of the road transport doing the whole job and superseding railways in the same way as railways displaced the coaches. It seems likely, however, that in certain classes of work, particularly short-distance suburban traffic, the road-motor will prove the most economical form of transport, but for long-distance traffic there is no doubt that when all costs are taken into consideration the railways provide the cheapest and most efficient means of transport. The present long-distance motor competition is profitable to-day because the motor is required to bear only part of the cost of surfacing and maintaining the principal roads, and escapes the interest charge on the capital cost of all roads, as well as many other charges incidental to motor traffic. The irony of the situation is that the heavy losses on the publicly owned railways are being largely brought about by good motor roads being built, also with public money, to facilitate direct competition with the railways. In other words, State capital is being provided to assist in the direct undermining of the earning-power of £57,500,000 of State capital already invested in railways. Motor transport.

The trains have to be run to carry the bulk of the traffic, and they could handle the whole of the long-distance traffic practically without any additional cost. Thus the long-distance motor competition amounts to pure economic waste, which the country can ill afford.

Good roads are nevertheless necessary, but unless the road-motor is to be made to carry the full cost of the roads so as to force traffic into the most economical channels (and even this would involve economic waste through unnecessary duplication of services) the main-highways policy must be framed as far as possible to bring about not direct competition, but co-ordination with the railways. The amount of borrowed capital available for roading purposes is not unlimited, and roads away from the railways should be the first consideration in the interests of trade and production. This aspect of the transport question appears to have been largely neglected up to the present. Main-highways policy.

In fact, it has been found in practically all countries that the only solution to the problem lies in co-ordination between the two forms of transport. In countries like Great Britain, where both rail and road transport are in the hands of private enterprise, it would appear that competition itself is forcing a solution through amalgamation and co-operation between the two services. In New Zealand, however, where only the road transport is in private hands and the railways belong to the State, it is clear that nothing will be done in this direction unless the Government takes steps to bring about co-operation. In fact, in view of the serious loss that will certainly result if the present trend of affairs is allowed to continue, I believe that the Government would be failing in its duty if it did not make a determined effort to control transport in the interests of the Dominion as a whole. How best to attain this object is a much more difficult matter to determine. Co-ordination of rail and road transport.

The Government desires to encourage motor transport as feeders to the trunk railway-lines and to and from those districts not directly served by the railways, so it would appear that the desired end must be obtained per medium of some regulating authority, which will direct the flow of transport into channels where it will produce the best results to the Dominion as a whole. The Government has already taken action in the direction of setting up a Ministry of Transport and an advisory Council. It is proposed to broaden the basis of the Council by giving the Railways adequate representation thereon, and by adding representatives of the commercial and farming interests who are also directly interested, in that unnecessary and wasteful duplication of transport facilities can only lead to higher transport costs all round. This Council, representative of all interests concerned, will be asked to fully investigate the whole complex problem and report to the Government as to the best means of eliminating wasteful competition and promoting co-ordination

between the road and rail transport facilities of the Dominion. In short, some means must be found in the paramount public interest of rationalizing transport, and it is proposed to ask the Council to collate all the information in order to enable the Government to determine the course of action that will best conserve the interests of the community.

So far as the railways themselves are concerned, the Government is convinced that the trunk lines must be the backbone of the transport system, and, as I have already stated, every effort will be made to complete the trunk lines as soon as possible. Where the transport needs of any particular district can be met by motor transport on a good motor-road no further branch lines of railway will be built.

Branch lines of
railway.

The existing branch lines, almost without exception, do not pay working-expenses, let alone interest on the capital cost of construction. At present losses on branch lines and isolated sections are covered by a subsidy from the Consolidated Fund, which last year amounted to approximately £500,000. The isolated sections will for the most part be linked up with the trunk lines when the present construction proposals are complete.

The branch lines concerned consist of six short lengths of line in the North Island, on which the working loss, apart from interest, was £32,598 for 1928-29; and, including the Otago Central line, twenty-two sections of line in the South Island; working loss for 1928-29, £115,578. The total working loss on branch lines was thus £148,176, from which was deducted £57,592 for the estimated feeder value of these lines. Interest on the capital at $4\frac{1}{8}$ per cent. amounted to £273,221, making the total net loss on branch lines £363,805. Subsidy for losses on isolated sections amounted to £132,773, making a grand total of £496,578 paid out of the Consolidated Fund last year.

Some of these so-called branch lines—the Otago Central line, for instance—must remain as an integral part of the railway system, but some of the short lengths of line merely tacked on to the main lines have clearly served their purpose from a developmental point of view, and with the development of motor transport such lines have become obsolescent. In such cases any private concern would probably tear up the railway-lines, and it is a matter for consideration as to whether the Government should not do likewise. Clearly it is necessary to have all the facts before us in each case, and this is one of the matters where the proposed Council might do good work. The matter will be referred to the Council accordingly. In any such case where private enterprise has already established adequate motor services no further action by the Government would be necessary, but in other cases it might be necessary for the Railway Department to run a motor service. Either way the Government would see to it that the residents of the districts concerned have adequate transport facilities.

Writing-down of
Railway capital.

As to the loss of capital invested in such lines, I have to point out that part of the capital for the Public Works Fund has been provided out of transfers from national revenue, and when an allocation is made it is found that approximately £8,100,000 of the total railway capital has come from surplus revenue. Thus the capital sunk in lines that are done away with can be written off without impairing the total of assets representing loan capital. In any case the Government has decided to go further than this and write down the capital of the railways. At the same time the present subsidy out of the Consolidated Fund will be abolished. The present arrangement is unbusiness-like and confusing, and the proper thing to do (assuming it can be done) if the assets are not worth their cost from the point of view of earning-power, is to write down the capital. That is what any commercial concern would do. The capital cost of track and buildings of the branch lines at present covered by the subsidy arrangement is approximately £6,250,000. Thus when the railways have been relieved from payment of interest on £8,100,000 of their capital, not only will there be no interest payable by the railways on account of branch lines, but there will be an additional saving of interest to them to be set off against the working loss on those branch lines which after investigation it is decided to retain. Writing down the capital in this way will not involve any additional loss to the Consolidated Fund, as at present the interest received on branch-line capital is handed back to the Railways through the subsidy. On the other hand, the Consolidated Fund will not be relieved of any interest charge through the cancellation of the subsidy. The proposals simply mean that the capital derived from surplus revenue will be written off, and that will be the end of it so far as interest is concerned.

To sum up, the Government's policy in regard to transport is—

Policy in regard to transport.

- (a) To complete the trunk lines as the backbone of the system :
- (b) Not to build any more short branch lines where the transport needs can be adequately catered for by motor services on a good motor-road :
- (c) To investigate the position of the present branch lines with a view to doing away with those that are found to be obsolescent :
- (d) To write down the Railway capital by the amount contributed thereto from revenue, and cancel the present subsidy from the Consolidated Fund :
- (e) To co-ordinate the railway and motor-road construction policies :
- (f) To take steps to bring about co-ordination between road and rail transport services.

The benefit of this policy lies in the checking of the present dangerous drift into economic waste, which, if allowed to go on, bids fair to increase the railway losses to be borne by the Consolidated Fund from the present figure of £500,000 to £2,000,000 a year within a few years; a charge on taxation that, to say the least of it, is most disturbing to contemplate. I am satisfied that when the policy that I have outlined is carried out the drift will be checked, and the operation of the completed trunk railway system of the Dominion will earn full interest on its capital and thus will not entail any burden at all on the taxpayers.

LAND-SETTLEMENT.

The Government is doing everything it can and spending large sums of money for unemployment relief, all of which is admittedly very necessary because we cannot stand by and see men, women, and children suffer while the breadwinner is unable to obtain work. Such measures are, of course, only temporary expedients to tide over the unfortunate citizens concerned until we can deal with the basic causes of the trouble. Apart from the humane aspects of the problem, unemployment is only the most prominent indication that our economic machinery is out of balance, for no thinking person would assert that there is not sufficient potential wealth in the Dominion to comfortably support a million and a half of people, for such a statement would be ridiculous. What, then, is the cause of the trouble? I say unhesitatingly that it is the neglect to foster land-settlement. We have secondary industries and they are expanding, but they cannot compete in the world's markets. The prosperity of the whole country is bound up in the products of the land. The widespread effect of a drop in the price of wool or butter is striking evidence of this. Accordingly, the only real cure for our present difficulties lies in the old slogan, "Back to the land." Increase the production of our primary products, and also the number of people on the land, and the market for our secondary industries is widened and stimulated, which means more work and trade for the people in the town.

Land-settlement.

Recognizing these basic facts, the Government placed land-settlement in the forefront of their election programme, and the people endorsed it. The Government accordingly will vigorously foster land-settlement in any and every way that is feasible. It is a matter that will take time, but I can assure honourable members that the Government will spare no effort to obtain the desired end.

The State holds some millions of acres of waste land, but a great deal of it, for various reasons, is not suitable for immediate settlement. Some of it is inaccessible, and roads will have to be constructed before it can be utilized; while in other areas the nature of the land is such that considerable developmental work will have to be done before a settler can go on it and make a living for himself and his family. The Minister of Lands, however, has been taking stock of the position, and the Government proposes to take steps to bring some of these waste lands into cultivation.

Waste lands.

Capital, of course, is required, and in addition to existing authorities I propose to ask the House to authorize the borrowing of up to £5,000,000 for land-settlement. In this connection legislation will be submitted to the House to enable the funds of the Lands Department to be used for the preliminary development

Development of selected areas.

of selected areas, which will be cut up and offered for selection as soon as the land, with the assistance and co-operation of the experts of the Agriculture Department, has been brought into such a state that settlers can go on to it and get an immediate return from their farming operations. This means that, as an alternative to buying developed lands for settlement, the funds will be used to develop the waste lands that are already in the possession of the State. The cost of such development work will, of course, be capitalized.

Land Development
Branch of State
Advances Office.

In addition, it is proposed to provide for special assistance to those energetic and capable men with the pioneer spirit who are willing to take up sections of waste land and do the developmental work themselves. This will be done by setting up a special Land Development Branch of the State Advances Office, the funds of which will be used for advances on special liberal conditions to selected men taking up the class of land to which I have referred. The idea is that in lieu of buying land that is fully developed and loading the settler with the capital cost, the man will be allowed to have the land at a nominal cost and be given the opportunity of making the capital improvements himself, the necessary capital being advanced to him on suitable liberal terms by the State.

I may add that using the State Advances Office for this purpose is really a return to the original purpose for which the Office was established by me in 1894—and a great success it was, too—in conjunction with the land-settlement policy inaugurated at that time. Of late years the State Advances Office has developed overmuch along the lines of a straight-out investment corporation, and the real purpose of assisting new land-settlement has been allowed to fall very much into the background.

Cutting-up of
large estates.

As well as developing and settling backward land in the ways that I have indicated, the Government also intend to proceed resolutely with the cutting-up of large estates suitable for closer settlement. Such estates will be acquired by voluntary purchase where the land can be obtained at a reasonable price. The Government, however, will not pay more than the true economic value of the land, and if sufficient suitable areas cannot be acquired at a reasonable price the Government will not hesitate in the interests of the Dominion as a whole to use compulsion. To facilitate such action where it is necessary it is proposed to amend and simplify the procedure at present governing the compulsory acquisition of lands under the Land for Settlements Act. The taxation adjustments I will deal with later will also have a bearing on this. A number of suitable properties have already been purchased, and some have actually been cut up and settled. A great number of properties are being investigated by the Land Purchase Board, but it is evident that the prices asked by many of the vendors are above the economic value from a production point of view, and the compulsory provisions may have to be resorted to if such an attitude is going to be maintained. The Government is not out to exploit anybody, and will pay a fair price, but it is not going to put settlers on to land carrying such a heavy loading of capital charges that they will have no hope of making a success of it. Settlers taking up lands that are purchased and cut up will, of course, be able to obtain all the necessary capital for development purposes from the Settlers Branch of the State Advances Office and the Rural Intermediate Credit Board without any delay.

As I said before, to get more men on to the land is a matter that takes time, but the policy I have outlined will be steadfastly pursued, and the full effects will be seen in a few years' time, when the increase in production and in the general prosperity of the whole Dominion will have caused unemployment and other present difficulties to disappear.

AGRICULTURE.

Agriculture.

The organization of the Department of Agriculture will be used to assist the men on the land, and particularly the new settlers. To this end, the instructional activities of the Department are being steadily extended by means of personal contact with farmers, local field experiments, lectures, and publicity matter.

Research work.

Research activities are being given special attention, particularly as regards various diseases of dairy cows, certain sheep troubles, and the mineral content of pastures in relation to animal nutrition and deficiency diseases. A Plant Research

Station has been established at Palmerston North in co-operation with the Research Department, with a field area on part of the Massey Agricultural College farm, and valuable research is being carried out there into plant-diseases, insect pests, and other matters of vital interest to the farming community.

