

1931.
NEW ZEALAND.

FINANCIAL STATEMENT.

Laid on the Table by Leave of the House.

IN order that honourable members may have before them the latest available information in regard to the national finances, I desire to lay upon the table the following statement in regard to the position as disclosed by the accounts of the Consolidated Fund for the eleven months ended on the 28th February last.

REVENUE.

STATEMENT OF REVENUE RECEIVED TO 28TH FEBRUARY, 1931, COMPARED WITH THE BUDGET ESTIMATE FOR THE YEAR 1930-31.

	Budget Estimate for Year ending 31st March, 1931.	Revenue for Eleven Months ended 28th February, 1931.	Balance required to reach Estimate.
	£	£	£
Customs	8,530,000	6,914,526	1,615,474
Beer duty	615,000	515,167	99,833
Film-hire tax	30,000	33,638	3,638*
Motor-vehicles—duties, licenses, &c.	1,915,000	1,684,646	230,354
Stamp and death duties	3,780,000	3,222,584	557,416
Land-tax	1,240,000	1,124,850	115,150
Income-tax	3,960,000	1,185,868	2,774,132
Registration and other fees	235,000	174,594	60,406
Marine	115,000	93,251	21,749
Interest on public moneys	805,000	699,880	105,120
Interest on capital liability—Working Railways	1,380,000	550,000	830,000
Interest on capital liability—Post and Telegraph	510,000	420,000	90,000
Interest on Public Debt Redemption Fund	985,000	716,963	268,037
Tourist and Health resorts	75,000	52,927	22,073
Miscellaneous	212,000	209,319	2,681
Territorial	198,000	163,720	34,280
National endowment	93,605	93,605*
Departmental receipts	529,000	323,333	205,667
Recoveries on account of expenditure of previous years	6,000	14,565	8,565*
	25,120,000	18,193,436	6,926,564

* Excess.

EXPENDITURE.

STATEMENT OF NET EXPENDITURE TO 28TH FEBRUARY, 1931, COMPARED WITH THE AMOUNTS ESTIMATED FOR THE YEAR 1930-31.

	Estimate for Year ending 31st March, 1931.	Net Expenditure for Year ended 28th February, 1931.	Balance of Expenditure to reach Estimate.
Permanent Appropriations :—	£	£	£
Civil List	30,918	26,751	4,167
Interest	9,357,578	8,870,927	486,651
Sinking fund	2,921	1,518	1,403
Repayment of public debt	1,224,500	1,183,061	41,439
Reduction of funded debt	425,540	425,827	287*
Under special Acts of the Legislature	6,248,123	4,722,167	1,525,956
Total permanent appropriations	17,289,580	15,230,251	2,059,329
Annual Appropriations :—			
Vote, Legislative Departments	92,368	94,627	2,259*
„ Prime Minister's Department	14,656	14,214	442
„ Treasury Department	40,350	36,182	4,168
„ National Provident and Friendly Societies Department	25,350	19,086	6,264
„ Land and Income Tax Department	66,026	54,717	11,309
„ Stamp Duties Department	106,645	98,238	8,407
„ Public Buildings	75,575	46,385	29,190
„ Government and other Domains	5,055	3,366	1,689
„ Maintenance and Repairs to Roads	46,000	23,685	22,315
„ Maintenance of Irrigation Works, &c.	15,000	11,205	3,795
„ Native Department	38,426	30,865	7,561
„ Department of External Affairs	22,121	4,832	17,289
„ Cook Islands	42,924	40,205	2,719
„ Department of Industries and Commerce, Tourist, and Publicity	135,313	112,652	22,661
„ Department of Justice	134,000	124,577	9,423
„ Prisons Department	90,033	99,798	9,765*
„ Crown Law Office	5,800	5,389	411
„ Police Department	451,099	365,740	85,359
„ Pensions Department	165,270	147,272	17,998
„ Mines Department	36,381	26,945	9,436
„ Department of Internal Affairs	291,192	245,870	45,322
„ Audit Department	28,450	36,942	8,492*
„ Public Service Commissioner's Office	7,480	6,283	1,197
„ Printing and Stationery Department	220,196	192,824	27,372
„ Mental Hospitals Department	310,843	288,093	22,750
„ Department of Health	248,202	204,211	43,991
„ Naval Defence	450,480	191,672	258,808
„ Defence Department	275,000	258,794	16,206
„ Customs Department	114,002	95,021	18,981
„ Marine Department	180,757	161,003	19,754
„ Department of Labour	60,034	49,954	10,080
„ Department of Lands and Survey	174,099	168,518	5,581
„ Scenery-preservation	2,801	1,747	1,054
„ Valuation Department	58,051	54,823	3,228
„ Electoral Department	11,212	8,688	2,524
„ Department of Agriculture	404,445	347,410	57,035
„ Department of Education	3,193,524	2,957,199	236,325
„ Department of Scientific and Industrial Re- search	62,012	63,301	1,289*
„ Transport Department	6,357	5,119	1,238
Unauthorized—Services not provided for	1,372	1,372*
Total annual appropriations	7,707,529	6,698,824	1,008,705
Total Ordinary Revenue Account	24,997,109	21,929,075	3,068,034

