

Banking position.

Turning now to the banking figures, wherein the general economic position of the Dominion is reflected, it is found that at the beginning of the financial year bank deposits exceeded advances by £326,000, whereas by the end of the year advances had exceeded deposits by approximately £3,080,000. A further symptom of the economic position is the relationship between fixed and free deposits. On the 31st March, 1930, fixed deposits represented 56 per cent. of the total, whereas by the following 31st March the proportion had increased to 64 per cent., indicating that in periods of economic depression investors display a preference for gilt-edged investments rather than for the greater return but less security offered by the average commercial enterprise.

Decreased State revenue.

Arising out of the trade conditions which I have just described, and the consequent heavy falling-off in various kinds of revenue—Customs, stamp and death duties, interest-recoveries, &c.—particularly during the last quarter of the year, the financial year closed with a deficit of £1,639,000. In this connection it will be remembered that in preparing last year's Budget a decrease in revenue amounting to £2,830,000 was anticipated, and steps were taken to meet the position. As soon as it became apparent, during the second half of the year, that the revenue was likely to fall short of the Budget estimate, efforts were made to meet the situation by further economies, but the sudden decline in revenue in the closing months of the financial year was so heavy that it was impossible in the time available to avoid the deficit which resulted. In fact, while the rate of decline was accelerating so rapidly, it was a very difficult matter even to forecast what the final result would be.

General economic position.

Reviewing the economic position for the year, one is forced to the conclusion that prices are down to practically pre-war level, and that until conditions improve overseas we must accustom ourselves to a smaller income than has obtained for a number of years past. Signs are not wanting, however, that the general level of world prices has now reached its lowest point, and there has even been a slight recovery in some lines. Such being the case, it is anticipated that, perhaps slowly at first but later with increasing momentum, conditions will improve in our principal markets overseas, and this, of course, with internal stability and confidence, will materially assist in again placing this Dominion on the high road to prosperity. It appears quite likely, however, that prices will stabilize at a level lower than we have been accustomed to in recent years.

REVENUE.

Revenue.

Details of the year's operations of the Ordinary Revenue Account of the Consolidated Fund will be found in the published statements, and are summarized in the comparative tables attached to this statement.

The total revenue for the year amounted to £23,068,931, a net shortage of £2,051,069 compared with the estimate, or a reduction of £2,280,930 compared with the previous year. Of the total revenue, £18,599,980 was derived from taxation, and the balance of £4,468,951 from interest-earnings and sundry revenues from State activities. Included in the revenue from taxation is an amount of £1,840,590, representing petrol-tax, motor-license fees, &c., specially earmarked for main highways, so that the revenue actually available for general purposes was £21,228,341, which represents a decrease of no less than £2,610,730 compared with the previous year.

The items chiefly concerned in the revenue-shortage are as follows :—

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Customs	924,024
Interest on railway capital	695,000
Stamp and death duties	392,665
Interest on Public Debt Redemption Fund	126,107
Land-tax	94,383
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