The Department of Scientific and Industrial Research, in addition to its other activities for the benefit of our secondary industries, is, in collaboration with the Agriculture Department, investigating problems of wool research, losses due to temporary sterility of cows, and cold-storage problems connected with all perishable exports. Arrangements have also been made for the determination of the amounts of the various vitamins present in New Zealand butter, and for investigation of methods whereby the high vitamin content of butterfat from New Zealand cows may be preserved in the manufacture of butter and cheese. It is satisfactory to note that the production of these commodities shows satisfactory increases, which demonstrate that the increasing use of fertilizers for top-dressing and other farming operations is profitable to the farmer and the Dominion generally. To the improved carrying-capacity of top-dressed grasslands may also be partly traced the remarkable increase of 1,870,000 in the number of sheep, which was disclosed by the interim returns as at the 30th April, 1929.

**Department of
Scientific and
Industrial Research.**

EDUCATION.

If the prosperity of the Dominion depends upon the agricultural and pastoral industries—and I do not think that any one will dispute the fact—it is obvious that our system of education should be designed to provide our children with a good general education with a bias towards farming: that is to say, in the later stages of the school life the teaching of subjects appertaining to the problems and life of the man on the land should be a prominent feature of the school curriculum. At present it would appear that our education system is out of touch with our economic conditions in giving, if anything, a bias towards the professions. It is the policy of the Government to correct this, and, as already announced, it is intended to set up a Select Committee to take evidence from the farming, technical, industrial, and professional groups in order to ascertain the best method of attaining the desired end.

Education.

In many cases where the conditions have been favourable for school consolidation, and local opinion is not antagonistic to the change, small schools are being closed and conveyance of the pupils to larger schools instituted, the children thus obtaining the advantage of instruction in better-equipped schools and from more highly qualified teachers than would otherwise have been the case; and, further, it has been possible to provide for secondary instruction in some of the consolidated schools for many country children who under ordinary conditions would have had no opportunity of obtaining more than primary-school instruction. It is gratifying to find that country settlers are learning to appreciate the advantages of the consolidated schools, and the Government hopes to extend in this way to more and more country pupils some of the privileges in the past enjoyed only by the more fortunate inhabitants of the larger centres.

**Consolidation of
country schools.**

A further method of providing better education facilities for children situated in remote localities is by means of the Correspondence School, the activities of which are being extended to provide courses of secondary-school instruction. Already one hundred pupils have been enrolled in the secondary department. The primary classes of the school have also been extended to deal with over seven hundred pupils. All of these factors are of great value in raising the standard of education in country districts, and when the curriculum has been amended on the lines I have indicated these additional facilities will assist the prospective settlers to obtain the maximum production from the lands which they will take up in due course.

**Correspondence
School.**

The growing recognition of the value of providing special forms of instruction for backward children has brought fresh responsibilities, and has led during the past year to the establishment of further classes and the appointment of additional staff to deal with them.

Backward children.

Child-welfare.

Recent legislation has considerably widened the scope of the social work as carried out by the Child Welfare Branch of the Education Department, necessitating the employment of additional Welfare Officers and better provision in institutions for the classification of the inmates. Two new institutions for girls were established, at Christchurch and Timaru.

UNEMPLOYMENT RELIEF.**Unemployment relief.**

To cure unemployment some far-reaching changes in our economic conditions must be brought about, and I have already outlined the Government's proposals in this connection. In the meantime, recognizing the urgency of the need of many of our unfortunate citizens, the Government, on assuming office, gave their immediate attention to the question of unemployment relief.

Relief works.

The Act passed during the first short session of the new Parliament increased some of the votes granted in the last Appropriation Act in order that additional relief works could be put in hand without delay. At the same time authority was obtained for the payment of £100,000 additional subsidies to local authorities for relief works in the cities and towns.

Instructions were also issued to the various labour-employing Departments, such as the Public Works, Post and Telegraph, and Forestry, to provide work for as many men as possible, and I am pleased to say that these efforts have done much to relieve the position.

Rates of wages.

Although it meant considerable increase in the cost to the State, the Government had no hesitation in increasing the standard rates of pay for relief workers from 9s. and 12s. per day to 14s. per day. The lower rates fixed by the last Administration were considered to be inadequate under present-day conditions, and I feel sure that it is not the wish of the taxpayers that the troubles of these people, on whom has fallen the brunt of our economic misfortunes, should be increased by niggardly rates of pay on relief works put in hand by the State. The special relief works are mostly on roads, highways, and forestry. The expenditure last year on such works totalled £729,034, in addition to which there remained commitments as at the 31st March last amounting to £45,223. Subsidies to local authorities paid over amounted to £68,567, and at the end of the year there were also commitments amounting to £36,794. The total cost to the State of unemployment relief last year was thus £879,618, which is an indication of the Government's efforts to assist in alleviating distress through unemployment.

State expenditure.**Subsidies to local authorities for relief works.**

The local authorities, particularly in the cities, are also alive to their responsibilities in the matter, and during last year unemployment loans amounting to £102,533 were sanctioned by the Local Government Loans Board. The expenditure on wages and transport in connection with approved works put in hand by local authorities is subsidized by the State, firstly to encourage the undertaking of relief works, and secondly to reimburse the local authorities for the additional expense incurred in employing labour unaccustomed, in many cases, to manual work. The money, however, is in all cases expended on useful works, which when completed become assets of the local authority concerned. Admittedly, some local authorities find difficulty in providing useful works on which a relatively high proportion of the cost is for labour, but, even so, it is clearly inequitable that the State should be called upon to subsidize the cost of materials used on such works in cities and boroughs, as has been suggested in some quarters.

Unemployment insurance.

I may add that I have arranged for the question of unemployment insurance to be fully investigated, and I hope the outcome will enable me to present next session a matured scheme to deal with the problem.

EARTHQUAKE DISASTER.**Earthquake disaster.**

I would like next to refer to the serious earthquake that occurred on 17th June last, resulting, I regret to say, in loss of life and heavy material damage.

Immediate relief to sufferers.

As soon as the extent of the distress and damage was realized, the Government at once got into touch with the authorities at the centres affected with a view to providing transport and other facilities for refugees. Immediate steps were taken

to restore telegraphic communications, and wireless operators were despatched to Westport, with which telegraphic communication was impossible, and communication was thus maintained by radio through ships in port there. Similar action was later taken in the case of Karamea, where it was necessary to establish a transmitting station. Tents and other equipment were supplied by the Government from the Defence Department stores, and refugees were conveyed free of charge by ordinary and special trains where necessary. I also made arrangements for a steamer to proceed to Westport to take away any one desirous of leaving the affected districts, and those who were not in a position to pay were not required to find the passage-money. This service is being continued as long as circumstances warrant. A steamer service was also inaugurated between Westport and Karamea.

The public response to relieve distress in the affected areas has been very gratifying. Requests for information as to the disposal of public subscriptions from various parts of the Dominion were made to me, and it seemed evident that the general opinion was that the best results could be obtained by the concentration of effort and the centralization of the funds; and a Central Earthquake Fund has therefore been established. A central committee has been set up for the purpose of co-ordinating the activities of the relief committees in the affected areas, and applications are being invited from residents and settlers for assistance from the relief funds to restore the damage to property. It is impossible at this stage to estimate what amount will be required for this purpose, but it is probable that the relief funds will only touch the fringe of what is necessary to ensure our fellow-citizens in the stricken areas all the help possible to restore their position. In the meantime, until the extent of the assistance required is known, the efforts of the local committees are being confined to preserving the comfort and health of the residents and the care of refugees. Local committees have, in general, aimed at providing at least one fire in each house, thus partially restoring essential comforts. It is recognized that the local relief committees have performed valuable work in this respect. In administering the relief funds so generously subscribed the policy must be that persons in the poorest circumstances shall be assisted first of all. Others may be able to repay the cost of repairs by instalments, but each case will receive careful consideration when all applications are received. It is essential to the equitable distribution of the relief funds to obtain a reliable estimate of the amount of assistance required.

Relief funds.

It will be realized that the restoration of the districts in roads, bridges, railways, public buildings, &c., will be a work of great magnitude, involving heavy expense to the Government. Attention will first be given to making tracks as temporary means of access to the settlements at present cut off as a result of the calamity. The Main Highways Board is arranging to reopen main roads where possible without delay, and where this cannot be done steps are being taken to open or explore new routes to the main centres in the area affected. The restoration of public buildings will also be carried out as quickly as possible.

Restoration-work.

As a desire has been expressed by local authorities to contribute towards the relief funds, legislation will be introduced to validate such grants by local authorities, including Harbour Boards. Grants by other public institutions, such as savings-banks, &c., will be similarly provided for.

Validating legislation for donations to Relief Fund.

STATE SUPERANNUATION FUNDS.

As I have previously indicated, the question of investigating the financial position of the State Superannuation Funds—i.e., the Public Service, Railways, and Teachers' Funds—has occupied a great deal of my attention. My investigation showed that the financial position of these funds is even worse than I had thought. The cash shortage on account of current pensions alone, which should have been covered by State subsidies in the past, is over £2,000,000. This huge shortage has arisen from the neglect in the past to pay the subsidies which the Actuary has certified from time to time, in terms of the Superannuation Act, as necessary to make up the amount required to pay the pensions of the public servants who have already retired. The pensions, of course, have been paid, but partly out of the contributions of the

State Superannuation Funds.

officers at present in the Service, which contributions should be accumulating against their own pensions. Through the loss of interest thus entailed, the failure to pay the subsidies required in the past has been cumulative in effect, with the result that a large and permanent increase in the subsidies, with a corresponding additional charge on taxation, is now required to rehabilitate and maintain the funds on their present basis. The position has been further accentuated by a mistaken policy of early retirements and other concessions granted, apparently without due consideration as to their effect on the Superannuation Funds. It is certain that a change must be made in the policy of automatic early retirement now operating.

Inquiry to be made.

As a matter of fact, the position of these funds is such that it is a question whether a radical change in the whole basis will not be necessary. The whole matter is so complicated and so far-reaching in effect that, with the short time at my disposal and the general pressure of work, it will be quite impossible for me to deal with it in time for amending legislation to be brought down this session. Moreover, the matter is of such outstanding importance not only to the Public Service but to the taxpayer, that I propose to set up an inquiry as soon as possible to investigate the position thoroughly and report to the Government on the state of the funds, and generally as to what should be done to place superannuation for public servants on a satisfactory footing.

Salary-adjustments.

In addition to these matters affecting Government employees, I have also under consideration requests regarding salary-adjustments involving heavy liabilities. The superannuation question, however, is in my opinion first in importance, and until the Government can see a clearing-up of the requirements in this connection I find myself unable, in view of the financial position generally, to take any action in the direction of adjusting salaries, other than is brought about by promotion and regrading under the law.

BANKING AND CURRENCY.

**Banking and
currency.**

To meet possible war emergencies some of the most important provisions of our permanent banking legislation were suspended by regulations made under section 44 of the Finance Act, 1916, and the banks were given greater scope in the matter of note-issue, limit of debts, engagements and liabilities, &c. It was originally intended that these regulations should operate only for the war period, but in terms of section 66 of the Finance Act, 1917, they remain in force until a day to be fixed by the Governor-General in Council. No date has yet been fixed for the termination of the regulations.

Following the economic upheaval of the war, nearly every country in the world has found it necessary or desirable to amend its currency laws to meet the altered conditions. It is certain that some amendments to the permanent banking legislation will be necessary in New Zealand, as a complete return to pre-war practice is inadvisable, if not impossible. For instance, a return to an internal gold circulation would be a luxury for which there is no need and no demand. Great Britain found she could dispense with it. The only authority for the ten-shilling note is the War Regulations.

Since the outbreak of the war successive Proclamations have maintained bank-notes as legal tender in New Zealand. The period fixed by the last Proclamation expired on 10th January last, and though I am desirous of repealing all war regulations as soon as possible I considered it advisable in this case to maintain the existing position until such time as the permanent legislation governing banking can be overhauled. Accordingly a further Proclamation was issued making bank-notes legal tender until 10th January, 1932.

POST AND TELEGRAPH DEPARTMENT.

**Post and Telegraph
Department.**

The first year of the Department on the new accounting basis which I referred to earlier in this Statement proved a successful one. Receipts for the year amounted to £3,445,545, and the expenditure, including £428,000 interest paid to the Consolidated Fund, to £2,921,736. The balance of receipts over payments was thus £523,809, and after providing for depreciation and other reserves the net profit for the year was approximately £39,000.

The savings-bank business shows a considerable improvement over that of last year. The deposits totalled £27,252,381—which is £358,685 less than the total for last year. The withdrawals amounted to £28,111,940—being £2,473,056 less than for last year. The excess of withdrawals over deposits for the year was £859,559, compared with £2,973,931 for the previous year. The year's operations disclose an improvement of over £2,100,000. The interest credited to savings-bank depositors for the year was £1,745,050. Thus while there has been an excess of withdrawals, these withdrawals have been met out of interest and not out of principal. The net result is that the accumulated funds at the credit of depositors have increased by £885,491, the total amount standing at £48,644,217.

