

Interest.

Further details of the expenditure in comparison with that of the previous year will be found in Table No. 8 attached to this Statement. The increase under the heading of "Debt charges" includes £459,751 for interest, part of which is an outcome of the large conversion operations in connection with the 4-per-cent. 1929 consolidated stock, to which I will refer more particularly when dealing with the public debt. The balance of the increase comes from the new borrowing for carrying on the developmental programme of public works and land-settlement, &c. The debt-repayment increase arises from the fact that under the general debt-repayment scheme, together with the funded-debt agreement with the British Government, the contribution for debt-repayment is increased by the greater part of the savings in interest on debt repaid, and consequently does not increase the burden on taxation, because if the debt had not been repaid the interest charge would have remained.

Debt-repayment.**Pensions.**

In regard to pensions, these generally must be expected to increase with the population. Of the increase for the year, old-age pensions were responsible for £49,250 and war pensions £25,776. It might perhaps be thought that the latter should be falling off instead of increasing, but, as a matter of fact, many of the returned men are only now feeling the full effect of their war injuries.

Tire and motor-spirits, &c., tax.

The taxation derived from tire and motor-spirits tax, fees, fines, &c., is credited in the first instance to the Consolidated Fund, and transferred as required to the Main Highways Revenue Fund, or paid to local authorities, &c., in accordance with the statutory provisions. In so far as the Consolidated Fund is concerned, therefore, the increased expenditure is offset by increased revenue.

Subsidies to Hospital Boards, &c.

The increase of £62,390 under the heading of "Subsidies to Hospital Boards and local authorities" consists of £58,767 in respect of the former, and the balance, £3,623, in respect of the latter. The rates of hospital subsidy are statutory, and the increase is due to the added cost of public hospitals throughout the Dominion, in connection with which I may add that the total charge on public funds, both local and Government, per head of population has risen from 15s. 5d. in 1923-24 to £1 1s. 4d. in 1929-30.

Superannuation funds.

Attention was drawn in the last Budget to the unsatisfactory state of the finances of the State superannuation funds, and in order to meet part of the shortage an additional £100,000 was paid to the Public Service and £75,000 to the Teachers' Superannuation Funds during the year. The balance of the increased subsidies is in respect of the National Provident Fund.

Railways.

The balance of miscellaneous items under special Acts shows a decrease of £209,473. This is due principally to the fact that as from the 1st April, 1929, the subsidy in respect of isolated sections and branch lines of railway was discontinued, but the sum of £29,929 came to charge during the year, being the subsidy owing as at the 31st March, 1929. The subsidy paid during the previous financial year was £496,578, so that the reduction in this item amounted to £466,649. Against this, however, must be set the advance of £150,000 from the Consolidated Fund to Working Railways Account to enable the expenditure for the year to be met. This advance cannot be recovered and will require to be written off. It was accordingly made a charge against revenue for the year. The net decrease on account of subsidies to the Railways was thus £316,649; but this reduction did not represent a net gain to the Consolidated Fund, as it was more than offset on the revenue side by a reduced interest recovery amounting to £344,250 on account of the £8,100,000 of capital written off.

ANNUAL APPROPRIATIONS.**Annual appropriations.**

The net expenditure under this heading amounted to £7,973,277, compared with £7,932,331 for 1928-29. Almost half of the total under annual appropriations is in respect of vote "Education," the expenditure for the year being £3,218,828, which is £126,532 in excess of that for the previous year. While on the subject of education, I would like to say that the expenditure out of the vote is by no means the total cost to the State. In addition, there is expenditure under various Acts of Parliament, included under permanent appropriations, and also expenditure out of the revenue derived from national endowments and reserves (details are shown in Table No. 23 attached to this Statement). Then