

received, but owing to technical legal difficulties, legislation will be necessary before interest accruing prior to the Treaty can be made available. All interest on ex-enemy moneys, however, should be applied in relief of taxation, which is carrying the burden of the war pensions and war debt, &c. I may add that the capital moneys, with the exception of about £60,000 held by the Public Trustee against contingent liabilities, have already been applied in repayment of war debt.

The necessary legislation embodying these two proposals will be submitted in due course.

To sum up, it is proposed that the Budget shortage of £3,095,000 shall be partly met by reductions in expenditure, and adjustments as follows:— Summary.

Subsidies to local authorities on rates transferred to Highways Account	£ 220,000
Interest on loan capital transferred to Highways Account	61,000
Additional superannuation subsidies not being budgeted for	175,000
Decrease in hospital subsidies	30,000
Decrease in subsidies on voluntary contributions ..	40,000
Subsidies to Railways (non-recurring)	180,000
Elimination of transfer to Discharged Soldiers Settlement Account Depreciation Fund	50,000
Reduction in annual votes	388,000
Railways—reduction in expenditure and increase in revenue	450,000
Transfer from Land Assurance Fund	60,000
Balance of interest on reparation-moneys	30,000
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Total estimated savings on last year's expenditure	<u>£1,684,000</u>

Allowing, say, £250,000 for supplementary estimates and contingencies, there remains approximately £1,660,000 to be provided out of additional taxation.

TAXATION.

Needless to say, the Government regret very much having to bring forward proposals for fresh taxation, especially at a time like this, when business generally is not as prosperous as it might be. The small surplus for last year was only attained by close control over the expenditure, and there was very little margin to come and go on. Thus, when we find ourselves faced this year with a shrinkage of £2,830,000 in revenue and added liabilities on rigid items of over £400,000, there is no possibility of bridging the gap without some additional taxation. Having carefully combed out the expenditure, the most the Government can do is to endeavour to place the additional burdens as equitably as possible and in such a way as to cause as little economic disturbance as possible, in order that a return to more prosperous times may not be hindered any more than can be helped. Taxation.

The Customs tariff resolutions already passed will, it is estimated, produce about half the £1,660,000 additional revenue required. As I explained when dealing with the resolutions, while obtaining the necessary revenue the opportunity is being taken to make some desirable amendments in the tariff from the protective and preference points of view. Customs increases.

The primage duty, which previously was imposed on practically all goods whether otherwise dutiable or not, has been abolished, and a surtax on dutiable goods substituted therefor; and it may be noted that on most goods of British origin this surtax will produce about the same amount of revenue as the present primage duty. On foreign goods, however, it will bring in a greater amount of revenue.