Post Office
Savings-bank.

Post Office Investment Certificates continue to be popular with people of small means desiring investment for fixed periods at slightly better rates. Sales of certificates during the year amounted to approximately £550,000.

Post Office
Investment
Certificates.

PUBLIC TRUST OFFICE.

This useful State institution reports another very successful year in 1928–29, during which the value of estates and funds under administration rose from £44,155,548 to £48,334,790, a record increase of over £4,000,000. The investments made during the year amounted to £3,190,642, consisting largely of loans to local bodies and farmers, and to town dwellers for housing purposes.

Public Trust Office.

The net profits for the year were £29,467. Taking into consideration the extensive concessions made to clients in recent years, this must be regarded as a satisfactory result. The Office already pays income-tax, and legislation will be brought down this session to provide that in future the Office will also pay land-tax.

In addition, provision will be made for half the net profits of the Public Trust Office to be paid to the Consolidated Fund. In this connection, I may explain to honourable members that the original legislation provided a State guarantee of the Office, and for the whole of the profits going to the Consolidated Fund, but amendments were made later to allow the Office to retain and use its profits for the erection of premises and the building-up of reserves. The Public Trust Office has now reached a position, however, when a partial return to the original intention is warranted.

Disposal of profits.

STATE INSURANCE OFFICES.

The operations of these institutions also proved successful last year. The Government Life Insurance Department issued new policies assuring £1,915,465, the largest amount ever written by the Department in any one year, and bringing the total insurances in force up to £22,084,471, including bonuses. The annual valuation of liability disclosed a surplus of £212,519, excluding interim profits paid during the year. A total of £200,287 has been divided in the form of reversionary bonuses totalling £324,871. This Department already pays both land and income tax.

Government
Insurance
Department.

As to the State Fire Insurance Office, the total income received, £252,093, was a record for the Office. Claims were substantially less than in the previous year, and working-expenses the lowest for the last fifteen years. The surplus of £75,600, after allowing for a rebate of 12½ per cent. to policyholders, was greater than in any previous year in the history of the Office.

State Fire Insurance
Office.

The State Fire Office has been for some years now the largest fire-insurance income-tax payer in the Dominion. In future the Office will also be called upon to pay land-tax.

The Accident Branch showed excellent increases both in premiums and interest received. Claims were higher than for the previous year, but working-expenses were lower, and the surplus of £17,592 was a record one for the Branch.

Accident insurance.

TAXATION.

As to this all-important question, honourable members will have gathered from my remarks earlier in this Statement that, in view of the deficit last year and the general position of the country's finances when the Government assumed office, there is no practicable option but to face the facts and obtain additional revenue from taxation if the Budget for this year is to be balanced—and that, of course, is essential.

Taxation.

In determining how the additional revenue required may best be obtained, I have endeavoured to make a virtue of necessity, and, while adjusting taxation on an equitable basis, place the added burden in such a way as to assist the Government's land-settlement policy which I have already outlined. At the same time I have had regard to the desirability of creating as little disturbance as possible in business and trade, in order that the economic progress of the Dominion may not be hindered.

Land-tax.

Attention was first given to the large farming incomes, which I consider have not borne their fair share of taxation in recent years. Accordingly, to adjust this inequity and assist in bringing about the cutting-up of large estates, it is proposed, in the case of farming-lands of an unimproved value in excess of £12,500, that the amount of land-tax assessed on the present graduated scale shall be increased by a supertax calculated on a graduated percentage basis rising 1 per cent. for each £50 of unimproved value above £12,500 on which such land-tax is assessed, until for an unimproved value of £15,000 the supertax will be 50 per cent. of the land-tax on the present basis. Thereafter the percentage rate of supertax will continue to increase 1 per cent. for every £300 of unimproved value on which land-tax is based, until for an unimproved value of £30,000 the supertax will be 100 per cent. Above an unimproved value of £30,000 the supertax will be at a flat rate of 100 per cent. of the land-tax as assessed under the present scale.

The following examples will show clearly the effect of these proposals :—

Unimproved Value of Land.	Present Tax.	With Proposed Supertax.	Increase.	Percentage Increase.
£	£ s. d.	£ s. d.	£ s. d.	Per Cent.
12,550	78 7 5	79 3 1	0 15 8	1
14,000	91 8 9	118 17 4	27 8 7	30
15,000	100 18 9	151 8 1	50 9 4	50
18,000	131 16 3	210 18 0	79 1 9	60
21,000	166 5 0	282 12 6	116 7 6	70
30,000	290 18 9	581 17 6	290 18 9	100

Reduction of mortgage exemption.

It is further proposed that the mortgage exemption allowed in assessing land-tax shall be reduced to £5,000, disappearing £1 for every £1 of unimproved value in excess of £5,000. The present exemption is £10,000, disappearing £2 for every £1 of unimproved value in excess of £10,000. It is a fact that at present, owing to exemptions, many farmers with an unimproved value up to £10,000 pay neither land nor income tax.

Income-tax on large farming incomes.

In addition it is intended to amend the law to make all farmers, including farming partnerships, with holdings (whether owned or leased) of an unimproved value of £12,500 and over at any time during the year ended 31st March, 1929, assessable with income-tax on their farming income, but subject to a set-off of the actual amount paid in land-tax on the land used for farming. In effect, this means the payment of land-tax or income-tax, whichever is the greater. In such cases, however, the 5 per cent. of the capital value of land otherwise deductible from assessable income derived from such land will not be allowed, as normally this is intended to cover land-tax paid. This proposal is intended to ensure that the large farming incomes will contribute to the national revenue in the same ratio as the incomes from other occupations, which is only just and equitable.

Increase in primage duty.

As I do not anticipate that these land- and income-tax proposals will produce enough additional revenue to ensure a balanced Budget for this financial year, it is proposed to move a resolution to-night increasing the primage duty on imports from 1 per cent. to 2 per cent. Primage is purely a revenue duty imposed upon practically all imports whether dutiable or not, and to obtain the additional revenue required in the manner indicated will not affect any particular industry or class of goods. The duty is so small and so universal in its application that the proposed increase will be the least felt of any possible increase in indirect taxation. Further, as soon as the Budget balance is stabilized, this additional duty can be taken off without disturbing the tariff in any way.

Income-tax exemption for children.

To remedy a cause of hardship under the present income-tax provisions relating to children's exemption, it is proposed that the present age-limit of eighteen years shall not apply in cases where the Commissioner of Taxes is satisfied that a child, owing to mental or physical incapacity of a permanent nature, is unable to earn his or her own living. Further, it is proposed to provide that the exemption on account

of children under eighteen years of age shall be apportionable over the twelve months in cases where a child is born or attains the age-limit for exemption during the income-tax year. At present, if a child is born on the 31st March, the full exemption is allowed, and if a child dies or attains the age of eighteen on 30th March the exemption for that year is lost.

The available data in connection with farming incomes is meagre, as income-tax returns have not been made by farmers since 1923. Moreover, the effect of the steeper land-tax as a set-off against income-tax cannot be readily arrived at. For these reasons it is difficult to estimate how much additional revenue will be derived from the proposals. The matter is further complicated by some uncertainty as to the extent of the increase in imports that will result from the present large favourable balance of trade. The direct cause of the deficit last year was the failure of the revenue from taxation to come up to expectations, and I want to ensure that the same thing does not happen this year. However, after careful consideration of all the circumstances, I am of opinion that the new proposals should produce the additional revenue required.

Additional revenue
from taxation
proposals.

1929 - 30.

1929 - 30.

Before having recourse to additional taxation, I can assure honourable members that the estimates of expenditure for the current year have been most carefully overhauled with a view to reducing them to a minimum consistent with the maintenance of the existing services. Increased debt-charges and other rigid items call for an increase under permanent appropriations of approximately £700,000, but under annual votes the reductions I have effected have kept the increase over last year's expenditure down to £30,000. At the same time the items of revenue, apart from taxation, were also scrutinized with a view to seeing that all legitimate recoveries and departmental receipts will be brought to account.

Estimates carefully
reviewed.

In this connection I may say that in order to place the State trading departments on a basis more comparable with outside organizations, I have decided that in future the State Fire Insurance Office and the Public Trust Office shall be called upon to pay land-tax. In addition, as the Post and Telegraph accounts have been separated from the Consolidated Fund and placed upon a commercial basis, it is proposed that this Department shall, in future, be charged with Customs duty on its imports.

Additional taxation
on State trading
departments.

In reviewing the interest recoveries from the various separate accounts I find that the Main Highways Account is paying no interest on a portion of the capital borrowed for construction purposes. This I propose to adjust.

Interest recoveries.

Then there is due to the Consolidated Fund some accumulated interest on enemy-property moneys, which can be paid in this year, and also certain unclaimed moneys in the hands of the Public Trustee. It was the practice to pay such unclaimed moneys into the Consolidated Fund, but latterly the receipts have been held up owing to a technical defect in the Public Revenues Act, which will be remedied.

Other receipts.

The net result is that I estimate the revenue for the year as follows:—

Estimate of revenue.

	£
Customs	8,400,000
Beer duty	600,000
Motor-vehicles—Duties, licenses, &c. .. .	1,442,000
Stamp and death duties	3,614,000
Land-tax	1,493,000
Income-tax	3,400,000
Interest on public moneys	820,000
Interest on capital liability—	
Railways	2,450,000
Postal and Telegraph	480,000
Interest on Public Debt Redemption Fund .. .	995,000
Other receipts	1,478,000
	<hr/>
	£25,172,000

The above total includes £1,442,000 to be received on account of "Motor-vehicles—Duties, licenses, &c.," but this is earmarked for specific purposes, and is not available to meet general expenditure.

Estimated results.

ESTIMATED RESULTS.

To sum up, I estimate the position for the financial year to be—

					£
Revenue	..	..	..	..	25,172,000
Expenditure—					£
Permanent appropriations					16,946,000
Annual appropriations ..			..		7,964,000
					<hr/> 24,910,000

leaving the amount of 262,000
to provide for supplementary estimates and contingencies.

Government's
policy.

In conclusion, I have to thank honourable members for the attentive and patient hearing they have given to my Statement, which covers most important policy questions. The measures proposed to ensure a stable finance for the annual Budget and the more far-reaching measures dealing with railways, land-settlement, and public works will, I consider, give effect to the mandate the people of the Dominion gave to this Government. To sum it all up, the cardinal points of the Government's policy are:—

- (a) To take immediate steps to obtain a balanced Budget, as this is a matter which cannot wait for the fulfilment of the more far-reaching proposals.
- (b) To provide a permanent cure for the unemployment difficulty and pave the way for decreases in the rates of taxation, by increasing the prosperity of the Dominion on a solid basis through vigorously fostering land-settlement.
- (c) To provide all the capital necessary to enable the State Advances Office to cope with the demand for loans for development of farms and the building of houses for workers.
- (d) To accelerate the completion of the trunk railway-lines, in order that these unfinished works may be brought into operation and made interest-earning and at the same time provide more work.
- (e) To deal with the present unsatisfactory financial position of the railways and institute a comprehensive system of co-ordination in transport, in order to check the present dangerous drift into economic waste, which otherwise will undoubtedly impose greatly increased burdens on the taxpayers.

It will, I think, be generally recognized that there has been little delay in formulating and initiating these reforms, in view of the short period I have had to investigate the country's affairs since taking office in December, but the same industry and application will now be applied to the vigorous administration of the policy measures I have outlined, in order that the beneficial results I confidently expect will be realized at an early date.

As regards the financial and economic position generally, I am glad to say that the outlook for our primary industries is good, and ample capital is available to finance trade and industry. Internally, our favourable overseas trade balance has not yet reflected its full value, and this phase, unfortunately, is concomitant with the unemployment difficulty, a difficulty that I venture to predict will be cured only by a vigorous administration of the fundamental reforms the Government has in hand.

SUMMARY.

Consolidated Fund—

Ordinary Revenue Account—

	£
Expenditure	24,176,928
Revenue	23,599,676

Deficit, 1928–29 £577,252

(Deficit due to overestimate of taxation receipts and unexpected expenditure on account of interest.)

Balance brought forward, 1st April, 1928 £ 3,302,232

Less deficit for 1928–29 £ 577,252

Final instalment of purchase price of C long-term mortgage shares in Bank of New Zealand 58,594

Amortization of debt 50

Subsidies to local authorities in respect of unemployment 68,567

Advances to Native Trustee (net) 33,000

Advances to Rural Intermediate Credit Board 110,100

Sundry charges and expenses of raising loans 1,128

848,691

Balance, 31st March, 1929 £2,453,541

This balance was made up as follows:—

	£
Cash	2,315,381
Imprest outstanding	135,880
Investments	2,280

£2,453,541

SUMMARY OF DEBT OPERATIONS.

