

The final position of some of the other items will be affected by various adjustments, which have to be made before the accounts are closed for the year. "National endowment" is a new revenue item arising out of legislation passed last year, as a result of which this revenue, instead of being accumulated in a separate account and then being applied towards old-age pensions and education, is credited directly to the Consolidated Fund as received.

EXPENDITURE.

The statement above shows that the expenditure for the eleven months amounted to £21,929,075, which is £734,394 less than for the corresponding period of last financial year. In regard to the comparison with the Budget estimate for the year, I may say that the position of the expenditure cannot be wholly judged on a proportionate basis, as in the case of many of the votes and other items considerably more than one-twelfth of the expenditure comes to charge during the last month, while in other cases payments of large amounts are made half-yearly, quarterly, or even in one lump sum.

Debt Charges.—The payments on account of interest are not spread evenly over the year, but fluctuate according to interest dates. It is expected, however, that there will be a saving of over £100,000 in this item as compared with the Budget estimate. Payments under the heading of "Reduction of the Funded Debt" are complete for the year, and under the heading of "Repayment of the Public Debt" very nearly complete.

Special Acts of the Legislature.—Under this heading are grouped the expenditure on pensions, subsidies to Hospital Boards, transfers of motor-taxation to the Highways Account and the local authorities, grants and subsidies on account of education, superannuation funds, &c., and various other items of expenditure payable under permanent appropriations. As at the end of February some large amounts had yet to be paid or brought to charge, and, while the estimate for the year is not likely to be exceeded, the saving will probably be relatively small.

Annual Votes.—The estimates for the annual votes were very carefully overhauled and severely curtailed. A rigid control over expenditure has been maintained throughout the year, and, while some of the votes will be slightly exceeded, it is expected that the vote expenditure as a whole for the year will be generally in accordance with the estimates.

The relatively large amount of the balance of appropriations is due to the fact that a considerable amount of expenditure which had actually been incurred out of imprests and in other ways had not been brought to charge at the end of February. All such expenditure, however, will be brought in before the books are closed at the end of the year.

SUMMARY OF POSITION.

To sum up the financial position, it will be seen that, while the expenditure as a whole will not exceed the estimates and may be slightly less, it is evident that there will be a serious shortage in the revenue, owing mainly to the heavy falling-off in the Customs receipts and the inability of the railways to pay more than about half of the interest allowed for in the Budget. As a result, it seems likely that the financial year will end with a deficit of at least £1,250,000, without taking into consideration any amounts required for subsidies on unemployment expenditure. Operations under the Unemployment Act were commenced at an earlier date than was anticipated, and no provision was made in the current year's Budget for subsidies payable under the provisions of that Act. The latest returns from the Unemployment Board indicate that subsidies possibly reaching £150,000 will become payable this financial year.

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G. W. FORBES,
Minister of Finance.

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