* Excess.

It will be seen that the total revenue for the eleven months amounted to £18,193,436, which is a decrease of £1,877,796 as compared with the amount received for the corresponding period of last year.

In the tables comparison is made with the Budget estimate for the year, and, while the figures for the month of March, in the case of most items, will include slightly more than a month's revenue, owing to the fact that all amounts in transit will be brought in before the books are closed for the year, the figures given approximately indicate the position.

In regard to the principal items concerned I have to comment as follows :—

Customs.—Approximately £1,615,000 is required to bring the Customs revenue up to the Budget estimate for the year. To reach that estimate receipts averaging approximately £710,000 per month were necessary, but the revenue received during each of the last few months was considerably below that figure, the amount for February being only £493,000. On a proportionate basis the receipts for the nine months ended on 31st December last were about £350,000 short, but for the eleven months the shortage was more than double that amount. That is to say, during January and February the falling-off in Customs revenue was greater in amount than for the previous nine months. A certain amount of revenue was in transit at the end of February, but, even so, the prospect is that the shortage will be little short of a million on the 31st March.

Excluding specie, the imports for the eleven months show a comparative decrease of over £9,000,000, and the Customs revenue has been affected to a relatively greater extent owing to the fact that the decline in imports has been heaviest in items of the luxury type, where the rates of duty are highest. The cause of the trouble is, of course, the shrinkage in the income derived by the Dominion from exports, accentuated by the high rates of exchange operating.

Beer Duty.—This item also reflects the hard times that have come upon us, and the revenue for the year will probably be a little short of the estimate.

Film-hire Tax.—I may say that following the strong representations made when the relative legislation was under consideration last session, that the yield from this tax would be about £100,000 or more, the Budget estimate of £30,000 was increased to £50,000 and concessions were made in amusement-tax. It is now evident, however, that the receipts will not greatly exceed the first Budget estimate.

Motor-vehicles : Duties and Licenses, &c.—The revenue from this item, which for the year should not be far short of expectations, at present passes automatically to the Highways Account and the local authorities, and thus does not affect the result for the year in the Consolidated Fund.

Stamp and Death Duties.—The receipts from stamp duties, which include totalizator-tax and amusement-tax, have been affected by the economic conditions prevailing ; but if some large amounts at present outstanding on account of death duties can be collected before the financial year closes the final position will be better than the eleven months' figures indicate, but it is not likely that the estimate for the year will be reached.

Land and Income Tax.—Land-tax is payable in November, and the figures given indicate a shortage for the year in this item. The greater part of the income-tax, however, is received during March, and it is hoped that the receipts will exceed the estimate by sufficient to offset the shortage in land-tax.

Interest on Railway Capital Liability.—It will be observed that the amount received (£550,000) is £830,000 short of the Budget estimate. Considerable savings have been made in Railway expenditure, but as a result of the depression the Railway revenue has shown a heavy falling-off, particularly during the last two or three months. In consequence, with only one more month's figures to be taken into account, it is evident that the amount of Railway interest that can be paid to the Consolidated Fund this financial year will not amount to more than about half of the Budget estimate for the year.

Other Revenue Items.—The position of the interest items generally cannot be judged on a proportionate basis, but the indications are that in no case will the estimate be exceeded. On the contrary, there may be a shortage under the heading of "Interest on the Public Debt Redemption Fund," arising out of the fact that the revenue receipts of the Discharged Soldiers Settlement Account are being adversely affected by the economic depression.

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.

25th March, 1931.

G. W. FORBES,
Minister of Finance.

Approximate Cost of Paper.—Preparation, not given; printing (445 copies), £4 10s.