Debt as at 1st April, 1928 £ 251,396,252

Add—

New loans raised for 1928–29—

	£
Ordinary	6,839,547
State Advances	3,067,910

9,907,457

Part of £7,000,000 London loan carried forward for 1929–30 .. 5,379,105

Increases arising out of conversions and redemptions of 1929 stock 739,347

Raised for redemption but not applied as at 31st March, 1929 .. 3,946

267,426,107

Less redemptions 3,234,124

Debt as at 31st March, 1929 £264,191,983

CLASSIFICATION OF DEBT.

	£
Ordinary	151,488,052
War	70,881,269
Discharged Soldiers	8,287,656
State Advances	33,535,006

£264,191,983

Apart from war debt, which is, of course, wholly unproductive, the greater part of the remainder, raised for public works, land-settlement, and State advances, is self-supporting, the interest payments being provided by the interest-earning assets.

Government's borrowing policy is to see that as far as possible further debt incurred only for purpose of providing for economic development of resources of Dominion, but no hesitation in providing capital required for State advances, land-settlement, and completion of trunk railway-lines.

COMPARISONS WITH PREVIOUS YEAR.

	£
Total revenue, comparative increase	496,497
Customs, increase	11,663
Income-tax, increase	37,148
Land-tax, decrease	14,155
Stamp and death duties, increase	71,353
Total expenditure, comparative net increase ..	1,529,082
Interest, increase	278,147
Pensions, increase	91,307
Electoral Department, increase	80,046
Agriculture, increase	86,316
Education, increase	92,681
Samoan Military Police (new item)	27,374

CAPITAL EXPENDITURE ON PUBLIC WORKS.

	£
Railway construction, additions, and improvements	3,179,391
Main highways and roads	1,822,922
Hydro-electric supply	965,560
Telegraphs and telephones	624,414
Public buildings (including schools)	602,392
Irrigation, land, and river improvements	282,806
Other public works	182,095
	<u>£7,659,580</u>

LONDON LOAN, 1929.

£7,000,000 raised in January for—

	£
Public Works Fund (railway construction, roads, telegraph and telephone extension, &c.) ..	4,500,000
Hydro-electric-power works	1,000,000
Railways improvement	1,500,000
	<u>£7,000,000</u>

Loan very favourably commented upon in London financial papers.
Loan obtained on better terms than other borrowing States.

CONVERSION OPERATIONS.

In addition to £7,000,000 loan, £11,729,496 of 4-per-cent. stock maturing in November, 1929, was converted into 4½-per-cent. stock maturing in 1948–58, on the basis of £104¼ of the new stock for every £100 of the old. £17,833,996 of 1929 4-per-cent. stock dealt with to 31st March last, leaving £11,274,356 still outstanding.

Debt deductions during year totalled £3,234,124.

STATE ADVANCES OFFICE.

Since the 10th December, 1928, when Government assumed office, to the 29th July last, loans authorized as follows :—

	£
To 2,006 settlers	2,420,790
2,749 workers	2,384,995
<u>4,755</u>	<u>£4,805,785</u>

Loans paid over during same period amounted to £3,319,300.

The position does not permit of any reduction in interest rates at present, but it is hoped that lending rates can be started on downward path before long.

RAILWAYS AND ROAD TRANSPORT.

Total expenditure on highways and roads for year was approximately £3,350,000.

If present drift not checked taxpayer will shortly have to find £2,000,000 a year for railway losses.

Summary of Government's policy :—

- (a) To complete trunk lines as backbone of system :
- (b) Not to build further short branch lines where transport needs can be adequately catered for by motor services on a good motor-road :
- (c) To investigate the position of the present branch lines with a view to doing away with those that are found to be obsolescent :
- (d) To write down the Railway capital by the amount contributed thereto from revenue, and cancel the present subsidy from the Consolidated Fund :
- (e) To co-ordinate the railway and motor-road construction policies :
- (f) To take steps to bring about co-ordination between road and rail transport services.

Taupo Railway and Palmerston North Deviation stopped as circumstances do not justify the large capital outlay involved.

LAND SETTLEMENT.

Vigorous policy essential for return to general prosperity.

Loan authority of £5,000,000 to be provided.

Certain waste lands to be brought into cultivation.

Large estates to be purchased and cut up for closer settlement.

Government will pay a fair price, but will use compulsory provisions of Act if necessary.

Land-development Branch of State Advances Office to be established to assist in development of waste lands.

AGRICULTURE.

Resources of Agriculture Department available to assist men on land, particularly new settlers.

Special research activities being undertaken in connection with various stock-diseases, mineral content of pastures, &c.

EDUCATION.

System to be amended to give bias towards farming.

Country schools being consolidated.

Correspondence School being extended to embrace secondary education.

Child-welfare work being widened.

IMMIGRATION.

Government proposes to continue the restriction on assisted immigrants to separated families, single women, domestic servants, and juveniles.

UNEMPLOYMENT.

Standard rates of pay for relief workers increased from 9s. and 12s. per day to 14s.

Additional labour employed by Public Works, Post and Telegraph, and Forestry Departments.

Total cost to State of unemployment relief during year amounted to £879,618.

EARTHQUAKE DISASTER.

Government provided transport and other facilities for refugees. Special committee administering the Central Relief Fund.

Restoration of roads, bridges, railways, public buildings, &c., is being carried out.

Legislation to be introduced validating grants to Fund by local authorities, including Harbour Boards and private savings-banks, &c.

STATE SUPERANNUATION FUNDS.

Total cash shortage, not covered by subsidies in past, amounts to over £2,000,000. Whole position to be investigated.

BANKING AND CURRENCY.

Amendments to banking legislation necessary.

Existing position to be maintained in the meantime.

POST AND TELEGRAPH DEPARTMENT.

Net profit for year approximately £39,000.

Excess of withdrawals over savings-bank deposits for year £859,559.

Sales of Post Office Investment Certificates for year approximately £550,000.

PUBLIC TRUST OFFICE.

Estates under administration increased by over £4,000,000.

Net profit for year £29,467.

STATE INSURANCE OFFICES.

Government Life Insurance Department issued reversionary bonuses totalling £324,871. Life insurances in force at end of year £22,084,471.

State Fire Insurance Office earned surplus of £75,600 after allowing for rebate of 12½ per cent. to policyholders.

Accident Branch shows surplus of £17,592.

TAXATION.

Analysis of expenditure shows that charges on taxation largely of a rigid nature, and that Budget cannot be balanced wholly by administrative economy.

Government has no practicable option but to increase taxation until causes of economic difficulties can be dealt with.

Burden to be placed in such a manner as to assist the Government's land-settlement policy, and with a view to disturbing business and trade as little as possible.

Proposals :—

Land-tax: Super-tax to be imposed on all farming-lands of an unimproved value in excess of £12,500. Also mortgage exemption to be reduced.

Income-tax: Income from farms of an unimproved value of £12,500 or over to be subject to income-tax, but amount paid in land-tax will be allowed as deduction from income-tax otherwise payable. In effect this means payment of land-tax or income-tax, whichever is the greater.

Income-tax exemption for children to be adjusted. Present age-limit of eighteen not to apply where child, on account of mental or physical permanent incapacity, unable to earn his or her own living. Also present exemption apportionable over whole income-tax year.

Primage duty on imports increased from 1 per cent. to 2 per cent.

ESTIMATES FOR 1929-30.

Estimates carefully scrutinized and reduced to a minimum consistent with maintenance of existing services.

Departmental revenue overhauled.

Consolidated Fund—

Ordinary Revenue Account—

				£
Estimated revenue	..	..	..	25,172,000
Estimated expenditure	..	..	..	24,910,000

Available for supplementary estimates and contingencies	£262,000
---	----	----	----	----------

				£
Estimated Customs revenue	..	..	..	8,400,000
Estimated stamp and death duties	..	..	..	3,614,000
Estimated land and income tax	..	..	..	4,893,000

CARDINAL POINTS OF THE GOVERNMENT'S POLICY.

(a) To take immediate steps to obtain a balanced Budget, as this is a matter which cannot wait for the fulfilment of the more far-reaching proposals.

(b) To provide a permanent cure for the unemployment difficulty and pave the way for decreases in the rates of taxation, by increasing the prosperity of the Dominion on a solid basis through vigorously fostering land-settlement.

(c) To provide all the capital necessary to enable the State Advances Office to cope with the demand for loans for development of farms and the building of houses for workers.

(d) To accelerate the completion of the trunk railway-lines, in order that these unfinished works may be brought into operation and made interest earning and at the same time provide more work.

(e) To deal with the present unsatisfactory financial position of the railways, and institute a comprehensive system of co-ordination in transport, in order to check the present dangerous drift into economic waste, which otherwise will undoubtedly impose greatly increased burdens on the taxpayers.

Estimates for 1939

Estimates for 1939 are based on the assumption that the economy will continue to expand at a rate consistent with the trend of existing conditions.

000

000

Estimates and

1939

1,223,000

1,223,000

(a) To take into account the fact that the economy is expected to expand at a rate consistent with the trend of existing conditions, which cannot be for the fulfillment of the proposed program.

(b) To take into account the fact that the economy is expected to expand at a rate consistent with the trend of existing conditions, which cannot be for the fulfillment of the proposed program.

(c) To take into account the fact that the economy is expected to expand at a rate consistent with the trend of existing conditions, which cannot be for the fulfillment of the proposed program.

(d) To take into account the fact that the economy is expected to expand at a rate consistent with the trend of existing conditions, which cannot be for the fulfillment of the proposed program.

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Table No. 3.

REVENUE FOR THE YEAR ENDED 31ST MARCH, 1929, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1928.

	Year ended 31st March, 1929.	Year ended 31st March, 1928.	Increase.	Decrease.
	£	£	£	£
Customs	7,954,252	7,942,589	11,663	..
Beer duty	611,484	609,624	1,860	..
Stamp and death duties	3,575,720	3,504,367	71,353	..
Land-tax	1,140,324	1,154,479	..	14,155
Income-tax	3,310,877	3,273,729	37,148	..
Registration and other fees	198,267	200,259	..	1,992
Marine	118,250	112,502	5,748	..
Interest on public moneys	760,035	698,057	61,978	..
Interest on capital liability—Working railways..	2,331,335	2,130,867	200,468	..
Interest on Public Debt Redemption Fund ..	995,202	878,408	116,794	..
Local Bodies' Loans Act, 1908, sec. 76 ..	..	10,158	..	10,158
Rents of buildings	25,284	32,178	..	6,894
Tourist and Health Resorts	72,895	66,964	5,931	..
Miscellaneous	99,222	41,939	57,283	..
Territorial	198,803	200,915	..	2,112
Departmental and other receipts	536,149	574,567	..	38,418
			570,226	73,729
Totals.. .. .	21,928,099	21,431,602	496,497	
Motor-vehicles—Duties, licenses, &c.	1,243,577	369,118		
Postal and Telegraph .. .. .	..	3,323,260		
Interest on capital liability—Postal and Telegraph	428,000	..		
Totals	23,599,676	25,123,980		

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, 1929.

	Estimate for 1928-29.	Actual for 1928-29.	Difference.	
			More.	Less.
	£	£	£	£
Customs	8,261,000	7,954,252	..	306,748
Beer duty	600,000	611,484	11,484	..
Motor-vehicles—Duties, licenses, &c.	1,147,000	1,243,577	96,577	..
Stamp and death duties	3,500,000	3,575,720	75,720	..
Land-tax	1,150,000	1,140,324	..	9,676
Income-tax	3,400,000	3,310,877	..	89,123
Registration and other fees	201,000	198,267	..	2,733
Marine	120,000	118,250	..	1,750
Interest on public moneys	747,000	760,035	13,035	..
Interest on capital liability—				
Working railway	2,255,000	2,331,335	76,335	..
Postal and Telegraph	425,000	428,000	3,000	..
Interest on Public Debt Redemption Fund ..	992,250	995,202	2,952	..
Rents of buildings	26,000	25,284	..	716
Tourist and Health Resorts	72,000	72,895	895	..
Miscellaneous	167,000	99,222	..	67,778
Territorial	200,000	198,803	..	1,197
Departmental and other receipts	605,000	536,149	..	68,851
			279,998	548,572
				279,998
Totals.. .. .	23,868,250	23,599,676	..	268,574

Table No. 5.

ESTIMATED REVENUE of the CONSOLIDATED FUND (Ordinary Revenue Account) for 1929-30, compared with the Actual Revenue received for 1928-29.

