

In reduction of these shortages must be offset certain revenue increases, leaving a net shortage, as previously stated, of £2,051,069.

The shortage in Customs revenue—namely, £924,024—is, of course, the result of the heavy decline in imports, to which I have already referred. The principal items concerned in the shortage were apparel and textiles (£465,316), and motor-vehicles and parts (£579,132). Customs.

The revenue received on account of interest on railway capital amounted to £685,000, compared with a Budget estimate of £1,380,000. In spite of certain increases in fares and freights, the railways failed to meet the estimate for the year to the extent of £695,000. Considerable savings were effected in Railway expenditure, but these economies, as the results indicate, were much more than offset by a heavy shrinkage in revenue, due to an unprecedented falling-off in passenger and goods traffic. The interest due to the Consolidated Fund on railway capital amounted to approximately £2,255,000, but £1,570,000, or more than two-thirds of it, had to be provided out of taxation. Railway interest.

Honourable members are already aware of the steps which the Government has taken with a view to placing the railways on a sound business basis, freed from the influences which must inevitably be associated with direct political control. The Board appointed pursuant to the relative legislation of last session has now taken charge, and it is hoped that their efforts will enable the burden on taxation to be materially lightened without detriment to the standard of service given to the people.

Regarding stamp and death duties, the total revenue under this heading for the year was £3,387,335, which amount fell short of the estimate by £392,665. Of this amount, stamp duty on instruments accounted for a shortage of £104,479, as a result of the general falling-off in property transactions, while duties payable by racing clubs accounted for a further shortage of £85,857, due to a substantial reduction in the amount passing through the totalizer. Death-duty revenue is obviously a more or less unknown quantity, and for the year under review contributed a total of £1,744,697, compared with an estimate of £1,830,000—a shortage of £85,303. As showing the fluctuation in the rate at which death-duty revenue is received, it may be mentioned that the earlier half of the year produced £991,785, whereas the revenue of the latter half fell to £752,912. Stamp and death duties.

Land-tax contributed a total revenue of £1,145,617, compared with an estimate of £1,240,000—a shortage of £94,383. This shortage was due to the non-receipt of tax as a result of the prevailing economic conditions, together with extensive revaluations of rural lands during the year. Land-tax.

As an offset to some extent against the shortage in land-tax, the income-tax for the year totalled £4,003,606, which was £43,606 in excess of the amount estimated. Income-tax.

The only other item of importance in which the revenue fell materially short of the estimate was in respect of interest on the Public Debt Redemption Fund, the deficiency being £126,107. A large portion of this fund is invested in discharged-soldier-settlement mortgages, and on account of the prevailing conditions it has not been possible to collect the whole of the interest due. Interest on Public Debt Redemption Fund.

### EXPENDITURE.

Honourable members may recollect that in submitting last year's Budget, attention was drawn to the fact that in order to avoid as far as possible any increases in taxation the Government had carefully reviewed the whole of the State expenditure, and as a result succeeded in reducing the estimates of expenditure to a total of £24,997,000, which was over £200,000 less than the net expenditure of the previous year, notwithstanding the fact that provision had to be made for increases in debt charges, pensions, and other fixed items amounting to £415,000. Under these circumstances it is satisfactory to record that the year's expenditure was £289,067 less than the amount provided for in the estimates. Interest was £97,902 less than was anticipated, chiefly on account of the low rates that ruled Expenditure.