

**Repayment by
Native Trustee.**

The repayment by the Native Trustee of £33,000 was in respect of advances made during the previous financial year in terms of the Native Trustee Act, 1920 (section 17), whereby the Minister of Finance is authorized to advance moneys when the balance in the Native Trustee's Account is insufficient to meet the lawful charges thereon. A further £16,500 was advanced and repaid within the year.

**Rural Intermediate
Credit Board.**

The Rural Intermediate Credit Act, 1927 (section 16), provides for advances out of the Ordinary Revenue Account of the Consolidated Fund to the Rural Intermediate Credit Board of a total amount of £400,000, free of interest for ten years from the date of the first advance. The advances totalling £162,000 referred to above represent the amount paid over during the year. In addition, advances aggregating £110,100 were paid over in 1928-29.

**Subsidies on account
of unemployment
relief.**

Regarding the subsidies paid to local authorities for unemployment relief, the amount of £111,728 represents the actual payment made during the year. Unemployment relief works undertaken by local authorities are now subsidized by the State on the basis of £2 for £1 of the labour-costs in urban and suburban districts and £1 for £1 on both materials and wages in the case of rural districts; but I will deal with the whole matter of unemployment relief presently.

**Expenditure on
account of
earthquake.**

The expenditure of £3,516 as a charge against the Consolidated Fund on account of the damage caused by the earthquake last year was authorized by the Finance Act, 1929 (section 9). The expenditure was mainly in respect of subsidies to local authorities. The total cost to the State in connection with the earthquake damage was, however, much greater than this, and I will deal fully with the matter later.

TREASURY BILLS.**Treasury bills.**

Revenue Treasury bills amounting in the aggregate to £4,595,000 were issued during the year, but £1,200,000 of these bills represented only internal transactions between Treasury accounts to facilitate the financing of the year's operations. Of the bills issued to the public, £2,695,000 was the maximum amount current at any one time. This last amount included £145,000 issued in New Zealand at interest-rates of 5 and $5\frac{1}{4}$ per cent., and £2,550,000 issued in London at a discount varying from $5\frac{9}{16}$ per cent. down to $4\frac{9}{16}$ per cent., the market rate falling to this extent during the period 1st November to 31st December, 1929, when the bills were issued. All of these bills were issued in anticipation of revenue, and were duly paid off during February and March last, when the income-tax revenue came to hand.

Starting on the 27th February, 1930, a series of redemption bills were sold in London at a discount varying from $3\frac{1}{2}$ per cent. down to $2\frac{1}{8}$ per cent. The necessity for the issue of these bills however, arose out of exchange difficulties and the prohibitive cost of £5 per cent. for telegraphing money to London. At the 31st March £2,650,000 of these bills were outstanding, but they were covered for the most part by £2,500,000 of fixed deposits in New Zealand. A total of £1,500,000 of these deposits bore interest at $3\frac{3}{4}$ per cent., and £1,000,000 at $3\frac{1}{4}$ per cent. It will thus be seen that the cost of the redemption bills was more than offset by the interest earned on the fixed deposits.

It will perhaps be observed that during 1929-30 much greater use was made of Treasury bills than had been the case in recent years. The reasons for this are the decreasing working-balance in the Consolidated Fund, the mobilization and use of some millions of cash in London over and above normal requirements in connection with the conversion operations (with which I will deal presently), and the abnormal exchange-rates New Zealand on London. The combination of these factors made the financing of the year's operations a somewhat involved and intricate matter.