	Estimate for 1929-30.	Actual for 1928-29.	Differences.	
			Increase.	Decrease.
ORDINARY REVENUE ACCOUNT.				
	£	£	£	£
Customs	8,400,000	7,954,252	445,748	..
Beer duty	600,000	611,484	..	11,484
Motor-vehicles—Duties, licenses, &c.	1,442,000	1,243,577	198,423	..
Stamp and death duties	3,614,000	3,575,720	38,280	..
Land-tax	1,493,000	1,140,324	352,676	..
Income-tax	3,400,000	3,310,877	89,123	..
Registration and other fees	220,000	198,267	21,733	..
Marine	120,000	118,250	1,750	..
Interest on public moneys	820,000	760,035	59,965	..
Interest on Public Debt Redemption Fund	995,000	995,202	..	202
Interest on capital liability—Working Railways	2,450,000	2,331,335	118,665	..
Interest on capital liability—Post and Telegraph	480,000	428,000	52,000	..
Rents of buildings	25,000	25,284	..	284
Tourist and Health Resorts	77,000	72,895	4,105	..
Miscellaneous	239,000	99,222	139,778	..
Territorial	198,000	198,803	..	803
Departmental receipts	539,000	525,063	13,937	..
Recoveries on account of expenditure of previous years	60,000	11,086	48,914	..
			1,585,097	12,773
			12,773	
Totals	25,172,000	23,599,676	1,572,324	

Table No. 6.

COMPARATIVE STATEMENT of STAMP and DEATH DUTY REVENUE for 1927-28 and 1928-29.

Item.	1927-28.	1928-29.	Increase.	Decrease.
	£	£	£	£
Adhesive stamps	85,254	124,406	39,152	..
Duty on instruments	428,805	439,452	10,647	..
Death duty (estate and succession duty)	1,847,714	1,865,171	17,457	..
Gift duty	51,656	79,342	27,686	..
Impressed stamps, and duty on cheques	187,875	197,834	9,959	..
Company licenses	70,881	72,327	1,446	..
Bank-note duty	195,301	191,221	..	4,080
Duties payable by racing clubs	567,890	541,179	..	26,711
Amusements-tax	63,165	60,586	..	2,579
Rates, fines, and miscellaneous	5,826	4,202	..	1,624
			106,347	34,994
			34,994	
Totals	3,504,367	3,575,720	71,353	

Table No. 7.

STATEMENT SHOWING CUSTOMS DUTIES COLLECTED FOR YEAR 1928-29, COMPARED WITH THE YEAR 1927-28.

	1928-29.	1927-28.	Increase.	Decrease.
	£	£	£	£
Spirits, wine, and beer	1,062,152	1,381,909	..	319,757
Tobacco, cigars, and cigarettes	1,464,732	1,497,460	..	32,728
Apparel and textiles	1,726,231	1,698,227	28,004	..
Motor-vehicles and parts (other than tires)	1,141,734	782,019	359,715	..
Other goods	2,142,504	2,176,305	..	33,801
Primage	416,899	406,669	10,230	..
			397,949	386,286
			386,286	
Totals	7,954,252	7,942,589	11,663	

Table No. 8.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1929, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1928.

	Year ended 31st March, 1929.	Year ended 31st March, 1928.	Increase.	Decrease.
	£	£	£	£
Permanent appropriations—				
Civil List	30,167	30,289	..	122
Interest	8,675,221	8,397,074	278,147	..
Sinking Fund	2,882	Cr. 452	3,334	..
Repayment of Public Debt	1,046,928	993,764	53,164	..
Reduction of Funded Debt	385,710	367,216	18,494	..
Under special Acts—				
Advances to other Governments	Cr. 29,246	..	..	29,246
Contribution to Singapore Naval Base	125,000	125,000	..	..
Education purposes	137,233	127,289	9,944	..
Endowments—New Plymouth Harbour Board	2,525	2,976	..	451
Maintenance of overseas war graves and war memorials	30,750	23,063	7,687	..
N.Z. Consolidated Stock—Amount paid Bank of England for management	29,844	18,271	11,573	..
Pensions—				
Old-age	1,018,353	968,928	49,425	..
Widows'	312,963	302,766	10,197	..
Military	13,673	16,377	..	2,704
War	1,178,646	1,146,955	31,691	..
Miners'	45,725	42,469	3,256	..
Blind	13,339	12,249	1,090	..
Various	20,020	21,668	..	1,648
Family allowances	54,815	37,515	17,300	..
Refunds in respect of totalizator-tax	26,166	25,209	957	..
Rural Intermediate Credit Board—Grant towards expenses of administration	6,000	4,000	2,000	..
Salaries and honoraria (legislative and judicial)	100,260	99,780	480	..
Samoa Military Police—Expenditure in- curred in respect of	27,374	..	27,374	..
Subsidies paid to Hospital Boards*	673,689	683,149	..	9,460
Subsidies paid to local authorities on rates	216,065	215,679	386	..
Subsidies to superannuation funds and the National Provident Fund†	204,716	197,781	6,935	..
Territorial revenue	8,669	7,946	723	..
Working Railways—Losses on isolated sec- tions and branch lines	496,578	484,659	11,919	..
Transfer to Discharged Soldiers' Settlement Loans Act 1920 Depreciation Fund Account	50,000	50,000	..	..
Westport Harbour Board—Repayment on account of advance	Cr. 30,000	..	..	30,000
Miscellaneous	135,516	119,985	15,531	..
	15,009,581	14,521,605	561,607	73,631
Main Highways Revenue Account—Tire-tax, fees, fines, &c.	441,346	225,602	215,744	..
Motor-spirits tax—Allocation of revenue	793,670	132,171	661,499	..
	16,244,597	14,879,378	1,438,850	73,631

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

† Includes maternity benefits administered through National Provident Fund Department.

Table No. 8—continued.

STATEMENT OF THE ACTUAL NET EXPENDITURE OF THE CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1929, COMPARED WITH THE FINANCIAL YEAR ENDED 31ST MARCH, 1928—continued.

	Year ended 31st March, 1929.	Year ended 31st March, 1928.	Increase.	Decrease.
—	£	£	£	£
Annual Appropriations—				
Legislative Departments	95,191	97,637	..	2,446
Prime Minister's Department	13,084	12,600	484	..
Treasury Department	37,494	37,865	..	371
National Provident and Friendly Societies Department	25,047	24,792	255	..
Land and Income Tax Department	61,099	58,883	2,216	..
Stamp Duties Department	96,580	102,291	..	5,711
Public Buildings	87,073	84,710	2,363	..
Government and other Domains	5,299	6,008	..	709
Maintenance and Repairs to Roads	85,436	111,701	..	26,265
Maintenance of Irrigation Works, &c.	14,138	17,264	..	3,126
Native Department	31,677	29,284	2,393	..
Department of External Affairs	38,433	35,466	2,967	..
Cook Islands	34,822	49,953	..	15,131
Department of Industries and Commerce	31,419	33,318	..	1,899
Department of Justice	132,623	132,645	..	22
Prisons Department	89,456	94,220	..	4,764
Crown Law Office	5,934	5,381	553	..
Police Department	444,970	417,975	26,995	..
Pensions Department	165,912	169,278	..	3,366
Mines Department	32,424	33,297	..	873
Department of Internal Affairs	359,966	349,717	10,249	..
Audit Department	24,790	26,917	..	2,127
Public Service Commissioner's Office	7,062	6,362	700	..
Printing and Stationery Department	220,796	226,297	..	5,501
Mental Hospitals Department	303,300	274,818	28,482	..
Department of Health	239,757	246,644	..	6,887
Naval Defence	463,496	486,830	..	23,334
Defence Department	464,595	481,759	..	17,164
Customs Department	117,390	175,023	..	57,633
Marine Department	110,212	119,078	..	8,866
Department of Labour	60,893	56,480	4,413	..
Department of Lands and Survey	181,748	186,522	..	4,774
Scenery-preservation	14,139	6,577	7,562	..
Valuation Department	53,600	51,610	1,990	..
Electoral Department	89,773	9,727	80,046	..
Department of Agriculture	451,926	365,610	86,316	..
Department of Tourist and Health Resorts	82,987	76,871	6,116	..
Department of Education	3,092,296	2,999,615	92,681	..
Department of Scientific and Industrial Research	57,535	44,823	12,712	..
Services not provided for	7,959	15,943	..	7,984
Emergency Expenditure Account .. ..	..	6,677	..	6,677
	7,932,331	7,768,468	369,493	205,630
			1,808,343 279,261	279,261
Total expenditure	24,176,928	22,647,846	1,529,082	

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, 1929.

	Net Appropriations, 1928-29.	Actual Net Expenditure, 1928-29.	Difference.	
			More.	Less.
Permanent appropriations—	£	£	£	£
Civil List	31,695	30,167	..	1,528
Interest	8,539,134	8,675,221	136,087	..
Sinking Fund	2,882	2,882	..	..
Repayment of Public Debt	1,053,559	1,046,928	..	6,631
Reduction of Funded Debt	385,710	385,710	..	..
Under Special Acts	5,832,584	6,103,689	271,105	..
	15,845,564	16,244,597	407,192	8,159
Annual appropriations—				
Legislative Departments	93,175	95,191	2,016	..
Prime Minister's Department	13,124	13,081	..	40
Treasury Department	39,236	37,494	..	1,742
National Provident and Friendly Societies Department	25,525	25,047	..	478
Land and Income Tax Department	63,347	61,099	..	2,248
Stamp Duties Department	96,801	96,580	..	221
Public Buildings	87,600	87,073	..	527
Government and other Domains	6,400	5,299	..	1,101
Maintenance and Repairs to Roads	103,000	85,436	..	17,564
Maintenance of Irrigation Works, &c.	14,200	14,138	..	62
Native Department	32,374	31,677	..	697
Department of External Affairs	38,236	38,433	197	..
Cook Islands	42,687	34,822	..	7,865
Department of Industries and Commerce	31,928	31,419	..	509
Department of Justice	135,906	132,623	..	3,283
Prisons Department	95,659	89,456	..	6,203
Crown Law Office	5,889	5,934	45	..
Police Department	450,815	444,970	..	5,845
Pensions Department	168,168	165,912	..	2,256
Mines Department	42,747	32,424	..	10,323
Department of Internal Affairs	345,164	359,966	14,802	..
Audit Department	29,617	24,790	..	4,827
Public Service Commissioner's Office	7,270	7,062	..	208
Printing and Stationery Department	230,487	220,796	..	9,691
Mental Hospitals Department	294,910	303,300	8,390	..
Department of Health	249,046	239,757	..	9,289
Naval Defence	485,861	463,496	..	22,365
Defence Department	464,191	464,595	404	..
Customs Department	119,968	117,390	..	2,578
Marine Department	119,382	110,212	..	9,170
Department of Labour	63,787	60,893	..	2,894
Department of Lands and Survey	188,133	181,748	..	6,385
Scenery-preservation	17,203	14,139	..	3,064
Valuation Department	55,108	53,600	..	1,508
Electoral Department	90,767	89,773	..	994
Department of Agriculture	443,957	451,926	7,969	..
Department of Tourist and Health Resorts	83,563	82,987	..	576
Department of Education	3,082,811	3,092,296	9,485	..
Department of Scientific and Industrial Research	61,916	57,535	..	4,381
Services not provided for .. .. .	..	7,959	7,959	..
	8,019,958	7,932,331	51,267	138,894
			458,459	147,053
			147,053	
Total expenditure	23,865,522	24,176,928	311,406	

Table No. 10.

ESTIMATED NET EXPENDITURE of the ORDINARY REVENUE ACCOUNT for 1929-30, compared with Actual Net Expenditure for 1928-29.

	Estimate for 1929-30.	Actual for 1928-29.	Difference.	
			Increase.	Decrease.
Permanent Appropriations,—	£	£	£	£
Civil List	31,190	30,167	1,023	..
Interest	9,003,111	8,675,220	327,891	..
Sinking Fund	2,882	2,882	..	..
Reduction of Funded Debt	405,136	385,710	19,426	..
Repayment of Public Debt	1,156,589	1,046,928	109,661	..
Under Special Acts	6,347,287	6,103,689	243,598	..
	16,946,195	16,244,596	701,599	..
Annual Appropriations,—				
Legislative Departments	89,806	95,191	..	5,385
Prime Minister's Department	13,990	13,084	906	..
Treasury Department	39,914	37,494	2,420	..
National Provident and Friendly Societies Department	25,391	25,047	344	..
Land and Income Tax Department	63,981	61,099	2,882	..
Stamp Duties Department	96,410	96,580	..	170
Public Buildings	80,000	87,073	..	7,073
Government and other Domains	6,050	5,299	751	..
Maintenance and Repairs to Roads	58,500	85,436	..	26,936
Maintenance of Irrigation Works, &c.	19,500	14,138	5,362	..
Native Department	32,266	31,677	589	..
Department of External Affairs	41,318	38,433	2,885	..
Cook Islands	28,273	34,822	..	6,549
Department of Industries and Commerce	8,301	31,419	..	23,118
Department of Justice	133,769	132,623	1,146	..
Prisons Department	92,867	89,456	3,411	..
Crown Law Office	6,149	5,934	215	..
Police Department	461,688	444,970	16,718	..
Pensions Department	165,360	165,912	..	552
Mines Department	42,651	32,424	10,227	..
Department of Internal Affairs	342,941	359,966	..	17,025
Audit Department	28,399	24,790	3,609	..
Public Service Commissioner's Office	7,818	7,062	756	..
Printing and Stationery Department	227,700	220,796	6,904	..
Mental Hospitals Department	309,121	303,300	5,821	..
Department of Health	247,737	239,757	7,980	..
Naval Defence	504,967	463,496	41,471	..
Defence Department	490,587	464,595	25,992	..
Customs Department	113,307	117,390	..	4,083
Marine Department	115,707	110,212	5,495	..
Department of Labour	60,375	60,893	..	518
Department of Lands and Survey	186,795	181,748	5,047	..
Scenery-preservation	3,400	14,139	..	10,739
Valuation Department	51,072	53,600	..	2,528
Electoral Department	9,765	89,773	..	80,008
Department of Agriculture	435,383	451,926	..	16,543
Department of Tourist and Health Resorts	88,123	82,987	5,136	..
Department of Education	3,170,668	3,092,296	78,372	..
Department of Scientific and Industrial Research	63,760	57,535	6,225	..
Services not provided for .. .. .	..	7,959	..	7,959
	7,963,809	7,932,331	240,664	209,186
			942,263	209,186
			209,186	
Total expenditure	£24,910,004	£24,176,927	£733,077	

Table No. 11.

STATEMENT SHOWING HOW ACCUMULATED SURPLUSES HAVE BEEN APPLIED.

To Accumulated surpluses	£		By Transfers to—	£	£
at 31st March, 1929		30,246,838	Discharged Soldiers Settlement		
Advance to Native			Account—		
Trustee repaid	..	28,500	1920-21	.. ..	13,330,000
			1921-22	.. ..	170,000
					13,500,000
			Discharged Soldiers Settlement		
			Loans Act 1920 Deprecia-		
			tion Fund Account—		
			1920-21	.. ..	50,000
			1921-22	.. ..	50,000
			1922-23	.. ..	50,000
			1923-24	.. ..	50,000
					200,000
			Public Works Fund—		
			1920-21	.. ..	500,000
			1923-24	.. ..	1,000,000
			1924-25	.. ..	1,000,000
			1925-26	.. ..	500,000
			1927-28	.. ..	250,000
					3,250,000
			Reserve Fund Securities Ac-		
			count—		
			For purchase of securities,		
			1920-21	.. ..	1,200,000
			For redemption of loan,		
			1922-23	.. ..	800,000
					2,000,000
			Loans redemption—		
			1921-22	.. ..	560,011
			1922-23	.. ..	2,337,360
			1923-24	.. ..	1,367,341
			1924-25	.. ..	1,052,130
			1925-26	.. ..	566,161*
			1926-27	.. ..	588,868†
			1927-28	.. ..	95,979
			1928-29	.. ..	50
					6,567,900
			Bank of New Zealand Shares		
			Account—	£	
			1926-27	.. ..	808,594
			1927-28	.. ..	117,188
			1928-29	.. ..	58,594
					984,376
			Education Loans Account, 1923-24	..	100,000
			Subsidies for relief of unemployment	..	143,673
			Advance to State Forests Account	..	45,000
			Advance to Native Trustee	..	61,500
			Advance to Rural Intermediate Credit		
			Board	.. ..	110,100
			Charges and expenses of renewing loans..		2,165
			Ordinary revenue—		
			To balance revenue and expenditure—		
				£	
			1921-22	.. ..	279,831
			1928-29	.. ..	577,252
					857,083
			Investments at 31st March, 1929	..	2,280
			Balance (cash and imprests) at 31st		
			March, 1929	.. ..	2,451,261
					£30,275,338
					£30,275,338

* Includes £151,824 of reparation-moneys received from Germany.
moneys received from Germany.

† Includes £73,710 of reparation.

Table No. 12.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the CONSOLIDATED FUND (ORDINARY REVENUE ACCOUNT) outstanding on the 31st MARCH, each Year from 1925 to 1929.

	1925.	1926.	1927.	1928.	1929.
REVENUE ACCOUNT.	£	£	£	£	£
Permanent Appropriations,—					
Civil List	161	313	337	335	238
Under Special Acts of the Legislature	15,411	13,435	16,835	16,540	48,830
Pensions	796	701	1,202	898	1,020
	16,368	14,449	18,374	17,773	50,088
Annual Appropriations,—					
Legislative Departments	752	1,007	2,751	4,297	4,182
Departments of Minister of Finance*	7,502	11,064	8,226	16,253	18,843
Working Railways	332,985	¶	¶	¶	¶
Post and Telegraph Department	104,383	93,919	61,876	89,230	¶
Public Buildings, Domains, Maintenance of Roads, and Maintenance of Irrigation Works	15,899	17,315	23,301	19,189	14,858
Justice Department†	10,462	19,258	15,155	38,603	18,845
Mines Department	2,087	2,371	3,698	3,961	1,656
Internal Affairs Department‡	26,186	61,038	76,784	53,442	69,368
Defence Department§	55,459	94,392	41,813	41,541	28,326
Customs Department	4,857	9,198	5,520	5,080	5,665
Marine Department	2,200	1,148	2,152	1,417	2,065
Labour Department	1,971	1,840	3,332	5,024	5,631
Lands Department	11,178	35,103	28,137	44,033	49,819
Agriculture Department|| .. .. .	10,414	10,405	33,828	41,455	32,577
Education Department	1,277	2,337	2,302	1,865	2,583
Valuation and Electoral Departments	587,612	360,395	308,875	365,390	254,418
Services not provided for .. .. .	..	112	2,652	419	293
Imprest Supply Act, 1927, Section 4 .. .. .	..	..	..	843	227
Local Bodies Empowering (Relief of Unemployment) Amendment Act, 1928, Section 3 .. .. .	..	..	..	..	721
Refunds of Revenue	37	1,344	5,453	3,052	4,797
Totals	604,017	376,300	335,354	387,477	310,544

* 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, 1929, COMPARED WITH THE YEAR ENDED 31ST MARCH, 1928.

Vote.	Year ended 31st March, 1929.	Year ended 31st March, 1928.	Increase.	Decrease.
	£	£	£	£
Public Works, Departmental	142,176	130,688	11,488	..
Railway-construction	1,002,872	908,669	94,203	..
Additions to Open Lines	213,405	233,153	..	19,748
Public Buildings—				
General	4,307	42,554	..	38,247
Courthouses	8,387	7,531	856	..
Prison Buildings and Works	12,572	22,359	..	9,787
Police-stations	6,925	5,561	1,364	..
Postal and Telegraph	62,087	77,194	..	15,107
Agricultural	2,808	2,863	..	55
Mental Hospital Buildings	96,782	51,119	45,663	..
Health and Hospital Institutions	19,637	14,361	5,276	..
Timber-supply and Sawmills, &c.	Cr. 5,115	Cr. 6,997	..	Cr. 1,882
Acquisition and Operation of Quarries	Cr. 6,030	Cr. 9,325	..	Cr. 3,295
Lighthouses	2,638	7,979	..	5,341
Harbour-works	14,425	15,891	..	1,466
Development of Tourist Resorts	39,254	36,673	2,581	..
Department of Immigration	50,266	67,157	..	16,891
Roads, &c.	780,990	669,832	111,158	..
Roads on Goldfields	1,005	2,330	..	1,325
Roads to give Access to Outlying Districts	51,582	33,642	17,940	..
Telegraph Extension	624,414	625,540	..	1,126
Contingent Defence	67,652	39,986	27,666	..
Lands, Miscellaneous	85,861	72,898	12,963	..
Irrigation, Water-supply, and Drainage	55,197	49,735	5,462	..
Plant, Material, and Stores	4,594	Cr. 1,288	5,882	..
Transfer to Main Highways Account, Construction Fund	200,000	200,000	..	..
Services not provided for	77	264	..	187
			342,502	104,103
			104,103	
Totals	3,538,768	3,300,369	238,399	

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, 1929.

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	..	..	..	..	5,060,613	0	3			
Aid to Public Works and Land Settlement Act, 1922	..	..	..	..	4,408,860	12	3			
Finance Act, 1909	..	..	..	..	1,250,000	0	0			
Finance Act, 1915, and New Zealand Loans Act, 1915	..	..	..	..	2,000,000	0	0			
Finance Act, 1916	..	..	..	..	1,000,000	0	0			
Finance Act, 1917	..	..	..	..	850,000	0	0			
Finance Act, 1918 (No. 2)	..	..	..	..	2,500,000	0	0			
Finance Act, 1919, Section 5	..	..	..	..	750,000	0	0			
Finance Act, 1920, Section 15	..	..	..	..	2,500,000	0	0			
Finance Act, 1921, Section 10	..	..	..	..	2,673,111	10	11			
Finance Act, 1923, Section 2	..	..	..	..	4,306,608	17	6			
Finance Act, 1924, Section 2	..	..	..	..	2,065,883	12	6			
Finance Act, 1925, Section 2	..	..	..	..	4,151,450	10	2			
Finance Act, 1926, Section 2	..	..	..	..	5,220,134	10	7			
Finance Act, 1927 (No. 2), Section 2	..	..	..	..	3,393,828	6	6			
Post and Telegraph Act, 1908	..	..	..	..	200,000	0	0			
Midland Railway Petitions Settlement Acts, 1902 and 1903	..	..	..	..	150,000	0	0			
Finance Act, 1928, Section 2	..	..	..	..	1,416,771	8	7			
Paeroa-Waihi Railways 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, 1912	..	..	..	..	100,000	0	0			
					96,539,339 17 2					
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	..	..	..	..	65,324	13	3			
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			
					15,672,043 6 1					
					£112,211,383 3 3					

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, 1929—continued

NET EXPENDITURE.							£	s. d.	£	s. d.
Expenditure on—										
Immigration .. .. .	..	..	..	..	..	..	3,234,549	3 2		
Public Works, Departmental .. .. .	..	..	..	..	..	..	2,544,318	7 9		
Railways, including Surveys of New Lines and Payment to Midland Railway Bondholders							52,320,084	5 10		
Roads .. .. .	..	..	..	..	..	..	17,799,273	19 7		
Land-purchases .. .. .	..	..	..	..	..	..	2,061,147	1 10		
Development of Mining .. .. .	..	..	..	..	..	..	881,585	0 11		
Telegraph Extension .. .. .	..	..	..	..	..	..	9,916,361	1 11		
Public Buildings .. .. .	..	..	..	..	..	..	10,341,785	14 3		
Lighthouses, Harbour-works, and Harbour-defences .. .. .	..	..	..	..	..	..	1,266,276	4 7		
Contingent Defence .. .. .	..	..	..	..	..	..	1,347,920	0 9		
Rates on Native Lands .. .. .	..	..	..	..	..	..	68,671	16 10		
Thermal Springs .. .. .	..	..	..	..	..	..	14,599	13 2		
Development of Tourist Resorts .. .. .	..	..	..	..	..	..	499,579	14 3		
Lands Improvement .. .. .	..	..	..	..	..	..	512,380	14 3		
Plant, Material, and Stores .. .. .	..	..	..	..	..	..	351,769	10 11		
Charges and Expenses of raising Loans .. .. .	..	..	..	..	..	..	3,031,051	4 3		
Coal-mines .. .. .	..	..	..	..	..	..	10,835	8 0		
Interest and Sinking Fund .. .. .	..	..	..	..	..	..	218,500	0 0		
Irrigation and Water-supply .. .. .	..	..	..	..	..	..	836,471	13 2		
Timber Supply, Sawmills, &c. .. .. .	..	..	..	..	..	..	389	16 10		
Acquisition and Operation of Quarries .. .. .	..	..	..	..	..	..	5,113	14 10		
Motor Transport Service .. .. .	..	..	..	..	..	..	33,635	5 3		
Transfer to Main Highways Account, Construction Fund .. .. .	..	..	..	..	..	..	1,026,000	0 0	108,322,299	12 4
Balance on 31st March, 1929,—										
Cash in the Public Account .. .. .	..	..	..	..	..	..	2,431,511	14 7		
Imprests outstanding .. .. .	..	..	..	..	..	..	46,247	4 4		
Investments .. .. .	..	..	..	..	..	..	1,411,324	12 0		
									3,889,083	10 11
									£112,211,383	3 3

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 1925 TO 1929.

	1925.	1926.	1927.	1928.	1929.
Annual Appropriations—	£	£	£	£	£
Public Works, Departmental	1,033	1,768	2,198	2,475	3,935
Railways	455,534	99,592	122,980	114,964	94,721
Irrigation and Water-supply and Drainage	6,257	2,406	3,478	2,216	5,968
Public Buildings	19,571	19,521	20,880	15,276	20,488
Timber-supply, &c.	557	81	1,367	552	426
Acquisition and Operation of Quarries	3,228	2,011	1,053	1,997	1,637
Lighthouses, Harbour-works, and Harbour-defences	74	591	861	1,423	1,182
Development of Tourist Resorts	1,137	6,697	992	4,590	2,601
Immigration .. .. .	..	33,179	20,238	13,216	8,521
Roads	48,734	54,859	74,969	94,445	77,420
Telegraph Extension	539,812	214,007	211,700	227,018	206,836
Lands, Miscellaneous	1,819	3,621	1,585	3,170	2,172
Plant, Material, and Stores	2,947	4,292	2,610	7,876	4,247
Totals	1,080,703	442,625	464,911	488,718	430,154

Table No. 16.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the undermentioned SEPARATE ACCOUNTS outstanding on the 31st March each Year from 1924 to 1929.

	1924.	1925.	1926.	1927.	1928.	1929.
	£	£	£	£	£	£
Deteriorated Lands Account .. .. .	..	..	117	839	34	258
Discharged Soldiers Settlement Account .. .. .	..	..	..	..	5,012	168
Education Loans Account	9,274	2,774	2,214	3,962	3,855	7,992
Deposits Account .. .. .	..	222	3	..	569	..
Electric Supply Account	37,734	75,743	87,856	141,064	330,055	112,612
Government Accident Insurance Account	289	14	956	345	316	388
Government Life Insurance Account	1,214	2,849	1,142	1,269	1,339	2,031
Hauraki Plains Settlement Account	2,741	2,099	1,808	4,836	4,160	4,644
Kauri-gum Industry Account	45	65	441	..	..	..
Land for Settlements Account	49	1,096	1,143	870	35	2,231
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	91,699
Construction Fund .. .. .	..	17,328	81,847	124,746	59,418	130,156
Mining Advances Account .. .. .	..	..	..	..	..	2
National Endowment Account .. .. .	..	1,113	1,005	..	88	403
National Endowment Trust Account .. .. .	..	..	..	..	..	1,273
Native Land Settlement Account	1,611	1,008	542	4,045	3,881	8,794
Native Trustee's Account	61	20	57	39	53	100
Post Office Account* .. .. .	..	..	..	..	..	65,963
Public Service Superannuation Fund Account	389	345	23	157	171	170
Public Trust Office Account .. .. .	..	..	..	5,032	6,142	6,696
Railways Improvement Authorization Act 1914 Account	22,529	45,992	42,083	50,524	140,866	176,334
Rangitaiki Land Drainage Account	594	2,621	448	970	1,540	1,746
State Advances Account	4,502	2,648	2,699	4,268	64,939	20,149
State Coal-mines Account	10,631	6,302	4,930	21,130	16,926	15,931
State Fire Insurance Account	15	503	202	59	..	2
State Forests Account	3,240	3,152	13,455	11,342	10,487	9,818
Swamp Land Drainage Account	3,233	864	1,174	3,471	3,670	5,826
Waihou and Ohinemuri Rivers Improvement Account	1,522	2,496	2,954	6,403	6,388	8,048
War Expenses Account	182,409	..	..	..	..	..
Westport Harbour Account	526	464	612	4,621	647	2,331
Working Railways Account* .. .. .	..	..	309,278	329,829	358,110	335,101

* Formerly vote under Consolidated Fund.

Table No. 17.
RECEIPTS AND PAYMENTS OF ACCOUNTS, 1928-29, WITH BALANCES AT 1ST APRIL, 1928, AND 31ST MARCH, 1929.

Account.	Balance, 1st April, 1928.	Receipts (Net).	Credits in Reduction.	Net Expenditure.	Balance, 31st March, 1929.	
					In Cash.	In Investments.
Consolidated Fund—	£	£	£	£	£	£
Ordinary revenue	3,302,232	23,599,676	4,021,504	24,448,367	2,451,261	2,280
Conversion	31	..	..	31	..	..
Nauru and Ocean Islands	3,445	36,193	..	36,354	84	3,200
Nauru and Ocean Islands Sinking Fund ..	107	9,915	..	..	22	10,000
Accounts of Local Bodies	8,458	32,329	..	33,438	7,349	..
Deposits	275,995	1,626,175	..	1,271,621	55,161	575,388
Public Works Fund—						
General Purposes	1,328,803	6,537,834	779,960	3,977,553	2,477,759	1,411,325
Waihou and Ohinemuri Rivers Improve- ment	12,078	73,388	6,636	73,560	11,906	..
Electric Supply	72,701	2,619,748	46,404	1,995,361	497,088	200,000
Electric Supply Sinking Fund	75,716	40,138	..	..	564	115,290
Advances to other Governments	46,566	289,184	..	320,476	15,274	..
Bank of New Zealand Shares	1,800,781	300,391	..	241,797	..	1,859,375
Cheviot Estate	191,390	25,833	..	6,537	9,006	201,680
Deteriorated Lands	15,413	3,298	..	5,386	13,325	..
Discharged Soldiers Settlement	635,377	1,924,692	35,114	2,139,549	121,485	299,035
Discharged Soldiers Settlement Act 1920						
Depreciation Fund	417,116	68,640	..	1,080	27,151	457,525
Education Loans	57,715	356,313	23,112	375,423	38,605	..
General Purposes	29,537	5,031	..	9,672	9,896	15,000
Hauraki Plains	10,396	60,675	20,589	41,789	8,282	21,000
Howard Estate .. .. .	..	213	..	213	..	..
Hunter Soldiers' Assistance Trust	4,479	966	..	152	1,243	4,050
Hutt Valley Lands Settlement	23,833	75,283	..	98,500	616	..
Kauri-gum	72	5,188	490	1,924	3,336	..
Land Assurance	82,401	6,748	..	3,315	17,234	68,600
Land for Settlements	186,602	871,936	1,433	761,723	34,265	262,550
Land for Settlements (Discharged Soldiers Settlement)	51,890	87,847	789	139,733	4	..
Land for Settlements (Opening-up Crown lands)	8,630	68	..	8,698	..	..
Loans Redemption	32,013	35,775,681	..	35,742,398	45,415	19,881
Main Highways Revenue	622,886	1,238,693	41,522	1,339,975	213,704	307,900
Main Highways Construction	72,571	872,015	34,114	936,496	8,090	..
Mining Advances	14,616	1,918	..	1,984	14,550	..
National Endowment	135,619	139,395	..	150,128	50,836	74,050
National Endowment Trust	33,234	6,795	..	1,301	2,438	36,290
Native Land Settlement	72,319	325,826	1,526	385,119	3,026	10,000
Public Debt Repayment	188	1,947,009	..	1,041,871	5,326	..
Railways Improvement Authorization Act, 1914	676,770	2,479,495	55,278	1,981,449	1,124,116	50,700
Rangitaiki Land Drainage	5,808	27,198	4,227	26,595	6,411	..
Remittances from London .. .. .	..	450,000	..	450,000	..	..
Remittances to London .. .. .	..	4,625,000	..	4,625,000	..	..
Reserve Fund	2,000,000	..	..	..	..	2,000,000
Samoan Loan Suspense .. .. .	..	21,000	..	21,000	..	..
State Advances Loan	412	4,423,282	..	3,241,819	1,181,875	..
State Coal-mines	36,398	296,042	2,299	293,968	5,672	32,800
State Coal-mines Sinking Fund	62,338	7,516	..	65,000	4,604	250
State Forests	37,784	304,769	2,907	325,306	17,247	..
Swamp Land Drainage	19,263	54,079	1,001	64,670	8,672	..
Westport Harbour	57,449	62,867	1,066	100,968	5,848	13,500
Working Railways	642,431	8,461,340	1,563,849	8,418,535	340,236	345,000
Public Account Cash Balance Investment..	..	..	..	..	-6,280,000	6,280,000
	13,163,863	99,277,622	6,643,820	95,205,834	2,558,982	14,676,669

Table No. 18.

STATEMENT SHOWING THE AVAILABLE FINANCIAL RESOURCES OF THE VARIOUS ACCOUNTS ON THE
31ST MARCH, 1928, AS COMPARED WITH THE 31ST MARCH, 1929.

Account.	1928.			1929.		
	Balance on 31st March, 1928.	Liabilities on 31st March, 1928.	Unexhausted Authority for raising Loan on 1st April, 1928.	Balance on 31st March, 1929.	Liabilities on 31st March, 1929.	Unexhausted Authority for raising Loan on 1st April, 1929.
Consolidated Fund—	£	£	£	£	£	£
Ordinary Revenue	3,302,232	387,477	..	2,453,541	310,545	..
Nauru and Ocean Islands	3,445	..	..	3,284	..	..
Nauru and Ocean Islands Sinking Fund	107	..	..	10,022	..	..
Public Works Fund—						
General Purposes	1,328,803	488,718	5,561,050	3,889,084	430,154	1,061,050
Waihou and Ohinemuri Rivers Im- provement	12,078	6,388	90,000	11,907	8,048	30,000
Electric Supply	72,701	330,055	3,418,990	697,088	112,612	1,243,990
Electric Supply Sinking Fund	75,716	..	..	115,854	..	..
Advances to other Governments	46,567	..	..	15,274	..	..
Bank of New Zealand Shares	1,800,781	..	..	1,859,375	..	..
Cheviot Estate	191,390	..	..	210,686	..	..
Conversion	31	..	..	..	..	..
Deteriorated Lands	15,414	34	278,000	13,325	258	278,000
Discharged Soldiers Settlement	635,377	5,013	862,750	420,520	168	862,750
Discharged Soldiers Settlement Loans Act						
1920 Depreciation Fund	417,117	..	..	484,676	..	..
Education Loans	57,714	3,855	1,166,160	38,605	7,992	814,160
General Purposes Relief	29,537	..	..	24,896	..	..
Hauraki Plains Settlement	10,395	4,160	160,000	29,282	4,644	125,000
Hunter Soldiers' Assistance Trust	4,479	..	..	5,292	..	..
Hutt Valley Lands Settlement	23,833	..	..	616	..	..
Kauri-gum Industry	72	..	..	3,336	..	..
Land Assurance Fund	82,401	..	..	85,834	..	..
Land for Settlements	186,602	35	750,000	296,815	2,231	1,000,000
Land for Settlements—						
Discharged Soldiers Settlement	51,890	2,162	1,500,000	4	..	1,500,000
Opening-up Crown Lands for Settlement	8,630	..	..	..	..	..
Loans Redemption	32,013	..	..	65,296	..	..
Main Highways—						
Revenue Fund	622,886	66,304	..	521,604	91,699	..
Construction Fund	72,571	59,418	2,350,000	8,090	130,156	2,120,000
Mining Advances	14,616	..	50,000	14,550	2	50,000
National Endowment	135,619	88	..	124,886	403	..
National Endowment Trust	33,234	..	..	38,728	1,273	..
Native Land Settlement	72,319	3,881	500,000	13,026	8,794	500,000
Public Debt Repayment	188	..	..	5,326	..	..
Railways Improvement Authorization						
Act, 1914	676,769	140,866	2,350,000	1,174,816	176,334	1,515,000
Rangitaiki Land Drainage	5,808	1,540	15,000	6,411	1,746	7,000
Reserve Fund	2,000,000	..	..	2,000,000	..	..
Samoan Loan Suspense .. ..	..	..	17,800	..	..	4,800
State Coal-mines	36,398	16,926	130,000	38,472	15,931	55,000
State Coal-mines Sinking Fund	62,338	..	..	4,854	..	..
State Forests	37,784	10,487	388,225	17,247	9,818	188,225
Swamp Land Drainage	19,263	3,670	150,000	8,672	5,826	150,000
Westport Harbour	57,449	647	..	19,348	2,331	..
Working Railways	642,431	358,110	..	685,236	335,101	..
State Advances	163,181	64,939	10,123,523	1,181,875	20,149	10,116,495
<i>Additional Unexhausted Authorities for raising Loans.</i>						
Hutt Railway and Road Improvement Acts, 1903, 1905, 1907, 1910 .. ..	..	..	3,320	..	..	3,320
Government Railways Act, 1926, sec- tion 69 .. ..	..	..	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	..	..	..
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	13,042,179	1,954,773	36,808,048	16,597,753	1,676,215	27,568,020

Table No. 19.

STATEMENT showing the Amount charged to "UNAUTHORIZED" in each Financial Year from
1st April, 1910, to 31st March, 1929.

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.		
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	3	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 ..	189,884	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	63,990	15	3	86,217	11	0	27,390	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
1928-1929 ..	7,959	7	3	43,312	14	4	51,272	1	7	11,891	14	4	20,639	17	2	83,803	13	1

Table No. 20.

SUMMARY OF THE PUBLIC DEBT AND OF THE STATE ASSETS WHICH MAY BE SET OFF AGAINST IT,
AS AT 31ST MARCH, 1929, TOGETHER WITH SUPPORTING SCHEDULE SHOWING DETAILS OF ASSETS.

	<i>Debt.</i>	£
Ordinary debt	151,488,052
War debt	70,881,269
State Advances debt	33,535,006
Discharged soldiers debt	8,287,656
Surplus assets over debt	10,474,283
		£274,666,266

Assets.

Cash and investments (Reserve Funds, Bank of New Zealand shares, Public Debt Redemption Fund, &c.)	£
Sinking funds accrued	38,087,076
Loans and advances outstanding (Discharged Soldiers, State Advances, &c.)	2,156,561
Revenue Earning and Trading Accounts (Railways, Telegraphs, &c.)	39,997,509
Lands and forests (Crown lands, State forests, &c.).. .. .	83,126,332
Indirectly productive expenditure—	71,090,286
Roads and public buildings, &c.	£
Immigration	36,973,953
	3,234,549
	40,208,502
	£274,666,266

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, 1929	2,486,703		
	1,625,125		
		861,578	
*Investment of cash balances		10,112,316	
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		22,075,645	
			38,087,076

Sinking funds accrued—

State Advances debt	£	1,775,183	
State Coal-mines		4,854	
Westport Harbour loans		238,502	
Samoa loan		12,146	
Nauru and Ocean Islands Sinking Fund Account		10,022	
Electric Supply Sinking Fund Account		115,854	
			2,156,561

Loans and advances outstanding—

Mining purposes	£	27,859	
Local bodies (annuity value of interest receivable)		886,687	
Samoa (loan, less sinking fund)		153,054	
Repatriation advances outstanding, 31st March, 1929		287,372	
Discharged soldiers' mortgages and property held	15,198,583		
Less amount included in Public Debt Redemption Fund	10,850,000		
		4,348,583	
State Advances—Mortgages and property held, less sinking funds and investments included elsewhere		34,150,324	
General purposes relief—Advances outstanding		33,530	
Rural Intermediate Credits Board—Advances outstanding		110,100	
			39,997,509

Revenue Earning and Trading Accounts—

Railways (capital cost, including unopened lines and value of assets taken over from provinces)	£	62,276,214	
Telephones and Telegraphs (value of assets)		9,119,417	
Pacific cable (estimated value of Dominion's interest)		57,000	
Electric-power supply and development (capital expenditure)		8,467,151	
Westport Harbour-works (value of assets)		497,774	
Lighthouses and harbour-works (capital expenditure)		1,266,276	
Tourist and health resorts (capital expenditure)		514,179	
State coal-mines (value of assets)		324,073	
Kauri-gum (trading capital)		39,208	
Nauru and Ocean Islands (purchase price of rights)		565,040	
			83,126,332

Lands and forests—

Crown lands (estimated value, including settlement lands, Native lands, and education reserves)	£	28,775,558	
Land-drainage schemes (capital invested)		1,837,203	
Irrigation and water-supply (capital expenditure)		836,472	
Waihou and Ohinemuri Rivers improvement (capital expenditure)		660,299	
Lands improvements (capital expenditure)		512,381	
New Zealand Reparation Estates (value of Dominion's interest)		662,360	
Howard Estate		88,000	
State forests (estimated value of forests, reserves, plantations, and nurseries)		37,718,013	
			71,090,286

Indirectly productive expenditure—

Public buildings (including school buildings)	£	14,100,094	
Roads (including roads on Crown lands and main highways)		21,986,770	
Timber-supply, sawmills, &c. (capital invested)		390	
Quarries (acquisition and working)		5,114	
Development of mining (capital expenditure)		881,585	
Immigration (capital expenditure)		3,234,549	
			40,208,502
			274,666,266

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

† After deducting £30,941, credits due from other Governments, from the total liabilities.

‡ Includes £10,850,000 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 1936,
EXCLUDING IMPERIAL DEBT REPAYMENTS.

Year ending 31st March,	London.	Australia.	New Zealand.	Total.
	£	£	£	£
1930	11,666,133	..	12,265,828	23,931,961
1931 .. .. .	..	59,400	21,579,786	21,639,186
1932	200	334,900	6,675,956	7,011,056
1933 .. .. .	..	410,850	5,050,993	5,461,843
1934	12,900	52,000	19,626,565	19,691,465
1935 .. .. .	..	1,275,000	55,000	1,330,000
1936 .. .. .	..	248,400	4,716,960	4,965,360
Totals	11,679,233	2,380,550	69,971,088	84,030,871

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
1st June, 1928	635,225	190,740	25,348,502
1st December, 1928	630,481	195,484	25,153,018

* 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 1928-29.

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
1928-29 ..	137,233	94,934	3,067,296†	127,444*	71,749	..	375,423	3,874,079	2 13 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 1928-29 to £76,621) 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
1928-29 ..	12,197

Table No. 24.

PENSIONS.

STATEMENT OF AMOUNTS PAID ON ACCOUNT OF PENSIONS FOR THE FINANCIAL YEARS ENDED 31ST MARCH, 1925 TO 1929.

	Year ended 31st March,				
	1925.	1926.	1927.	1928.	1929.
	£	£	£	£	£
War	1,242,182	1,179,552	1,122,741	1,146,955	1,178,646
Old-age*	804,969	901,256	979,296	1,007,722	1,059,039
Widows'	235,959	285,654	301,080	302,766	312,963
Miners'	38,477	40,204	41,947	45,083	48,102
Maori War	26,836	23,087	19,446	16,377	13,673
Epidemic	22,938	14,420	10,935	8,757	7,981
Civil Service Act, 1908	19,115	16,767	16,724	13,206	12,192
Defence Act, 1909	3,071	2,898	2,628	2,695	2,715
Judicature Act, 1908	3,548	2,703	3,556	4,204	3,429
Police	586	552	406	457	671
Blind	1,036	8,040	10,304	12,249	13,339
Family Allowance .. .. .	..	..	..	37,515	54,815
Sundry	4,897	5,022	5,945	6,273	5,698
Totals	2,403,614	2,480,155	2,515,008	2,604,259	2,713,263

* Includes payments of old-age pensions paid out of national-endowment revenue.

Table No. 25.

EXTERNAL TRADE.

STATEMENT SHOWING IMPORTS AND EXPORTS OF THE DOMINION IN EACH FINANCIAL YEAR ENDED 31ST MARCH, 1920 TO 1929.

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	..
1929 .. .. .	..	..	..	45,105,865	57,154,343	12,048,478	..
						69,651,430	26,082,198
						26,082,198	
Totals .. .. .	..	..	..	457,690,736	501,259,968	43,569,232	

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 15 3	4 18 1	6 5 6	11 0 4	10 18 0
	Two ..	Nil	0 10 7	0 18 9	0 6 7	6 12 3	Nil
	Three ..	Nil	Nil	Nil	Nil	5 10 7	Nil
£600	None ..	10 18 0	20 1 3	20 18 3	22 13 9	26 1 9	32 10 0
	Two ..	7 4 5	12 17 1	13 4 5	13 14 10	19 16 8	16 10 0
	Three ..	5 18 2	9 12 5	10 17 6	9 16 8	17 0 7	11 10 0
£800	None ..	28 17 6	38 8 4	34 14 1	47 7 8	47 9 3	65 18 0
	Two ..	22 10 0	29 5 9	27 10 2	33 1 10	42 19 6	43 18 0
	Three ..	19 11 11	25 1 2	24 2 6	27 14 4	40 18 11	33 18 0
£1,000	None ..	52 10 0	60 17 9	54 15 7	87 5 7	71 16 2	99 2 0
	Two ..	43 17 6	49 16 4	49 2 0	81 12 0	66 2 7	77 2 0
	Three ..	39 16 11	44 12 1	46 9 3	78 19 3	63 9 10	67 2 0
£1,250	None ..	77 6 11	93 17 0	80 3 0	127 12 3	107 12 5	140 18 0
	Two ..	66 16 11	81 4 9	73 17 5	121 6 8	101 6 10	118 18 0
	Three ..	61 17 6	74 16 0	70 9 6	117 18 9	97 18 11	108 18 0
£1,500	None ..	106 17 6	128 8 3	104 18 8	170 14 4	145 14 4	182 10 0
	Two ..	94 10 0	114 18 0	98 13 10	164 9 6	139 9 6	160 10 0
	Three ..	88 11 11	108 7 8	95 13 9	161 9 5	136 9 5	150 10 0
£2,000	None ..	170 12 6	211 15 0	161 11 8	274 10 0	237 19 9	282 10 0
	Two ..	156 15 0	194 13 6	152 13 0	266 11 4	230 1 1	260 10 0
	Three ..	150 0 6	186 7 9	149 16 2	262 14 6	226 4 3	250 10 0
£10,000	None ..	2,205 0 0	3,483 12 8	2,152 7 8	3,405 6 0	3,272 3 6	3,013 15 0
	Two ..	2,182 10 0	3,431 12 8	2,125 7 8	3,378 6 0	3,245 3 6	2,991 15 0
	Three ..	2,171 5 0	3,405 12 8	2,111 17 8	3,364 16 0	3,231 13 6	2,981 15 0

By Authority: W. A. G. SKINNER, Government Printer, Wellington.—1929.

Table No. 28
INCOME TAX

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

Including Australian Commonwealth		New Zealand		Great Britain	
South Australia	Victoria	Western Australia	Queensland	South Australia	Victoria
None	None	None	None	None	None
£100	£100	£100	£100	£100	£100
£200	£200	£200	£200	£200	£200
£300	£300	£300	£300	£300	£300
£400	£400	£400	£400	£400	£400
£500	£500	£500	£500	£500	£500
£600	£600	£600	£600	£600	£600
£700	£700	£700	£700	£700	£700
£800	£800	£800	£800	£800	£800
£900	£900	£900	£900	£900	£900
£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
£1,200	£1,200	£1,200	£1,200	£1,200	£1,200
£1,400	£1,400	£1,400	£1,400	£1,400	£1,400
£1,600	£1,600	£1,600	£1,600	£1,600	£1,600
£1,800	£1,800	£1,800	£1,800	£1,800	£1,800
£2,000	£2,000	£2,000	£2,000	£2,000	£2,000
£2,200	£2,200	£2,200	£2,200	£2,200	£2,200
£2,400	£2,400	£2,400	£2,400	£2,400	£2,400
£2,600	£2,600	£2,600	£2,600	£2,600	£2,600
£2,800	£2,800	£2,800	£2,800	£2,800	£2,800
£3,000	£3,000	£3,000	£3,000	£3,000	£3,000
£3,200	£3,200	£3,200	£3,200	£3,200	£3,200
£3,400	£3,400	£3,400	£3,400	£3,400	£3,400
£3,600	£3,600	£3,600	£3,600	£3,600	£3,600
£3,800	£3,800	£3,800	£3,800	£3,800	£3,800
£4,000	£4,000	£4,000	£4,000	£4,000	£4,000
£4,200	£4,200	£4,200	£4,200	£4,200	£4,200
£4,400	£4,400	£4,400	£4,400	£4,400	£4,400
£4,600	£4,600	£4,600	£4,600	£4,600	£4,600
£4,800	£4,800	£4,800	£4,800	£4,800	£4,800
£5,000	£5,000	£5,000	£5,000	£5,000	£5,000
£5,200	£5,200	£5,200	£5,200	£5,200	£5,200
£5,400	£5,400	£5,400	£5,400	£5,400	£5,400
£5,600	£5,600	£5,600	£5,600	£5,600	£5,600
£5,800	£5,800	£5,800	£5,800	£5,800	£5,800
£6,000	£6,000	£6,000	£6,000	£6,000	£6,000
£6,200	£6,200	£6,200	£6,200	£6,200	£6,200
£6,400	£6,400	£6,400	£6,400	£6,400	£6,400
£6,600	£6,600	£6,600	£6,600	£6,600	£6,600
£6,800	£6,800	£6,800	£6,800	£6,800	£6,800
£7,000	£7,000	£7,000	£7,000	£7,000	£7,000
£7,200	£7,200	£7,200	£7,200	£7,200	£7,200
£7,400	£7,400	£7,400	£7,400	£7,400	£7,400
£7,600	£7,600	£7,600	£7,600	£7,600	£7,600
£7,800	£7,800	£7,800	£7,800	£7,800	£7,800
£8,000	£8,000	£8,000	£8,000	£8,000	£8,000
£8,200	£8,200	£8,200	£8,200	£8,200	£8,200
£8,400	£8,400	£8,400	£8,400	£8,400	£8,400
£8,600	£8,600	£8,600	£8,600	£8,600	£8,600
£8,800	£8,800	£8,800	£8,800	£8,800	£8,800
£9,000	£9,000	£9,000	£9,000	£9,000	£9,000
£9,200	£9,200	£9,200	£9,200	£9,200	£9,200
£9,400	£9,400	£9,400	£9,400	£9,400	£9,400
£9,600	£9,600	£9,600	£9,600	£9,600	£9,600
£9,800	£9,800	£9,800	£9,800	£9,800	£9,800
£10,000	£10,000	£10,000	£10,000	£10,000	£10,000